

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

INDEPENDENT AUDITOR'S REPORT,
CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION

JUNE 30, 2016 AND 2015

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Gulf Coast Community Foundation, Inc. and its Supporting Organizations
Venice, Florida

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Gulf Coast Community Foundation, Inc. and its Supporting Organizations (Gulf Coast) (a not-for-profit organization) which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The Board of Directors
Gulf Coast Community Foundation, Inc. and its Supporting Organizations
Venice, Florida

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Gulf Coast Community Foundation, Inc. and its Supporting Organizations as of June 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating supplemental information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements. Accordingly, it is inappropriate to and we do not express an opinion on the supplemental information referred to above.

A handwritten signature in cursive script, appearing to read "Susan King" followed by a title or affiliation that is partially obscured and difficult to decipher.

Sarasota, Florida
October 27, 2016

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

<u>Assets</u>	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 17,275,068	\$ 27,177,666
Investments	246,767,141	241,700,082
Contributions receivable, net	444,339	621,984
Charitable remainder trusts	1,781,574	1,510,332
Other assets, net	89,333	373,812
Property and equipment, net	<u>3,376,748</u>	<u>3,417,999</u>
 Total Assets	 <u>\$ 269,734,203</u>	 <u>\$ 274,801,875</u>
 <u>Liabilities and Net Assets</u>		
Accounts payable and accrued expenses	\$ 244,553	\$ 154,147
Grants, grant initiatives and scholarships payable	2,571,027	3,720,199
Note payable	1,586,615	1,642,390
Annuity liability	5,937,366	5,890,674
Funds held for the benefit of others	<u>12,530,432</u>	<u>12,869,095</u>
 Total liabilities	 <u>22,869,993</u>	 <u>24,276,505</u>
 Net Assets		
Unrestricted	239,340,722	242,190,421
Temporarily restricted	7,388,266	8,187,161
Permanently restricted	<u>135,222</u>	<u>147,788</u>
 Total net assets	 <u>246,864,210</u>	 <u>250,525,370</u>
 Total Liabilities and Net Assets	 <u>\$ 269,734,203</u>	 <u>\$ 274,801,875</u>

The accompanying notes are an integral
part of these consolidated financial statements.

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2015
Support, Revenue and Releases					
Contributions	\$ 30,013,263	\$ 937,345	\$	\$ 30,950,608	\$ 33,384,355
Interest and dividend income	4,335,227	434,678	2,450	4,772,355	4,628,103
Net realized and unrealized gain (loss) on investments	(5,698,532)	(677,130)	(5,823)	(6,381,485)	(4,854,010)
Change in value of split interest agreements		(314,713)		(314,713)	(241,346)
Other revenue (expense)	306,241	(125,571)	(677)	179,993	166,044
Transfers	8,516		(8,516)	-	-
Net assets released from restrictions	<u>1,053,504</u>	<u>(1,053,504)</u>		<u>-</u>	<u>-</u>
 Total support, revenue and releases	 <u>30,018,219</u>	 <u>(798,895)</u>	 <u>(12,566)</u>	 <u>29,206,758</u>	 <u>33,083,146</u>
 Expenses					
Program expenses					
Program grants and scholarships	24,308,381			24,308,381	22,677,118
Grant initiatives	4,677,875			4,677,875	4,601,441
Program services	<u>862,634</u>			<u>862,634</u>	<u>924,488</u>
Total program expenses	29,848,890	-	-	29,848,890	28,203,047
 Management and general	 1,083,352			 1,083,352	 811,289
Investment manager fees	852,950			852,950	904,746
Donor development	<u>1,082,726</u>			<u>1,082,726</u>	<u>1,055,080</u>
Total expenses	<u>32,867,918</u>	<u>-</u>	<u>-</u>	<u>32,867,918</u>	<u>30,974,162</u>
 Changes in net assets	 <u>(2,849,699)</u>	 <u>(798,895)</u>	 <u>(12,566)</u>	 <u>(3,661,160)</u>	 <u>2,108,984</u>
 Net assets, beginning of year	 <u>242,190,421</u>	 <u>8,187,161</u>	 <u>147,788</u>	 <u>250,525,370</u>	 <u>248,416,386</u>
 Net assets, end of year	 <u>\$ 239,340,722</u>	 <u>\$ 7,388,266</u>	 <u>\$ 135,222</u>	 <u>\$ 246,864,210</u>	 <u>\$ 250,525,370</u>

The accompanying notes are an integral
part of these consolidated financial statements.

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2016
Support, Revenue and Releases					
Contributions	\$ 32,149,590	\$ 1,234,765	\$	\$ 33,384,355	\$ 30,950,608
Interest and dividend income	4,154,606	470,915	2,582	4,628,103	4,772,355
Net realized and unrealized gain (loss) on investments	(4,649,229)	(201,009)	(3,772)	(4,854,010)	(6,381,485)
Change in value of split interest agreements		(241,346)		(241,346)	(314,713)
Other revenue (expense)	298,822	(131,992)	(786)	166,044	179,993
Transfers	12,410		(12,410)	-	-
Net assets released from restrictions	1,185,964	(1,185,964)		-	-
 Total support, revenue and releases	33,152,163	(54,631)	(14,386)	33,083,146	29,206,758
 Expenses					
Program expenses					
Program grants and scholarships	22,677,118			22,677,118	24,308,381
Grant initiatives	4,601,441			4,601,441	4,677,875
Program services	924,488			924,488	862,634
Total program expenses	28,203,047	-	-	28,203,047	29,848,890
 Management and general	811,289			811,289	1,083,352
Investment manager fees	904,746			904,746	852,950
Donor development	1,055,080			1,055,080	1,082,726
Total expenses	30,974,162	-	-	30,974,162	32,867,918
 Changes in net assets	2,178,001	(54,631)	(14,386)	2,108,984	(3,661,160)
 Net assets, beginning of year	240,012,420	8,241,792	162,174	248,416,386	250,525,370
 Net assets, end of year	\$ 242,190,421	\$ 8,187,161	\$ 147,788	\$ 250,525,370	\$ 246,864,210

The accompanying notes are an integral
part of these consolidated financial statements.

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Cash Flows from Operating Activities		
Change in net assets	\$ (3,661,160)	\$ 2,108,984
Adjustments to reconcile change in net assets to net cash used in operating activities		
Non-cash donations	(9,518,011)	(10,670,574)
Net realized and unrealized (gain) loss on investments	6,381,485	4,854,010
Depreciation	192,610	189,525
Depreciation related to rental properties	20,495	17,013
Change in value of split interest agreements	314,713	241,346
(Increase) decrease in operating assets		
Contributions receivable, net	177,645	119,072
Charitable remainder trusts	(271,242)	100,822
Other assets, net	(202,771)	12,176
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	90,406	(53,629)
Grants, grant initiatives and scholarships payable	(1,149,172)	(340,769)
Annuity liability	(268,021)	(26,721)
Funds held for the benefit of others	(338,663)	(1,582,167)
Income restricted for long-term purposes		
Contributions	(937,345)	(1,234,765)
Interest and dividend income	(437,128)	(473,497)
Net cash used in operating activities	(9,606,159)	(6,739,174)
Cash Flows from Investing Activities		
Repayment of notes receivable	487,250	174,375
Proceeds from sale of investments	40,575,797	53,311,679
Purchase of investments	(42,506,330)	(54,893,020)
Contract refund on building	-	137,466
Purchases of property and equipment	(171,854)	(9,748)
Net cash used in investing activities	(1,615,137)	(1,279,248)
Cash Flows from Financing Activities		
Principal payments of notes payable	(55,775)	(53,545)
Income restricted for long-term purposes		
Contributions	937,345	1,234,765
Interest and dividend income	437,128	473,497
Net cash provided by financing activities	1,318,698	1,654,717
Decrease in cash and cash equivalents	(9,902,598)	(6,363,705)
Cash and cash equivalents, beginning of year	27,177,666	33,541,371
Cash and cash equivalents, end of year	\$ 17,275,068	\$ 27,177,666

The accompanying notes are an integral
part of these consolidated financial statements.

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 1 - Summary of Significant Accounting Policies

Organization

Together with our donors, Gulf Coast Community Foundation, Inc. (Gulf Coast) and its supporting organizations transform our region through bold and proactive philanthropy. Gulf Coast is a public charity that was created from the sale of The Venice Hospital in 1995. Since then, Gulf Coast has grown to include more than 730 charitable funds established by donors and invested more than \$227 million in grants in the areas of health and human services, civic and economic development, education, arts and culture, and the environment.

Gulf Coast Community Foundation, Inc. has three supporting organizations: The Venice Endowment, Inc.; Gulf Coast Strategic Investments, Inc. (GCSI); and Gulf Coast SO, Inc. Additionally, GCSI is the sole member of four limited liability companies: LR Development, NJT, AAB GCSI, and The Bridges Land Holdings, LLC.

The Venice Endowment, Inc. received \$85 million from the August 31, 1995, sale of The Venice Hospital to Bon Secours Health System. Including assets previously held by The Venice Hospital, net assets of The Venice Endowment, Inc. as of September 1, 1995, were approximately \$92 million. The Venice Endowment, Inc.'s purpose is to fulfill the charitable, educational, scientific, and cultural needs of the people of the City of Venice, Florida, and surrounding communities. It is organized and at all times shall be operated exclusively for the benefit of, to perform the functions of, and to carry out the purposes of Gulf Coast Community Foundation, Inc.

Until June 30, 2009, The Venice Endowment, Inc. held these assets, distributed grants, and collected income and contributions. On July 1, 2009, all component funds of The Venice Endowment, Inc. were transferred to Gulf Coast Community Foundation, Inc. These component funds continue to be held and managed by Gulf Coast Community Foundation, Inc. As of June 30, 2016, the net asset value of The Venice Endowment component funds is approximately \$124 million. Since inception, investments in grants, initiatives, and scholarships from these funds have totaled approximately \$111 million.

Donors

At Gulf Coast, our mission begins "together with our donors." Their gifts, whether informed by a sense of duty, instinct for progress, or concern for our neighbors, help propel the actions we take every day. Our family of donors includes individuals, families, corporations, and organizations. Today, it is more than 600 strong.

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

Note 1 - Summary of Significant Accounting Policies (Continued)
Donors (Continued)

Gulf Coast works in thoughtful coordination with these donors and their legal, financial, and tax advisors to create custom philanthropic action plans. Whether it's a donor advised fund to support their favorite charities or a planned estate gift to ultimately create a permanent charitable endowment in their name, Gulf Coast listens to what each donor envisions for their giving and then helps turn their vision into reality.

Gulf Coast also offers donors intelligence on emerging community issues and assistance from our professional staff in identifying charitable projects most compatible with their interests. By engaging donors in Gulf Coast's regional initiatives, the foundation can help them have a much greater philanthropic impact in the community than they might on their own.

Community Investment

Gulf Coast works to transform our region through bold ideas, creative projects, and proactive philanthropy, and community investment is our innovation engine in this work. Through our research and planning, we have identified four focus areas in which our region must build capacity and leverage strengths to drive future growth and prosperity in our communities:

- **Self-sufficient families:** Provide opportunities and tools for residents to thrive.
- **Engaged communities:** Leverage leadership and promote connections to enhance our region's unique places and welcome a diverse population.
- **21st-century talent:** Customize and adapt education and training to build a competitive regional workforce.
- **Innovation economy:** Develop economic clusters and nurture entrepreneurship to continue moving our region toward an innovation-based economy.

Gulf Coast leads initiatives and collaborates with community partners to address each of these priority areas:

For several years, Gulf Coast has been working to systemically address the root causes of pressing socioeconomic issues that lead to regional problems like homelessness and food insecurity. Our **Homeless Children and Families** initiative has provided the leadership and funding to build our community's first-ever system of coordinated services for homeless families with children. Through this work with many community partners, we have identified additional gaps - from financial literacy and dental healthcare, that limit opportunity and well-being for residents. Gulf Coast aims to extend new systems of care for vulnerable residents by investing in services and educational tools that will promote stability, improve physical and mental health, and prevent crises for those who are living on the edge.

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

Note 1 - Summary of Significant Accounting Policies (Continued)
Community Investment (Continued)

Promoting interconnectedness within our region and enhancing lifestyle amenities that appeal to a diversity of age groups can engage more residents in building our regional reputation and identity. Gulf Coast supports partnerships and efforts to create safe and healthy communities, expand recreational access, and welcome residents of all ages and cultures. Initiatives like our **Gulf Coast Leadership Institute** for aspiring community leaders help build the shared resources and social fabric needed to balance quality of life with competitive growth.

Building the workforce of the future starts early in our schools, with innovative programs that introduce students to science and math, provide creative and hands-on learning opportunities, and utilize technology in relevant ways for digital natives. Meanwhile, employers in our region poised to grow and diversify our economy need workers with advanced skills right now. Through educational projects like our **21st Century Learning** initiative and workforce-development efforts like **CareerEdge**, Gulf Coast has helped focus our region on educating students and training workers for jobs that will provide opportunity, fuel productivity, and drive future economic growth.

BIG - Bright Ideas on the Gulf Coast works to diversify our regional economy and nurture start-ups and business development through an entrepreneurial concierge service and promotion of strategic industry sectors. This initiative leverages one of the Gulf Coast region's greatest untapped assets: retired executives and experienced investors who want to remain engaged by sharing their knowledge with a new generation of entrepreneurs. BIG aims to transform perceptions about our region by making it more welcoming to entrepreneurs and retirees alike.

Gulf Coast also strives to build the strength and effectiveness of our nonprofit community. **Invest in Incredible** is our initiative to build the capacity of our region's nonprofits by investing in their inner strength. We do this by providing customized, professional consulting on strategic planning, board governance, fundraising, and more.

To know if these and other Gulf Coast initiatives are resulting in regional progress, Gulf Coast invests in the identification and measurement of meaningful community indicators. Our **Gulf Coast Community Indicators** initiative and website draws attention to emerging issues and challenges, helps inform and educate decision-makers, forms the basis of strategic-planning efforts, and will guide future community investments and action.

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

Financial Statements

The consolidated financial statements and notes are representations of Gulf Coast's management who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements. Within the accompanying consolidated financial statements, all significant inter-company transactions and accounts have been eliminated.

Basis of Accounting

Gulf Coast prepares its consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates and Assumptions

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates and assumptions.

Cash and Cash Equivalents

Gulf Coast considers all short-term, highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents include money market funds, which are readily convertible to cash, and are stated at cost which approximates fair value.

Grants, Grant Initiatives, Scholarships Payable and Expense

Grants, grants initiatives and scholarships payable consist of grants, grant initiatives and scholarships which have been approved by the Board of Directors, but have not yet been paid to the recipients. Some grants made by the Board of Directors are contingent on activities to be performed by the recipient and funds are not released until those obligations are fulfilled. Grants, grant initiatives and scholarships are recorded as program grant expense when approved by the Board of Directors.

Occasionally grants approved by the Board are awarded based on a multi-year payment schedule. Multi-year grants are recorded as expense and payable when approved.

Variance Power

Accounting principles generally accepted in the United States of America and the *Not-for-Profit Entities* Topic of the FASB Accounting Standards Codification (ASC) provide that if the governing body of an organization has the unilateral power to redirect the use of donor contributions to another beneficiary, such contribution must be classified as unrestricted net assets.

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

Variance Power (Continued)

The Board of Directors of Gulf Coast has the ability known as variance power; however, the Board of Directors would generally intend to exercise this authority only if the stated purpose of a contribution becomes no longer applicable and incapable of fulfillment. Accordingly, Gulf Coast's consolidated financial statements classify the majority of funds, including the corpus of certain donor advised funds, as unrestricted net assets, but segregate for internal management and record keeping the portion that is held as donor advised from the funds that are currently available for grants administration.

Investments

Investments are stated at fair value, which represents the value on the date of donation or cost on the date of purchase plus reinvested earnings and appreciation or depreciation. Increases and decreases in fair value are recognized in the period in which they occur and the carrying values of the investments are adjusted to reflect these market fluctuations. Gains or losses on securities sold are computed on a specific identification basis. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the consolidated statements of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Property and Equipment

Property and equipment have been recorded at historical cost or fair value on the date of the donation. Gulf Coast capitalizes property and equipment purchases which exceed \$500 that significantly add to the productivity or extend the useful lives of property and equipment. Other expenditures for maintenance and repairs are charged to operations in the year the costs are incurred.

Depreciation is provided for over the estimated service lives of the respective assets on a straight-line basis. A summary of estimated useful lives is as follows:

Building and improvements	7 to 39 years
Equipment	3 to 20 years

Funds Held for the Benefit of Others

Gulf Coast accounts for funds held for the benefit of others in accordance with FASB Accounting Standards Codification Topic 958, *Not-for-Profit Entities*. This Topic establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investments of those assets or both to another entity that is specified by the donor. The ASC specifically requires that if a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such asset as a liability. Gulf Coast refers to such funds as funds held for the benefit of others in the accompanying consolidated statements of financial position.

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

Funds Held for the Benefit of Others (Continued)

Gulf Coast maintains variance power and legal ownership of certain funds held for the benefit of others and as such, continues to report the funds as assets of Gulf Coast. However, a liability has been established for the fair value of the funds.

Revenue Recognition

Gulf Coast recognizes contributions when a written commitment from a donor is received. Typically, Gulf Coast does not solicit pledges for contributions. Gulf Coast occasionally receives grant revenue from other not-for-profit organizations. This grant revenue is recorded as a contribution when the revenue is awarded on an unconditional basis.

Income Tax Status

Gulf Coast Community Foundation, Inc. and its supporting organizations have been recognized by the Internal Revenue Service as tax-exempt organizations described in Section 501(c)(3) of the Internal Revenue Code. Income earned in furtherance of Gulf Coast's tax-exempt purpose is exempt from federal and state income taxes. Therefore, no provision for income taxes has been provided for.

Under the Income Taxes Topic of the FASB Accounting Standards Codification, Gulf Coast has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the consolidated financial statements.

Gulf Coast files income tax returns in the U.S. federal jurisdiction. The tax periods open to examination by the major taxing jurisdictions to which Gulf Coast is subject include fiscal years ended June 30, 2013 through June 30, 2016.

Financial Instruments Not Measured at Fair Value

Certain of Gulf Coast's financial instruments are not measured at fair value on a recurring basis but nevertheless are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such financial assets and financial liabilities include: cash and cash equivalents, contributions receivable, net, accounts payable and accrued expenses, and grants, grant initiatives and scholarships payable.

Donated Services

A substantial number of unpaid volunteers have made significant contributions of their time to further the mission of Gulf Coast. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement.

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

Restricted Support

Gulf Coast reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted assets are reclassified to unrestricted net assets. If a restriction is fulfilled in the same time period in which the contribution is received, Gulf Coast records the support as unrestricted. Accordingly, net assets and changes therein are classified as follows:

Permanently restricted net assets - net assets subject to donor-imposed stipulations that they be maintained permanently by Gulf Coast. Generally, the donors of these assets permit Gulf Coast to use all or part of the income earned on related investments for general or specific purposes.

Temporarily restricted net assets - net assets subject to donor-imposed stipulations that will be met by actions of Gulf Coast and/or the passage of time.

Unrestricted net assets - net assets not subject to donor-imposed stipulations.

Split Interest Agreements

Gulf Coast has been named remainderman in several irrevocable charitable remainder trusts and gift annuities. Gulf Coast's beneficial interest in the trusts' assets is measured at the present value of the estimated future distributions expected to be received. Conversely, Gulf Coast's estimated annuity liability related to gift annuities is measured at the present value of the estimated future payments to be made. The Applicable Federal Rate (AFR) is utilized to measure the present value of future distributions which are based upon the stated rate of return, ranging from 5.0% to 8.0% of the fair value of the trusts' investments, and annuity payout rates ranging from 4.3% to 11.3%, to be received by the designated beneficiaries over the terms of the trusts and annuities. Contributions of gift annuities and charitable remainder trusts included as such on the consolidated statements of activities were \$565,295 and \$973,765 for the years ended June 30, 2016 and 2015, respectively.

Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as change in value of split interest agreements in the consolidated statements of activities. The amounts of related assets and liabilities are based on estimated maturity of the agreements. Actual results could differ from those estimates.

Charitable remainder trusts and charitable gift annuities are classified as temporarily restricted. Once the beneficial interest is passed to Gulf Coast, the remaining assets are released for unrestricted use. Distributions of the annuities are paid from income first, then as a release of principal, if necessary.

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program and supporting services that benefited.

Subsequent Events

Gulf Coast has evaluated all events subsequent to the consolidated statement of financial position date of June 30, 2016 and through the date these consolidated financial statements were available for issuance, October 27, 2016, and has determined that there are no subsequent events that require disclosure under the FASB Accounting Standards Codification.

Note 2 - Property and Equipment

Property and equipment consists of the following as of June 30:

	2016	2015
Land and improvements	\$ 766,040	\$ 766,040
Buildings and improvements	3,527,052	3,464,388
Equipment	487,870	378,680
	<u>4,780,962</u>	<u>4,609,108</u>
Less accumulated depreciation	(1,404,214)	(1,191,109)
Property and equipment, net	<u>\$ 3,376,748</u>	<u>\$ 3,417,999</u>

Depreciation expense for the years ended June 30, 2016 and 2015 amounted to \$213,105 and \$206,538, of which \$20,495 and \$17,013 relate to rental property, respectively.

Note 3 - Funds Held for the Benefit of Others

Gulf Coast maintains funds held for the benefit of others as a component part of its investment funds. These funds are pooled and managed in the same manner as all other investments held by Gulf Coast. These funds and the corresponding liability totaled \$12,530,432 and \$12,869,095 as of June 30, 2016 and 2015, respectively. The following is a summary of the activity for the years ended June 30:

	2016	2015
Contributions to funds held for the benefit of others	\$ 794,659	\$ 2,567,048
Investment income	\$ 204,100	\$ 230,468
Realized and unrealized gain (loss) on investments	\$ (420,715)	\$ (333,704)
Grant payments	\$ (821,707)	\$ (3,931,850)
Trustee fees paid	\$ (95,000)	\$ (114,129)

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

Note 3 - Funds Held for the Benefit of Others (Continued)

The amounts reflected in the consolidated statements of activities for the years ended June 30, 2016 and 2015 are presented net of the activity summarized above related to the funds held for the benefit of others.

Note 4 - Fair Value of Financial Assets and Liabilities

Gulf Coast values certain assets in accordance with the *Fair Value Measurements and Disclosures* Topic of the FASB Accounting Standards Codification. The *Fair Value Measurements and Disclosures* Topic provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions.

This Topic requires Gulf Coast to present fair value measurements separately for each class of assets and liabilities held as of June 30, 2016 and 2015. The following table presents information about the classes of assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2016, and indicates the fair value hierarchy of the valuation techniques used to determine fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities, such as publicly traded equity securities.

Level 2 - inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.), or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. The inputs reflect Gulf Coast's assumptions based on the best information available in the circumstances.

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

Note 4 - Fair Value of Financial Assets and Liabilities (Continued)

Description	Fair Value June 30, 2016	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Equity securities				
Large cap blend	\$ 13,131,490	\$ 13,131,490	\$	\$
Large cap value	27,947,957	27,947,957		
Large cap growth	34,188,074	34,188,074		
Mid cap	1,962,157	1,962,157		
Small cap	3,992,015	3,992,015		
International	51,442,327	51,442,327		
Emerging markets	17,620,733	17,620,733		
Balanced funds	493,523	493,523		
Total equity securities	<u>150,778,276</u>	<u>150,778,276</u>	<u>-</u>	<u>-</u>
Fixed income				
U.S. corporate fixed income	11,231,876	11,231,876		
U.S. government fixed income	6,419,166	6,419,166		
U.S. securitized fixed income	3,630,045	3,630,045		
Opportunistic	2,853,565	2,853,565		
TIPS fund	4,452,023	4,452,023		
Ultra short term bond	1,277,168	1,277,168		
Bond funds	10,522,844	10,522,844		
Total fixed income	<u>40,386,687</u>	<u>40,386,687</u>	<u>-</u>	<u>-</u>
Other investments				
Commodities	10,925,174	10,925,174		
Currency	51,974	51,974		
Hedge fund	16,564,091	228,555	16,335,536	
Private equity funds	3,241,184			3,241,184
REIT	345,005	345,005		
Land held for investment	24,474,750		24,474,750	
Total other investments	<u>55,602,178</u>	<u>11,550,709</u>	<u>40,810,286</u>	<u>3,241,184</u>
Total investments	<u>246,767,141</u>	<u>202,715,672</u>	<u>40,810,286</u>	<u>3,241,184</u>
Charitable remainder trusts	1,781,574		1,781,574	
Total Assets at Fair Value	<u>\$ 248,548,715</u>	<u>\$ 202,715,672</u>	<u>\$ 42,591,860</u>	<u>\$ 3,241,184</u>

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

Note 4 - Fair Value of Financial Assets and Liabilities (Continued)

Description	Fair Value June 30, 2016	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Liabilities</u>				
Annuity liability	\$ 5,937,366	\$	\$ 5,937,366	\$
Funds held for the benefit of others	12,530,432	12,530,432		
Total Liabilities at Fair Value	<u>\$ 18,467,798</u>	<u>\$ 12,530,432</u>	<u>\$ 5,937,366</u>	<u>\$ -</u>

The following table presents information about Gulf Coast's assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2015, and indicates the fair value hierarchy of the valuation techniques used to determine fair value.

Description	Fair Value June 30, 2015	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Assets</u>				
Equity securities				
Large cap blend	\$ 17,055,633	\$ 17,055,633	\$	\$
Large cap value	27,131,224	27,131,224		
Large cap growth	32,531,442	32,531,442		
Mid cap	2,763,384	2,763,384		
Small cap	1,934,630	1,934,630		
International	48,660,540	48,660,540		
Emerging markets	17,112,861	17,112,861		
Balanced funds	230,365	230,365		
Total equity securities	<u>147,420,079</u>	<u>147,420,079</u>	<u>-</u>	<u>-</u>

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

Note 4 - Fair Value of Financial Assets and Liabilities (Continued)

Description	Fair Value June 30, 2015	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed income				
U.S. corporate fixed income	7,992,708	7,992,708		
U.S. government fixed income	6,095,416	6,095,416		
U.S. securitized fixed income	5,986,097	5,986,097		
Opportunistic	2,870,997	2,870,997		
TIPS fund	4,229,485	4,229,485		
Ultra short term bond	1,261,329	1,261,329		
Bond funds	10,580,252	10,580,252		
Total fixed income	<u>39,016,284</u>	<u>39,016,284</u>	<u>-</u>	<u>-</u>
Other investments				
Commodities	10,983,151	10,983,151		
Currency	51,851	51,851		
Hedge fund	17,285,494	324,668	16,960,826	
Private equity funds	4,890,046			4,890,046
REIT	328,177	328,177		
Land held for investment	21,725,000		21,725,000	
Total other investments	<u>55,263,719</u>	<u>11,687,847</u>	<u>38,685,826</u>	<u>4,890,046</u>
Total investments	<u>241,700,082</u>	<u>198,124,210</u>	<u>38,685,826</u>	<u>4,890,046</u>
Charitable remainder trusts	1,510,332		1,510,332	
Total Assets at Fair Value	<u>\$ 243,210,414</u>	<u>\$ 198,124,210</u>	<u>\$ 40,196,158</u>	<u>\$ 4,890,046</u>
<u>Liabilities</u>				
Annuity liability	\$ 5,890,674	\$	\$ 5,890,674	\$
Funds held for the benefit of others	12,869,095	12,869,095		
Total Liabilities at Fair Value	<u>\$ 18,759,769</u>	<u>\$ 12,869,095</u>	<u>\$ 5,890,674</u>	<u>\$ -</u>

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

Note 4 - Fair Value of Financial Assets and Liabilities (Continued)

The investment values above include a net accumulated unrealized loss of \$14,031,515 and a net accumulated unrealized gain of \$3,133,420 as of June 30, 2016 and 2015, respectively.

For the year ended June 30, 2016, realized gains and unrealized losses of \$10,783,451 and \$17,164,936, respectively, have been recognized in the consolidated statement of activities.

For the year ended June 30, 2015, realized gains and unrealized losses of \$10,802,913 and \$15,656,923, respectively, have been recognized in the consolidated statement of activities.

The following methods and assumptions were used by Gulf Coast in estimating the fair value of its level 2 and 3 financial instruments:

Private equity and hedge fund - Gulf Coast's investments in private equity and hedge funds are not actively traded and are valued at fair value by the general partner/managing member based on such factors as the underlying partnerships' net assets, liquidity, the nature of the portfolio, and market conditions. Because of the inherent uncertainty of valuations, those estimated values may differ from the values that would have been used had a ready market for the partnerships and hedge fund existed. Gulf Coast believes that the carrying amounts of its private equity and hedge fund are reasonable estimates of fair value as of June 30, 2016 and 2015.

Charitable remainder trusts and annuity liability - The fair value of these assets and liabilities are estimated by discounting future cash flows using actuarial rates from mortality tables.

Land held for Investment - Consists of 300 acres of land in Venice, Florida and is measured at fair value based on third party appraisals obtained by Gulf Coast. As a result of these appraisals, Gulf Coast adjusted the fair value of the land held for investment and recognized an unrealized gain of \$2,575,000 and \$750,000 for the years ended June 30, 2016 and 2015, respectively, which is included in net realized and unrealized gain (loss) on investments in the accompanying consolidated statements of activities.

The fair values of the funds listed below have been estimated based on net asset value per share as reported by the investee. Those funds which are redeemable at the reported net asset value per share at or near the reporting date have been considered to be valued based upon level 2 inputs. Funds which are not redeemable at or near the reporting date have been considered to be valued based upon level 3 inputs.

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

Note 4 - Fair Value of Financial Assets and Liabilities (Continued)

	<u>Fair Value June 30, 2016</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Hedge fund	\$ 16,335,536	\$ -	Quarterly	60 days
Private equity funds				
Commonfund Capital Venture Partners VI, L.P.	\$ 2,678,937	\$ 262,500	n/a	n/a
University Technology Ventures, LP	562,247	125,312	n/a	n/a
Total private equity funds	<u>\$ 3,241,184</u>	<u>\$ 387,812</u>		

Hedge funds - The objective of the funds are to maximize risk-adjusted returns and achieve low correlation to the equity markets by investing in a diversified group of pooled investment vehicles. The fund may invest in investment vehicles domiciled both within and outside the United States. At a minimum, redemptions can be made in increments of \$10,000, provided that the greater of \$50,000 or 20% of the initial investment remains in the fund.

Private equity funds - The private equity funds are not redeemable by request and represent partnership interests. While Gulf Coast does receive distributions from these funds, it cannot determine or estimate the period of time over which the underlying investment may be liquidated by the investees.

Commonfund Capital Venture Partners VI, L.P. purpose is to provide endowment funds and nonprofit organizations the opportunity to invest in limited partnerships, which in turn, make venture capital investments primarily in emerging growth companies with the objective of obtaining long-term growth of capital. The partnership was scheduled to terminate on March 30, 2013, however, the general partner has extended the terms of the Partnership until March 30, 2017.

University Technology Ventures, LP invests in domestic venture capital or emerging growth partnerships which will invest in equity, equity-related, and debt securities. The partnership shall continue in existence until December 31, 2016, unless extended for a maximum of one additional year in accordance with the partnership agreement.

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

Note 4 - Fair Value of Financial Assets and Liabilities (Continued)

The following is a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended June 30, 2016 and 2015:

		Private Equity Funds
Balance - June 30, 2014	\$	7,781,567
Purchases		-
Sales and withdrawals		-
Distributions		(2,807,193)
Total gains or losses (realized/unrealized) included in earnings		(84,328)
Balance - June 30, 2015		4,890,046
Purchases		-
Sales and withdrawals		-
Distributions		(1,516,023)
Total gains or losses (realized/unrealized) included in earnings		(132,839)
Balance - June 30, 2016	\$	3,241,184

Note 5 - Notes Payable

In November 2013, Gulf Coast incurred a \$1,700,000 note payable to a financial institution for renovations to their primary business office. The note called for interest only monthly payments at 4.375% through May 2014. Thereafter, monthly principal and interest payments are made based on a twenty year amortization period. The note was collateralized by \$2,450,000 of investments that were transferred to the financial institution. As of June 30, 2016 and 2015, the outstanding balance on the note payable totaled \$1,586,615 and \$1,642,390, respectively.

Maturities of the promissory note are as follows as of June 30:

2017		\$ 59,360
2018		62,009
2019		64,777
2020		67,669
2021		70,690
Thereafter		1,262,110
Total	\$	1,586,615

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

Note 6 - Employee Retirement Plan

Gulf Coast has a voluntary retirement program available for eligible employees under Section 401(k) of the Internal Revenue Code. Employees may make contributions pursuant to a salary reduction agreement upon completion of 90 days of service and attaining age 21. The total amount deferred in any calendar year may not exceed the threshold set by the Internal Revenue Service.

Employer contributions may be made to eligible employees; however, these contributions are not required and will be determined each year by management. Further details of the plan are disclosed in the plan document. Estimated retirement plan contributions of \$131,442 and \$128,707 for the years ended June 30, 2016 and 2015, respectively, were recorded.

Note 7 - Commitments and Contingencies

Third Party Guarantee

As of June 30, 2016, Gulf Coast is contingently liable as a limited guarantor with respect to \$725,000 of indebtedness of the Venice Little Theater, Inc., a Florida not-for-profit organization. The maximum amount recoverable from Gulf Coast as guarantor is limited to \$160,716 as of June 30, 2016 and will be reduced by \$53,571 a year for the next three years. As of June 30, 2016, Gulf Coast has not experienced any losses associated with this guarantee.

Note 8 - Functional Expenses

Functional expense classification within the consolidated statement of activities consists of the following for the year ended June 30, 2016:

	Program Grants, Scholarships and Initiatives	Program Services	Management and General	Donor Development	Investment Manager Fees	Total
Program grants, scholarships and initiatives	\$ 28,986,256	\$	\$	\$	\$	\$ 28,986,256
Salary and benefits		590,076	581,600	649,973		1,821,649
Purchased services		74,331	211,606	144,658		430,595
Investment manager fees					852,950	852,950
Other		132,587	217,082	213,691		563,360
Depreciation		65,640	73,064	74,404		213,108
Total	\$ 28,986,256	\$ 862,634	\$ 1,083,352	\$ 1,082,726	\$ 852,950	\$ 32,867,918

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

Note 8 - Functional Expenses (Continued)

Functional expense classification within the consolidated statement of activities consists of the following for the year ended June 30, 2015

	<u>Program Grants, Scholarships and Initiatives</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Donor Development</u>	<u>Investment Manager Fees</u>	<u>Total</u>
Program grants, scholarships and initiatives	\$ 27,278,559	\$	\$	\$	\$	\$ 27,278,559
Salary and benefits		666,378	413,286	621,818		1,701,482
Purchased services		42,611	83,905	86,621		213,137
Investment manager fees					904,746	904,746
Other		147,612	249,295	272,792		669,699
Depreciation		67,887	64,803	73,849		206,539
Total	<u>\$ 27,278,559</u>	<u>\$ 924,488</u>	<u>\$ 811,289</u>	<u>\$ 1,055,080</u>	<u>\$ 904,746</u>	<u>\$ 30,974,162</u>

Note 9 - Restricted Support

Temporarily restricted net assets are available for the following purposes as of June 30:

	<u>2016</u>	<u>2015</u>
Charitable remainder trusts and gift annuity agreements	\$ 3,667,804	\$ 4,070,064
Workforce initiative	307,342	442,351
Fund designating specific organizations to be supported	3,413,120	3,674,746
	<u>\$ 7,388,266</u>	<u>\$ 8,187,161</u>

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support:

	<u>2016</u>	<u>2015</u>
Health & Human Services	\$ 135,222	\$ 147,788

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

Note 9 - Restricted Support (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Purposes for which temporary restrictions were accomplished during the year ended June 30:

	2016	2015
Workforce initiative	\$ 507,060	\$ 391,659
Change in value of charitable gift annuity agreements	288,757	549,971
Investment manager fees	115,978	123,415
Grants from fund designating specific organizations to be supported	141,709	120,919
	\$ 1,053,504	\$ 1,185,964

Note 10 - Operating Lease Commitments

Gulf Coast has entered into operating lease agreements for office equipment and space expiring through the year ended June 30, 2020. Minimum monthly payments on operating leases, in the aggregate, amount to approximately \$3,529. Total expense for operating leases amounted to \$43,063 for the year ended June 30, 2016.

The future minimum payments under operating leases of equipment and space are as follows for the years ending June 30:

2017	\$	42,248
2018		43,190
2019		42,649
2020		38,314
2021		35,327
Total operating lease commitment	\$	201,728

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

Note 11 - Related Party Transactions

Certain board members and employees make contributions or have donor funds held by Gulf Coast. Board members and employees of Gulf Coast may serve on other not-for-profit organization boards that periodically receive grant money from Gulf Coast. Gulf Coast requires all Board members and employees to complete signed conflict of interest forms annually and adhere to the requirements of the Conflict of Interest Policy.

Gulf Coast leased office space from a company owned by a member of the board. For the years ended June 30, 2016 and 2015, Gulf Coast paid approximately \$35,532 and \$29,852, respectively, for this space. Another member of the board has provided legal services to Gulf Coast. Gulf Coast paid approximately \$50,975 and \$11,566 in related fees during the years ended June 30, 2016 and 2015, respectively.

Additionally, Gulf Coast purchased digital development and consulting services, including services for the redevelopment of its website, from a company owned by one of its board members. Selection of this vendor occurred prior to the individual joining the board, and in the case of the website redevelopment was preceded by a formal RFP process. During the year ended June 30, 2016, Gulf Coast paid approximately \$108,508 for these services.

Several board members of Gulf Coast hold positions at financial institutions with which Gulf Coast holds cash balances and investments that amount to approximately \$125,840 and \$3,054,433, respectively, as of June 30, 2016. As of June 30, 2015, Gulf Coast had cash balances and investments at these financial institutions amounting to approximately \$110,234 and \$3,199,853, respectively. These financial institutions were paid \$31,923 and \$28,901 in related investment fees during the years ended June 30, 2016 and 2015, respectively.

Note 12 - Concentrations of Credit and Economic Risk

Financial instruments, which potentially subject Gulf Coast to concentrations of credit risk, consist principally of cash and cash equivalents and investments. Gulf Coast places its cash and cash equivalents with high credit quality financial institutions. During the year, Gulf Coast may have deposits with financial institutions which exceed FDIC insurance limits.

Gulf Coast's investments are primarily invested in time deposits with high credit quality financial institutions, U.S. Treasury bonds and notes, government-backed mortgage securities, common stocks, venture capital funds, real estate and high credit quality corporate notes.

The investment securities are exposed to interest rate, market, credit and other risks depending on the nature of the specific investment. Accordingly, it is at least reasonably possible that these factors will result in changes in the value of Gulf Coast's investments, which could materially affect amounts reported in the consolidated financial statements.

SUPPLEMENTAL INFORMATION

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2016
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2015)

	<u>The Venice Endowment, Inc.</u>	<u>Gulf Coast Community Foundation, Inc.</u>	<u>Gulf Coast Strategic Investments, Inc</u>
<u>Assets</u>			
Cash and cash equivalents	\$	\$ 17,161,028	\$ 114,040
Amounts due from related organization		30,176,272	
Investments		222,292,391	24,474,750
Contributions receivable, net		444,339	
Charitable remainder trusts		1,781,574	
Other assets, net		64,708	24,625
Property and equipment, net		<u>2,406,909</u>	<u>969,839</u>
 Total Assets	 \$	 \$ <u>274,327,221</u>	 \$ <u>25,583,254</u>
<u>Liabilities and Net Assets</u>			
Accounts payable and accrued expenses	\$	\$ 244,553	\$
Grants, grant initiatives and scholarships payable		2,571,027	
Note payable		1,586,615	
Annuity liability		5,937,366	
Amounts due to related organization			30,176,272
Funds held for the benefits of others		<u>12,530,432</u>	
 Total liabilities		<u>22,869,993</u>	<u>30,176,272</u>
 Net Assets			
Unrestricted		243,933,740	(4,593,018)
Temporarily restricted		7,388,266	
Permanently restricted		<u>135,222</u>	
 Total net assets		<u>251,457,228</u>	<u>(4,593,018)</u>
 Total Liabilities and Net Assets	 \$	 \$ <u>274,327,221</u>	 \$ <u>25,583,254</u>

<u>Gulf Coast SO, Inc.</u>	<u>Eliminations</u>	<u>Total</u>	<u>2015</u>
\$	\$	\$	\$
	(30,176,272)	17,275,068	27,177,666
		-	-
		246,767,141	241,700,082
		444,339	621,984
		1,781,574	1,510,332
		89,333	373,812
		3,376,748	3,417,999
		<u> </u>	<u> </u>
\$ <u> -</u>	\$ <u> (30,176,272)</u>	\$ <u> 269,734,203</u>	\$ <u> 274,801,875</u>
\$	\$	\$	\$
		244,553	154,147
		2,571,027	3,720,199
		1,586,615	1,642,390
		5,937,366	5,890,674
	(30,176,272)	-	-
		12,530,432	12,869,095
		<u> </u>	<u> </u>
\$ <u> -</u>	\$ <u> (30,176,272)</u>	\$ <u> 22,869,993</u>	\$ <u> 24,276,505</u>
		239,340,722	242,190,421
		7,388,266	8,187,161
		135,222	147,788
		<u> </u>	<u> </u>
\$ <u> -</u>	\$ <u> -</u>	\$ <u> 246,864,210</u>	\$ <u> 250,525,370</u>
\$ <u> -</u>	\$ <u> (30,176,272)</u>	\$ <u> 269,734,203</u>	\$ <u> 274,801,875</u>

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2015
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2016)

	<u>The Venice Endowment, Inc.</u>	<u>Gulf Coast Community Foundation, Inc.</u>	<u>Gulf Coast Strategic Investments, Inc</u>
<u>Assets</u>			
Cash and cash equivalents	\$	\$ 27,036,486	\$ 141,180
Amounts due from related organization		29,742,986	
Investments		219,975,082	21,725,000
Contributions receivable, net		621,984	
Charitable remainder trusts		1,510,332	
Other assets, net		362,560	11,252
Property and equipment, net		<u>2,490,329</u>	<u>927,670</u>
Total Assets	\$ <u>-</u>	\$ <u>281,739,759</u>	\$ <u>22,805,102</u>
<u>Liabilities and Net Assets</u>			
Accounts payable and accrued expenses	\$	\$ 154,147	\$
Grants, grant initiatives and scholarships payable		3,720,199	
Note payable		1,642,390	
Annuity liability		5,890,674	
Amounts due to related organization			29,742,986
Funds held for the benefit of others		<u>12,869,095</u>	
Total liabilities		<u>24,276,505</u>	<u>29,742,986</u>
Net Assets			
Unrestricted		249,128,305	(6,937,884)
Temporarily restricted		8,187,161	
Permanently restricted		<u>147,788</u>	
Total net assets		<u>-</u>	<u>(6,937,884)</u>
Total Liabilities and Net Assets	\$ <u>-</u>	\$ <u>281,739,759</u>	\$ <u>22,805,102</u>

<u>Gulf Coast SO, Inc.</u>	<u>Eliminations</u>	<u>Total</u>	<u>2016</u>
\$	\$	\$	\$
	(29,742,986)	27,177,666	17,275,068
		-	-
		241,700,082	246,767,141
		621,984	444,339
		1,510,332	1,781,574
		373,812	89,333
		3,417,999	3,376,748
		<u> </u>	<u> </u>
\$	\$	\$	\$
<u> -</u>	<u> (29,742,986)</u>	<u> 274,801,875</u>	<u> 269,734,203</u>
\$	\$	\$	\$
		154,147	244,553
		3,720,199	2,571,027
		1,642,390	1,586,615
		5,890,674	5,937,366
	(29,742,986)	-	-
		12,869,095	12,530,432
		<u> </u>	<u> </u>
<u> -</u>	<u> (29,742,986)</u>	<u> 24,276,505</u>	<u> 22,869,993</u>
		242,190,421	239,340,722
		8,187,161	7,388,266
		147,788	135,222
		<u> </u>	<u> </u>
<u> -</u>	<u> -</u>	<u> 250,525,370</u>	<u> 246,864,210</u>
\$	\$	\$	\$
<u> -</u>	<u> (29,742,986)</u>	<u> 274,801,875</u>	<u> 269,734,203</u>

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

	<u>The Venice Endowment, Inc.</u>	<u>Gulf Coast Community Foundation, Inc.</u>	<u>Gulf Coast Strategic Investments, Inc</u>
Support and Revenue			
Contributions	\$	\$ 30,825,307	\$ 186,150
Interest and dividend income		5,064,948	
Net realized and unrealized gain (loss) on investments		(8,957,085)	2,575,600
Change in value of split interest agreements		(314,713)	
Other revenue		193,313	76,930
Total support and revenue	-	26,811,770	2,838,680
 Expenses			
Program expenses			
Program grants and scholarships		24,308,381	60,849
Grant initiatives		4,677,875	
Program services		862,634	
Total program expenses	-	29,848,890	60,849
 Management and general			
Investment manager fees		1,033,230	432,965
Donor development		852,950	
Total expenses	-	1,082,726	493,814
 Changes in net assets	-	(6,006,026)	2,344,866
 Net assets, beginning of year	-	257,463,254	(6,937,884)
 Net assets, end of year	\$ -	\$ 251,457,228	\$ (4,593,018)

<u>Gulf Coast SO, Inc.</u>	<u>Eliminations</u>	<u>Total</u>	<u>2015</u>
\$	\$	\$	\$
	(60,849)	30,950,608	33,384,355
	(292,593)	4,772,355	4,628,103
		(6,381,485)	(4,854,010)
		(314,713)	(241,346)
	(90,250)	179,993	166,044
<u>-</u>	<u>(443,692)</u>	<u>29,206,758</u>	<u>33,083,146</u>
	(60,849)	24,308,381	22,677,118
		4,677,875	4,601,441
		862,634	924,488
<u>-</u>	<u>(60,849)</u>	<u>29,848,890</u>	<u>28,203,047</u>
	(382,843)	1,083,352	811,289
		852,950	904,746
		1,082,726	1,055,080
<u>-</u>	<u>(443,692)</u>	<u>32,867,918</u>	<u>30,974,162</u>
<u>-</u>	<u>-</u>	<u>(3,661,160)</u>	<u>2,108,984</u>
<u>-</u>	<u>-</u>	<u>250,525,370</u>	<u>248,416,386</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>246,864,210</u>	\$ <u>250,525,370</u>

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	<u>The Venice Endowment, Inc.</u>	<u>Gulf Coast Community Foundation, Inc.</u>	<u>Gulf Coast Strategic Investments, Inc.</u>
Support and Revenue			
Contributions	\$	\$ 33,430,492	\$
Interest and dividend income		4,917,799	
Net realized and unrealized gain (loss) on investments		(5,604,010)	750,000
Change in value of split interest agreements		(241,346)	
Other revenue		178,939	70,877
Total support and revenue	<u>-</u>	<u>32,681,874</u>	<u>820,877</u>
 Expenses			
Program expenses			
Program grants and scholarships		22,677,118	46,137
Grant initiatives		4,601,441	
Program services		924,488	
Total program expenses	<u>-</u>	<u>28,203,047</u>	<u>46,137</u>
 Management and general			
Investment manager fees		771,196	413,561
Donor development		904,746	
Total expenses	<u>-</u>	<u>1,055,080</u>	<u>459,698</u>
 Changes in net assets	<u>-</u>	<u>1,747,805</u>	<u>361,179</u>
 Net assets, beginning of year	<u>-</u>	<u>255,715,449</u>	<u>(7,299,063)</u>
 Net assets, end of year	<u>\$ -</u>	<u>\$ 257,463,254</u>	<u>\$ (6,937,884)</u>

<u>Gulf Coast SO, Inc.</u>	<u>Eliminations</u>	<u>Total</u>	<u>2016</u>
\$	\$	\$	\$
	(46,137)	33,384,355	30,950,608
	(289,696)	4,628,103	4,772,355
		(4,854,010)	(6,381,485)
		(241,346)	(314,713)
	(83,772)	166,044	179,993
<u>-</u>	<u>(419,605)</u>	<u>33,083,146</u>	<u>29,206,758</u>
	(46,137)	22,677,118	24,308,381
		4,601,441	4,677,875
		924,488	862,634
<u>-</u>	<u>(46,137)</u>	<u>28,203,047</u>	<u>29,848,890</u>
	(373,468)	811,289	1,083,352
		904,746	852,950
		1,055,080	1,082,726
<u>-</u>	<u>(419,605)</u>	<u>30,974,162</u>	<u>32,867,918</u>
<u>-</u>	<u>-</u>	<u>2,108,984</u>	<u>(3,661,160)</u>
<u>-</u>	<u>-</u>	<u>248,416,386</u>	<u>250,525,370</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,525,370</u>	<u>\$ 246,864,210</u>