

*We're  
Making a  
Difference  
with*

# FISCAL MANAGEMENT



Community Foundation for  
Palm Beach and Martin Counties

## **INDEPENDENT AUDITORS**

Holyfield & Thomas, LLC

## **INVESTMENT COMMITTEE**

Peter Matwiczuk, *Chair*

J. Ira Harris, *Vice-Chair*

Elaine Bennett Darwin

William M. Matthews

James F. Orr III

Royall Victor III

Eliot I. Snider, *ex officio*

## **INVESTMENT MANAGERS**

Acadian International

Artisan International Fund

The Forestland Group LLC

Guggenheim Partners

Harris & Associates L.P.

Hotchkis and Wiley Funds

JP Morgan Private Investments

NCM Capital Management Group, Inc.

Northern Trust Bank of Florida

Pine Grove Associates Inc.

Private Equity Portfolio Fund LLC

Rockefeller & Company

Wilshire Associates

Winston Partners

## **INVESTMENT MONITORING AND CONSULTING SERVICES**

Prime Buchholz & Associates, Inc.

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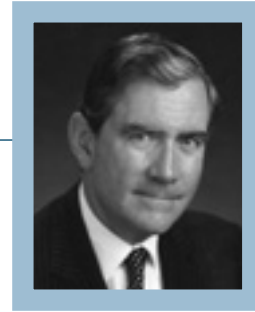
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FROM THE DESK OF WILLIAM M. MATTHEWS

*Treasurer*



Date: November 2005  
To: Friends and Supporters of the Community Foundation  
From: William M. Matthews, Treasurer  
Community Foundation for Palm Beach and Martin Counties  
Re: 2004-2005 Financial Report Summary

I am pleased to send you this financial report for the year ending June 30, 2005.

Despite the uncertainties of our times, the Community Foundation has been able to assemble a balanced portfolio with top advisors in multiple asset classes. We believe that our results show that we have been able to continue to prosper and grow in these challenging times. The numbers speak for themselves:

- **This fiscal year's donor support and endowment growth grew from \$14.9 million to \$33.6 million.**
- **Total endowment had a net gain of 9.2% compared to 6.3% for the S&P Index (fiscal year ending 6/30/05).**
- **Total assets increased from \$85 million as of June 30, 2004 to \$112 million**
- **Grants and programs increased from \$6.0 million to \$8.1 million.**

The population of our two county area service area continues to swell and now exceeds 1.5 million people. Please help us continue to meet the increasing needs of our diverse community by supporting us and making a difference.

## STATEMENT OF FINANCIAL POSITION

*as of June 30,*

<b>Assets</b>	<b>2005</b>	<b>2004</b>
Cash and Cash Equivalents	576,151	427,942
Pledges Receivable	12,350,001	903,803
Prepaid Expenses and Other Assets	179,798	206,501
Investments	87,939,505	73,280,982
Land, Building and Equipment, Net	10,727,117	10,884,826
<b>Total Assets</b>	<b>111,772,572</b>	<b>85,704,054</b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts Payable and Accrued Expenses	451,552	412,865
Grants and Scholarships Payable	1,884,915	1,437,449
Bond Issue Payable	10,900,000	10,900,000
Annuity Obligations	1,082,792	1,034,815
<b>Total Liabilities</b>	<b>14,319,259</b>	<b>13,785,129</b>
Net Assets	97,453,313	71,918,925
<b>Total Liabilities and Net Assets</b>	<b>111,772,572</b>	<b>85,704,054</b>

## STATEMENT OF ACTIVITIES

*For Period Ending June 30*

<b>Revenues</b>	<b>2005</b>	<b>2004</b>
Contributions	26,873,864	5,694,876
Investments	6,215,573	8,699,763
Other Income	556,243	515,574
<b>Total Revenues</b>	<b>33,645,680</b>	<b>14,910,213</b>
<b>Expenses</b>		
Net Assets Released from Restrictions	-	-
Grants, Net of Cancellations and Returns	5,226,021	3,282,444
Programs and Support Services	2,885,271	2,732,630
<b>Total Grants, Programs and Support Services</b>	<b>8,111,292</b>	<b>6,015,074</b>
<b>Change in Net Assets</b>	<b>25,534,388</b>	<b>8,895,139</b>
<b>Net Assets at Beginning of Year</b>	<b>71,918,925</b>	<b>63,023,786</b>
<b>Net Assets at End of Year</b>	<b>97,453,313</b>	<b>71,918,925</b>

*The financial information presented has been derived from the Foundation's audited statements, copies of which may be obtained by contacting the Foundation's Vice President of Finance, Gloria Ortega Rex, at 561-659-6800 or by email at grex@cfpbmc.org.*

The Community Foundation's IRS Form 990 is available upon request.

# OUR INVESTMENT STRATEGY

- The Community Foundation’s investment strategy is designed to ensure the total return necessary to preserve and enhance the principal of the funds, and provide a dependable source for grants and scholarships.
- Our investment committee is responsible for assuring that the Community Foundation exercises prudent stewardship over the assets with which it has been entrusted.
- The Foundation’s asset allocation strategy is to provide long-term growth with a broadly diversified mix of asset classes and styles.
- We retain an independent investment consulting firm to monitor the performance of investment managers and to advise on the Community Foundation’s investment asset allocation.

# INVESTMENT MANAGEMENT

The endowment fund is structured for long-term growth with a broadly diversified mix of asset classes and styles. Experience has shown that financial markets and inflation rates are cyclical and, therefore, control of volatility will best be achieved through diversification of asset classes and selection of managers of diverse styles.

Since the selection and weighting of asset classes are the primary determinants of investment return and volatility, asset choice is carefully considered by the investment committee in accordance with a systematic allocation process derived from consultation with its investment consulting firm. The international, alternative, and real estate segments are intended to reduce volatility and the fund’s reliance on domestic financial markets.

Investment managers are appointed following a systematic search for those with demonstrated quality in the style desired. They are evaluated based on length of experience, depth of talent, and proven abilities. The Community Foundation ensures equal access for minority investment managers.

The investment manager’s performance is evaluated each quarter based on a comparison to an appropriate market index rate of return and an overall rate of return of peers with comparable investment styles or portfolio objectives. No investment manager may invest more than 10% of its fund in the securities of any one issuer.

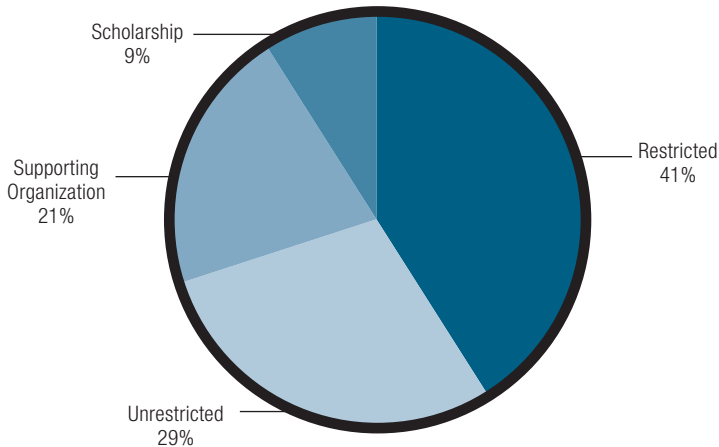
# INVESTMENT RETURNS AT 6/30/05

	<i>1 year</i>	<i>3 year</i>	<i>5 year</i>
<b>Total Investments</b>	<b>9.2%</b>	<b>8.2%</b>	<b>4.0%</b>
Domestic Equity	10.9	12.5	5.3
International Equity	10.9	7.7	(1.6)
Alternative Equity	6.6	6.6	7.7
Private Equity	17.0	2.7	(4.7)
Domestic Fixed Income	4.2	4.4	6.6
Real Assets	15.0	11.8	13.6
S & P 500	6.3	8.3	(2.4)



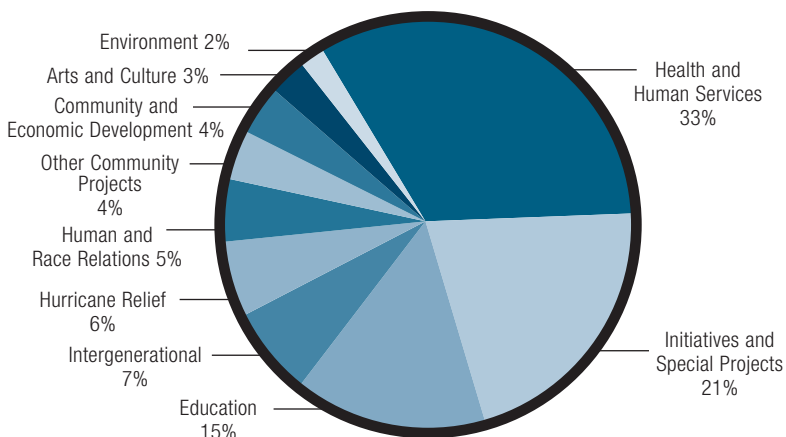
## GRANTS BY FUND TYPE

Restricted .....	\$2,040,920
Unrestricted .....	1,443,956
Supporting Organization .....	1,017,422
Scholarship .....	455,600
<b>TOTAL.....</b>	<b>\$4,957,898</b>



## UNRESTRICTED GRANTS BY INTEREST AREA

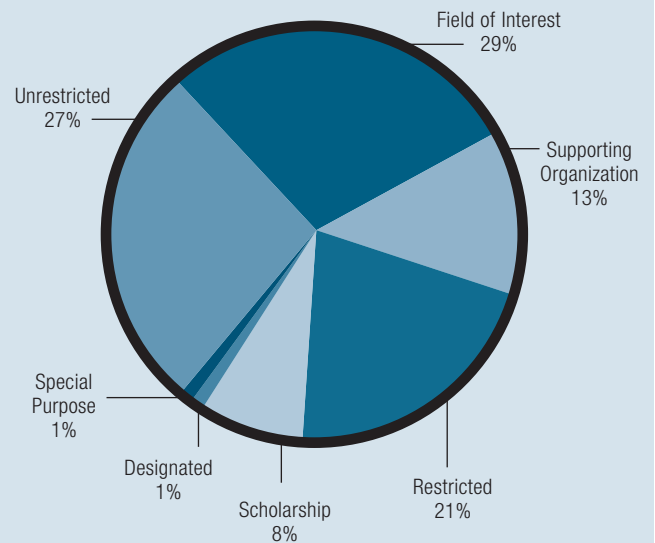
Health and Human Services .....	\$475,738
Initiatives and Special Projects.....	304,913
Education .....	212,224
Intergenerational.....	104,209
Hurricane Relief .....	81,148
Human and Race Relations .....	73,000
Other Community Projects.....	61,350
Community and Economic Development .....	56,060
Arts and Culture .....	50,134
Environment .....	25,000
<b>TOTAL.....</b>	<b>\$1,443,956</b>



## 2004-2005 Highlights

### ASSETS BY FUND TYPE

Unrestricted .....	\$25,999,333
Field of Interest .....	28,656,932
<b>SUBTOTAL.....</b>	<b>\$54,656,265</b>
Restricted .....	\$20,075,350
Supporting Organization .....	12,642,733
Scholarship.....	8,622,675
Special Purpose .....	982,832
Designated.....	473,458
<b>SUBTOTAL.....</b>	<b>\$42,797,048</b>
<b>TOTAL NET ASSETS.....</b>	<b>\$97,453,313</b>



**Community Foundation**  
FOR PALM BEACH AND MARTIN COUNTIES

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