MIAMI BAYSIDE FOUNDATION, INC.

FINANCIAL STATEMENTS,
INDEPENDENT AUDITOR'S REPORT AND
SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Miami Bayside Foundation, Inc.
Miami, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Miami Bayside Foundation, Inc., (the "Foundation") (a non-profit organization) which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Miami Bayside Foundation, Inc., as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of state financial assistance, as required by Chapter 10.650, *Rules of the Auditor General of the State of Florida*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2021 on our consideration of the Foundation's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Verdiya, De Armas, & Trujillo LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
February 23, 2021

MIAMI BAYSIDE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

ASSETS

	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	$ 686,835	$ 526,483
Investments, $174,710 and $469,418, with donor restrictions	1,987,804	2,020,738
Loan receivables, current portion	884,102	614,847
TOTAL CURRENT ASSETS	3,558,741	3,162,068
LOAN RECEIVABLES, long-term portion, net	3,383,179	2,314,637
PROPERTY AND EQUIPMENT, net	2,802	616
OTHER ASSETS	2,434	26,839
TOTAL ASSETS	$ 6,947,156	$ 5,504,160

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 4,335	$ 5,297
Notes payable, current portion	771,855	666,996
TOTAL CURRENT LIABILITIES	776,190	672,293
Notes Payable, long-term portion	1,969,307	1,282,671
Payroll protection program loan	64,500	-
TOTAL LIABILITIES	2,809,997	1,954,964
NET ASSETS		
Net assets without donor restrictions	3,962,449	3,079,778
Net assets with donor restrictions	174,710	469,418
TOTAL NET ASSETS	4,137,159	3,549,196
TOTAL LIABILITIES AND NET ASSETS	$ 6,947,156	$ 5,504,160

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

MIAMI BAYSIDE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	$ 1,040,736	$ -	$ 1,040,736
Federal, state and local grants	136,388	400,000	536,388
Investment income and realized gains	109,227	-	109,227
Interest and other income	216,226	-	216,226
Net assets released from restrictions	694,708	(694,708)	-
TOTAL SUPPORT AND REVENUE	2,197,285	(294,708)	1,902,577
EXPENSES			
Program services	1,175,351	-	1,175,351
Supporting services	151,941	-	151,941
TOTAL EXPENSES	1,327,293	-	1,327,293
CHANGE IN NET ASSETS BEFORE UNREALIZED GAIN	869,992	(294,708)	575,284
UNREALIZED GAIN	12,679	-	12,679
CHANGE IN NET ASSETS	882,671	(294,708)	587,963
Net assets, beginning of year	3,079,778	469,418	3,549,196
Net assets, end of year	$ 3,962,449	$ 174,710	$ 4,137,159

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

MIAMI BAYSIDE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	$ 412,455	$ -	$ 412,455
Federal grants	115,471	761,000	876,471
Investment income and realized gains	34,451	-	34,451
Interest and other income	84,538	-	84,538
Net assets released from restrictions	387,412	(387,412)	-
TOTAL SUPPORT AND REVENUE	1,034,327	373,588	1,407,915
EXPENSES			
Program services	771,559	-	771,559
Supporting services	130,258	-	130,258
TOTAL EXPENSES	901,817	-	901,817
CHANGE IN NET ASSETS BEFORE UNREALIZED GAIN	132,510	373,588	506,098
UNREALIZED GAIN	257,464	-	257,464
CHANGE IN NET ASSETS	389,974	373,588	763,562
Net assets, beginning of year	2,689,804	95,830	2,785,634
Net assets, end of year	$ 3,079,778	$ 469,418	$ 3,549,196

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

MIAMI BAYSIDE FOUNDATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	General & Administrative	Fundraising	Total
Awards and grants	$ 510,781	$ -	$ -	$ 510,781
Salaries	234,532	27,592	13,796	275,920
Payroll taxes	18,729	2,203	1,102	22,034
Bad debt	70,000	-	-	70,000
Contract services	171,008	35,452	-	206,460
Facilities and equipment	11,508	2,158	719	14,385
Management fees	-	4,659	-	4,659
Fundraising	-	-	42,035	42,035
Business fee registration	-	1,118	-	1,118
Marketing, public relations and advertisin	7,771	-	1,943	9,713
Operations	20,362	3,818	1,273	25,453
Travel and meetings	834	2,503	-	3,338
Microloan	-	-	-	-
Technical Assistance/Workshops	87,631	-	-	87,631
Other expenses	42,196	11,571		53,768
TOTAL FUNCTIONAL EXPENSES	$ 1,175,351	$ 91,074	$ 60,868	$ 1,327,293

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

MIAMI BAYSIDE FOUNDATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services	General & Administrative	Fundraising	Total
Awards and grants	$ 294,914	$ -	$ -	$ 294,914
Salaries	243,319	28,626	14,313	286,258
Payroll taxes	19,673	2,315	1,157	23,145
Bad debt	50,000	-	-	50,000
Business expense	-	-	-	-
Contract services	72,833	31,876	-	104,709
Facilities and equipment	16,128	2,166	958	19,252
Management fees	-	5,666	-	5,666
Fundraising	-	-	19,315	19,315
Business fee registration	-	361	-	361
Marketing, public relations and advertisin	21,819	-	9,351	31,170
Operations	7,046	5,803	960	13,809
Travel and meetings	2,383	2,756	689	5,828
Microloan	22,549	-	-	22,549
Small business training	20,817	-	-	20,817
Other expenses	78	3,694	252	4,024
TOTAL FUNCTIONAL EXPENSES	$ 771,559	$ 83,263	$ 46,995	$ 901,817

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

MIAMI BAYSIDE FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND DECEMBER 31, 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 587,963	$ 763,562
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	616	617
Bad debt expense	70,000	50,000
Realized and unrealized loss (gains) on investments	81,745	246,460
(Increase) Decrease in operating assets:		
Other assets	24,405	(24,557)
(Increase) Decrease in operating liabilities:		
Accrued expenses	(962)	(9,770)
Total adjustments	175,804	262,750
NET CASH PROVIDED BY OPERATING ACTIVITIES	763,767	1,026,312
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(2,802)	-
Net purchases of investments	(48,811)	(582,323)
Proceeds from loan principal payments	727,297	844,504
Loan disbursements	(2,135,094)	(2,439,146)
NET CASH USED IN INVESTING ACTIVITIES	(1,459,410)	(2,176,965)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	1,546,106	1,512,646
Principal payments on notes payable	(690,111)	(9,435)
NET CASH PROVIDED BY FINANCING ACTIVITIES	855,995	1,503,211
Net increase in cash and cash equivalents	160,352	352,558
Cash and cash equivalents, beginning of year	526,483	173,925
Cash and cash equivalents, end of year	$ 686,835	$ 526,483
SUPPLEMENTARY INFORMATION:		
Interest paid	$ 32,787	$ 14,337

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND OPERATIONS

Nature of Organization

Miami Bayside Foundation (the "Foundation") is a not-for-profit organization designed to advance economic development in Miami through the support of minority businesses and education. The Foundation seeks to do this through the creation and administration of loan programs for minority businesses, through the creation of programs and educational scholarships for minorities, and by providing technical assistance to minority businesses.

Basis of Accounting and Presentation

The financial statements have been prepared on the accrual basis of accounting and in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). The Foundation is required to report information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions on the use of the net assets. The two net asset categories are as follows:

Net Assets Without Donor Restrictions

The portion of the net assets of the Foundation that can be used subject to the broad limits resulting from the nature of the Foundation, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws. In some cases, the use of these resources is also subject to limits resulting from contractual agreements with suppliers, creditors, and others entered into by the Foundation in the normal course of business. The Foundation has the greatest ability to choose when using these resources. Net assets without donor restrictions generally result from contributions that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions

The portion of net assets of the Foundation that is subject to either donor-imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit the Foundation's choices when using these resources because the Foundation has a fiduciary responsibility to its donors to follow the donors instructions. Net assets with donor restrictions generally result from donor-restricted contributions. There are $174,710 and $469,418 in net assets with donor restrictions as of December 31, 2020 and 2019, respectively.

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with original maturities of 90 days or less.

Contributions

The Foundation follows the provisions of an accounting standard where contributions are recognized when the donor makes a promise to give the Foundation that is, in substance, unconditional. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are transferred to net assets without donor restrictions.

Investments

The Foundation reports its investments under an accounting standard where a not-for-profit organization is required to report investments in equity securities with readily determinable fair values and all investments in debt securities at fair value, with realized and unrealized gains and losses included in the statements of activities. The fair value of marketable securities is determined by quoted market prices.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND OPERATIONS (Continued)

Loans Receivable

Loans receivable consist of regular loans and micro loans to local minority businesses. Regular loans consist of loans from $10,000 to $150,000, which are secured by real property. Micro loans consist of loans from $2,500 to $10,000, which are generally unsecured. Interest income is recognized over the life of the receivables and is determined using the effective interest method. On a periodic basis, the Foundation evaluates its receivables and adjusts the allowance for loan losses, when deemed necessary, based on a historic review of collections and current credit conditions.

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are stated at the amount of unpaid principal, reduced by an allowance for loan losses. The allowance for loan losses is established through a provision for losses charged to expense. Loans are charged against the allowance for loan losses when management believes that collectability of the principal is unlikely. Subsequent recoveries of prior year charges against the allowance, if any, are recorded as revenue in the period received.

The allowance is an amount that management believes will be adequate to absorb estimated losses on existing loans, based on an evaluation of the collectability of loans and prior loss experience. This evaluation also takes into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, and review of specific problem loans, and current economic conditions that may affect the borrower's ability to pay. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions. The Foundation has allowances of $110,654 and $115,122 as of December 31, 2020 and 2019.

Once a loan is delinquent more than six months, the Foundation no longer recognizes interest income on the loan balance. Any payments received on loans previously written off are recorded as loan loss recoveries.

Restricted Contributions Whose Restrictions Are Met in the Same Reporting Period

Donor restricted contributions whose restrictions are met in the same reporting period are reported as without donor restrictions.

Grant Revenue

Grant revenue is derived from federal, state or local contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures or performed their obligations in compliance with specific contract or grant provisions. Amounts received prior to being incurred are reported as refundable advances in the statement of financial position. The Foundation did not have refundable advances as of December 31, 2020 or 2019.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements.

The Foundation recognizes and measures tax positions taken or expected to be taken in its tax return based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND OPERATIONS (Continued)

Income Taxes (Continued)

The U.S. Federal jurisdiction and Florida are the major tax jurisdictions where the Foundation files tax returns. The Foundation is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2017.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk

Although cash balances may exceed federally insured limits at times during the year, the Foundation has not experienced and does not expect to incur any losses in such accounts.

Adopted Accounting Pronouncements

The Foundation has adopted Accounting Standards Update (ASU) No. 2014-09 – *Revenue from Contracts with Customers (Topic 606)*, as amended. Management believes the standard improves the usefulness and understandability of the Foundation's financial reporting.

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958)*: Presentation of Financial Statements of Not-for-Profit Entities. The Foundation has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standard changes the following aspects of the Foundation's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called *net assets with donor restrictions.*
- The unrestricted net asset class has been renamed *net assets without donor restrictions.*
- The financial statements include a new disclosure about liquidity and availability of resources (see Note 9) and expands on the disclosure related to the functional allocation of expenses.

The Foundation has adopted Accounting Standards Update (ASU) No. 2018-08 – *Not-For-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Foundation's financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the Foundation recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with this standard.

Subsequent Events

The Foundation has evaluated subsequent events through February 23, 2021, which is the date the financial statements were available to be issued.

NOTE 2 – INVESTMENT SECURITIES

Investment securities at December 31, 2020 and 2019 were as follows:

	2020	2019
Money funds	$ 43,136	$ 129,677
Equity securities	910,444	1,070,248
Fixed income	971,527	735,009
Real estate & intangibles	62,698	85,804
	$ 1,987,805	$ 2,020,738

The Foundation's investment income, including income earned on cash deposits, consisted of the following for the years ended December 31, 2020 and 2019:

	2020	2019
Net realized (losses) gains	$ 69,065	$ (11,004)
Net unrealized gains (losses)	12,679	257,464
Interest and dividends	40,162	45,455
	$ 121,906	$ 291,915

For the years ended December 31, 2020 and 2019, investment fees were $4,842 and $5,666, respectively. These amounts were included in the schedules of functional expenses under the caption "Management Fees".

NOTE 3 – FAIR VALUE MEASUREMENTS

The FASB established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Items Measured at Fair Value on a Recurring Basis

The asset's or liability's fair measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a depreciation of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020.

The Equity Portfolio consists of equity securities and mutual funds managed primarily through investments held by independent investment advisors with discretionary investment authority. Equity securities consist primarily of common stocks. Equity Portfolio investments are valued at the closing price reported in the active market in which the individual securities are traded.

The Fixed Income Portfolio consists of investments in securities issued by the U.S. Treasury and corporate bonds through independent investment advisors. Those investments are valued at the closing price reported in the active market in which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although The Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table represents the Foundation's financial instruments measured at fair value on a recurring basis at December 31, 2020 for each of the fair value hierarchy levels:

		Fair Value Measurement at December 31, 2020		
Description	12/31/2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Investment Securities:				
Money funds	$ 43,136	$ 43,136	$ -	$ -
Equity	910,444	910,444	-	-
Fixed income	971,527	971,527	-	-
Real estate & Intangibles	62,698	62,698	-	-
Total investment securities	$ 1,987,805	$ 1,987,805	$ -	$ -

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Items Measured at Fair Value on a Recurring Basis (Continued)

The following table represents the Foundation's financial instruments measured at fair value on a recurring basis at December 31, 2019 for each of the fair value hierarchy levels:

		Fair Value Measurement at December 31, 2019		
Description	12/31/2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Investment Securities:				
Money funds	$ 129,677	$ 129,677	$ -	$ -
Equity	1,070,248	1,070,248	-	-
Fixed income	735,009	735,009	-	-
Real estate & Intangibles	85,804	85,804	-	-
Total investment securities	$ 2,020,738	$ 2,020,738	$ -	$ -

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

These net assets are restricted for specific purposes or until specific events occur. Net assets are restricted to the following purposes or time periods as of December 31:

	2020	2019
Willy Gort	$ 164,710	$ 244,418
CDFI	10,000	225,000
	$ 174,710	$ 469,418

Net assets with donor restrictions are held in investments.

The following schedule summarizes restricted net assets used in accordance with donor-imposed restrictions for the Foundation's operations during the years ended December 31:

	2020	2019
Willy Gort	$ 79,708	$ 101,412
CDFI	615,000	286,000
	$ 694,708	$ 387,412

NOTE 5 – LOANS RECEIVABLE

Loans receivable consists of loans disbursed under the Loan Programs offered by the Foundation. Loans are secured loans for a maximum of $150,000 given to minority-owned small businesses for 5 year terms at 6% interest and collateralized by corporate assets. Micro loans receivable consist of unsecured loans disbursed under the Micro Loans Program. Micro loans range from $2,500 to $10,000 for 17 or 23 months with effective annual interest rates of 6.7% and 6.9%, respectively.

NOTE 5 – LOANS RECEIVABLE (Continued)

December 31, 2020	Loans Receivable	Allowance for Loan Losses	Net Receivable
Loans	$ 4,370,269	$ 107,776	$ 4,262,493
Micro Loans	7,666	2,878	4,788
	4,377,935	110,654	4,267,281
Less, current portion	884,102	-	884,102
Loans receivable, net of current portion	$ 3,493,833	$ 110,654	$ 3,383,179

December 31, 2019	Loans Receivable	Allowance for Loan Losses	Net Receivable
Loans	$ 3,022,052	$ 112,244	$ 2,909,808
Micro Loans	22,554	2,878	19,676
	3,044,606	115,122	2,929,484
Less, current portion	614,847	-	614,847
Loans receivable, net of current portion	$ 2,429,759	$ 115,122	$ 2,314,637

Net loans and micro loans receivable consist of the following:

	2020	2019
Balance - allowance for loan losses, beginning of year	$ 115,122	$ 78,874
Loan loss expense	70,000	50,000
Write-offs	(74,468)	(13,752)
Recoveries	-	-
Balance - allowance for loan losses, end of year	$ 110,654	$ 115,122

NOTE 6 – NOTES PAYABLE

Notes payable consists of loans obtained under the SSBCI Loan Support Program between the Foundation and Enterprise Florida, Inc. (“EFI”). The terms allow EFI to purchase a participation in a loan being offered by the Foundation to a borrower. The amount of EFI’s participation shall not exceed 50%, or $75,000 for each loan. Loans are secured loans for a maximum of $150,000 given to minority-owned small businesses for 3 and 5 year terms at 6% interest and collateralized by corporate assets. During the years ended December 31, 2020 and 2019, the amounts owed were $645,582 and $481,662 respectively.

Notes payable also consists of a loan between the Foundation and Florida First Capital Finance Corp. (“FFCFC”). The terms allow FFCFC to purchase a participation in a loan being offered by the Foundation to a borrower. The amount of the FFCFC’s participation shall not exceed $75,000 for each loan. Loans are secured loans for a maximum of $75,000 given to minority-owned small businesses for a maximum of 5 year terms at 6% interest and collateralized by corporate assets. During the years ended December 31, 2020 and 2019, the amounts owed were $73,925 and $0 respectively.

NOTE 6 – NOTES PAYABLE (Continued)
Future maturities of notes payable for the next five years and thereafter are as follows:

December 31,	Amount
2021	$ 771,855
2022	650,196
2023	472,406
2024	334,715
2025	169,376
Thereafter	407,114
	$ 2,805,662

NOTE 7 – PAYCHECK PROTECTION PROGRAM ("PPP")
On April 16, 2020, the Foundation borrowed $64,500 from a financial institution through the Paycheck Protection Program ("PPP"). The unpaid balance of the loan shall bear interest at 1%. The Foundation must pay monthly principal and interest payments on the outstanding principal balance of the loan amortized over the term of the loan, beginning seven months from the month the loan was dated. The entire principal balance remaining unpaid, along with all accrued and unpaid interest, shall be due and payable in full in April 2022 unless otherwise forgiven in whole or part in accordance with the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. Pursuant to the terms of the CARES Act and any implementing rules and regulations, the Foundation may apply for the loan to be forgiven by the SBA in whole or in part beginning no sooner than twenty-four (24) weeks from the date of the Note. Any loan balance remaining following forgiveness by the SBA will be fully reamortized over the remaining term of the Loan. As of December 31, 2020, the balance outstanding was $64,500. During the year, the Foundation has applied for forgiveness and is awaiting approval of the forgiveness application.

NOTE 8 – FUNCTIONAL ALLOCATION OF EXPENSES
The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Foundation. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Depreciation is allocated based on square footage. Costs of other categories were allocated on estimates of time and effort.

NOTE 9 – ECONOMIC DEPENDENCE
The Foundation provides a substantial portion of its services with funds contributed from one source. A significant reduction in the level of this funding, if this were to occur, may have an effect on the Foundation's programs and activities. Contributions received from one entity represented approximately 20% and 23% of the Foundation's total support and revenue for the years ended December 31, 2020 and 2019, respectively.

NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets as of December 31, 2020 and 2019 that are available for general use within one year of that date to meet cash for general expenditures.

	2020	2019
Financial assets:	$ 3,558,741	$ 3,289,486
Less those unavailable for general expenditure within one year due to:		
Donor imposed time or purpose restrictions	174,710	469,418
Financial assets available to meet cash needs for general expenditures within one year	$ 3,384,031	$ 2,820,068

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

NOTE 11 – MINORITY PARTICIPATION AGREEMENT

On September 2014, the City of Miami (the "City") and Bayside Marketplace, LLC (the "Developer") amended the Minority Participation Agreement which set forth the Developer's obligations with regard to minority participation in connection with the development of Bayside Marketplace. The term of the Minority Participation Agreement as amended, expires on November 30, 2060. The Developer agrees to pay the Foundation a contribution in the amount of $350,000 annually each year during the term of the agreement. The contribution shall increase each year by 2%. If the Foundation ceases to be a 501 (c)(3) tax exempt organization, the contributions shall be placed in an interest bearing escrow account and paid to the Foundation at such time as the Foundation shall satisfactorily prove to the Developer that it has qualified as a 501(c)(3) tax exempt organization, or, at the written request of the City, be paid to another not for profit organization qualified as a 501(c)(3) tax exempt organization.

NOTE 12 – AWARDS TO OTHERS

The Foundation has committed to support programs based in the City of Miami. As of December 31, 2020, the commitments are as following:

Year Ending December 31,	
2021	$ 15,000
2022	15,000
Total	$ 30,000

NOTE 13 – COVID-19

In January 2020, the novel coronavirus ("COVID-19") was declared a pandemic by the World Health Organization. The effect of the virus has been felt worldwide and has caused economic disruption. While the disruption caused by the virus is expected to be temporary, there is considerable uncertainty as to the duration. Therefore, it is too early to predict or reasonably estimate the financial impact of possible operational, funding and contribution changes or delays as a result of the virus. Nevertheless, the virus presents uncertainty and risk with respect to the Foundation's operations and financial results.

SUPPLEMENTARY INFORMATION

MIAMI BAYSIDE FOUNDATION, INC.
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

State Grantor Program Ttitle Pass-through Grantor/	*State CSFA Number*		*Contract Number*	*Expenditure*
Florida Department of Economic Opportunity				
Direct - Economic Development Loan Programs	40.041		D0138 & D0124	$ 136,388
Direct - Economic Development Loan Programs	40.041	*	D0138 & D0124	2,021,655
			Total State Financial Assistance	$ 2,158,043

* Loan Program

See the accompanying notes to the schedule of state financial assistance.

MIAMI BAYSIDE FOUNDATION, INC.
NOTES TO THE SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE A – BASIS OF PRESENTATION

The Schedule of State Financial Assistance (the "Schedule") represents all of the State awards to the Foundation during the year ended December 31, 2020.

The information in the Schedule is presented in accordance with the requirements of the Department of Financial Services Rules, Chapter 69I-5, Florida Administrative Code, *State Financial Assistance*. Because the Schedule presents only a selected portion of the operation of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Chapter 10.650, Rules of the Auditor General, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Manny Alvarez, C.P.A.
Monique Bustamante, C.P.A.
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Javier Verdeja, C.P.A.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Miami Bayside Foundation, Inc.
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Miami Bayside Foundation, Inc. (the "Foundation") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Verdiya, De Armas, & Trujillo LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
February 23, 2021

Manny Alvarez, C.P.A.
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL*

Board of Directors
Miami Bayside Foundation, Inc.
Miami, Florida

Report on Compliance for Each Major State Project

We have audited Miami Bayside Foundation, Inc.'s (the "Foundation") compliance with the types of compliance requirements described in the *Department of Financial Services'* State Projects Compliance Supplement, that could have a direct and material effect on each of the Foundation's major state projects for the year ended December 31, 2020. The Foundation's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its state projects applicable to its state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Foundation's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and Chapter 10.650, Rules of the Auditor General. Those standards, and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the Foundation's compliance.

Opinion on Each Major State Project

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Verdeja, De Armas, & Trujillo LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
February 23, 2021

MIAMI BAYSIDE FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE PROJECTS
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	*Unmodified*
Internal control over financial reporting:	
• Material weakness(es) identified?	____ yes __X__ no
• Significant deficiency(ies) identified?	____ yes __X__ none reported
Noncompliance material to financial statements noted?	____ yes __X__ no

State Projects

Type of auditor's report issued on compliance for major state projects:	*Unmodified*
Internal control over major state projects:	
• Material weakness(es) identified?	____ yes __X__ no
• Significant deficiency(ies) identified?	____ yes __X__ none reported
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650 "*Rules of the Auditor General*?"	____ yes __X__ no

Identification of major state projects:

Name of State Project	CSFA Number	Expenditures
Economic Development Loan Programs	40.041	$2,158,043
Dollar threshold used to distinguish between type A and type B projects	$647,413	
Auditee qualified as low-risk auditee?	N/A	

MIAMI BAYSIDE FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - STATE PROJECTS
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

The audit disclosed no matters that are reportable for the current year.

SECTION III – FINDINGS AND QUESTIONED COSTS - STATE FINANCIAL ASSISTANCE PROJECTS

The audit disclosed no matters that are reportable for the current year.

SECTION IV – OTHER ISSUES

1. No management letter was issued for the year ended December 31, 2020.

2. A Summary Schedule of Prior Audit Findings is not required because there were no prior audit findings related to state projects.

3. A Corrective Action Plan is not required because there were no findings required to be reported under the *Department of Financial Services'* State Project Compliance Supplement.

MIAMI BAYSIDE FOUNDATION, INC.

MANAGEMENT LETTER

DECEMBER 31, 2020

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Verdeja • De Armas • Trujillo
Certified Public Accountants and Advisors
Octavio F. Verdeja, Founder - 1971

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MANAGEMENT LETTER

To the Board of Directors of
Miami Bayside Foundation, Inc.
Miami, Florida

Report on the Financial Statements

We have audited the financial statements of Miami Bayside Foundation, Inc. (the "Foundation") as of and for the fiscal year ended December 31, 2020, and have issued our report thereon dated February 23, 2021.

Auditor's Responsibility

We conducted our audit in accordance with in the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.650, Rules of the Auditor General.

Other Reports Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major State Project and on Internal Control Over Compliance Required by Chapter 10.650, Rules of the Auditor General, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated February 23, 2021, should be considered in conjunction with this management letter.

Management Letter

In planning and performing our audit of the financial statements of the Foundation as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the fourth paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Additional Matters

Section 10.654(1)(e), Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of the Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, management, the Board of Directors, and others within the Foundation and is not intended to be and should not be used by anyone other than these specified parties.

Verdeja, De Armas, & Trujillo LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
February 23, 2021