

Broward College Foundation, Inc.

Financial Statements
and Additional Information
For the Years Ended December 31, 2021 and 2020



Broward College Foundation, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and the Members of the Audit Committee
Broward College Foundation, Inc.

Opinion

We have audited the accompanying financial statements of Broward College Foundation, Inc. (a nonprofit organization) (the "Foundation"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021 and 2020, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* and will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Receipts, Expenditures and Fund Balances for Broward Futures Scholarship Fund on page 23 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 supplementary 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 July 21, 2022, on our consideration of the Foundation’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control 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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
July 21, 2022

FINANCIAL STATEMENTS



Broward College Foundation, Inc.
Statements of Financial Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Cash and cash equivalents	\$ 3,566,011	\$ 3,079,178
Accounts receivable	105,803	123,230
Promises to give, net	1,331,506	1,623,549
Prepays	48,933	33,831
Investments	<u>134,640,737</u>	<u>89,722,610</u>
Total assets	<u>\$ 139,692,990</u>	<u>\$ 94,582,398</u>
Liabilities:		
Accounts payable and other liabilities	\$ 1,726,729	\$ 1,670,433
Program support, awards, and grants payable	50,902	250
Deferred revenue and refundable advances	<u>246,213</u>	<u>495,570</u>
Total liabilities	<u>2,023,844</u>	<u>2,166,253</u>
Net Assets:		
Without donor restrictions:		
Undesignated	11,704,414	7,944,467
Designated by the Board for operating reserves	2,081,669	1,910,339
Designated by the Board for programs and scholarships	4,546,681	4,485,590
Designated by the Board for endowment	31,378,296	-
	<u>49,711,060</u>	<u>14,340,396</u>
With donor restrictions:		
Perpetual in nature	43,147,623	42,884,085
Purpose and time restrictions	44,810,463	35,191,664
	<u>87,958,086</u>	<u>78,075,749</u>
Total net assets	<u>137,669,146</u>	<u>92,416,145</u>
Total liabilities and net assets	<u>\$ 139,692,990</u>	<u>\$ 94,582,398</u>

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

Broward College Foundation, Inc.
Statements of Activities
For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:						
Contributions and bequests	\$ 30,062,026	\$ 3,547,762	\$ 33,609,788	\$ 62,174	\$ 2,548,358	\$ 2,610,532
Contributions of nonfinancial assets	1,110,473	-	1,110,473	-	-	-
Support from Broward College of nonfinancial assets	1,314,086	-	1,314,086	1,142,388	-	1,142,388
Educational related revenue	-	368,217	368,217	-	451,291	451,291
Interest and dividends	2,150,366	3,207,242	5,357,608	265,100	874,155	1,139,255
Fundraising event revenue, net of expenses	15,912	247,801	263,713	1,270	-	1,270
Other revenues	24,712	6,738	31,450	24,356	24,515	48,871
Unrealized and realized gains (losses) on investments, net of fees	4,082,278	9,139,834	13,222,112	2,007,316	5,977,209	7,984,525
Net assets released from restrictions	6,627,757	(6,627,757)	-	7,142,094	(7,142,094)	-
Total support and revenues	45,387,610	9,889,837	55,277,447	10,644,698	2,733,434	13,378,132
Expenses:						
Program services	7,581,124	-	7,581,124	6,283,853	-	6,283,853
Supporting services:						
Management and general	1,119,870	-	1,119,870	922,520	-	922,520
Fundraising and development	1,315,052	-	1,315,052	1,163,719	-	1,163,719
Total supporting services	2,434,922	-	2,434,922	2,086,239	-	2,086,239
Total expenses	10,016,046	-	10,016,046	8,370,092	-	8,370,092
Loss (recovery) on uncollectible promises to give, net	900	7,500	8,400	-	(299,375)	(299,375)
Total expenses and loss (recovery)	10,016,946	7,500	10,024,446	8,370,092	(299,375)	8,070,717
Change in net assets	35,370,664	9,882,337	45,253,001	2,274,606	3,032,809	5,307,415
Net Assets, beginning of year	14,340,396	78,075,749	92,416,145	12,065,790	75,042,940	87,108,730
Net Assets, end of year	\$ 49,711,060	\$ 87,958,086	\$ 137,669,146	\$ 14,340,396	\$ 78,075,749	\$ 92,416,145

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

Broward College Foundation, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services			Supporting Services			Total 2021 Expenses	Total 2020 Expenses
	Academic and College Support	Scholarships	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services		
Scholarships	\$ -	\$ 3,756,573	\$ 3,756,573	\$ -	\$ -	\$ -	\$ 3,756,573	\$ 3,498,110
Salaries and other compensation	1,653,622	-	1,653,622	605,992	773,907	1,379,899	3,033,521	2,531,878
College facilities support	-	-	-	-	-	-	-	791,012
College in-kind support	1,110,473	-	1,110,473	-	-	-	1,110,473	-
Professional fees	123,301	-	123,301	300,597	501,806	802,403	925,704	874,600
College equipment support	13,200	-	13,200	-	-	-	13,200	187,247
Investment management fees	18,404	80,294	98,698	63,958	83	64,041	162,739	168,427
Meals and entertainment	14,275	-	14,275	5,467	98,462	103,929	118,204	13,827
Supplies and materials	464,467	-	464,467	357	2,380	2,737	467,204	155,818
Office rent	-	-	-	103,107	-	103,107	103,107	100,104
Subscriptions and memberships	118,024	-	118,024	5,654	9,471	15,125	133,149	66,893
Software purchases and maintenance	1,717	-	1,717	71,112	229	71,341	73,058	87,490
Printing and postage	11,179	-	11,179	119	4,782	4,901	16,080	7,067
Other	110,675	-	110,675	10,992	22,125	33,117	143,792	13,113
Travel	-	-	-	-	14,924	14,924	14,924	2,824
Insurance	-	-	-	15,972	1,094	17,066	17,066	13,513
Conferences and workshops	203,618	-	203,618	501	2,855	3,356	206,974	26,596
Total expenses by function	3,842,955	3,836,867	7,679,822	1,183,828	1,432,118	2,615,946	10,295,768	8,538,519
Less expenses included with support and revenues on the statement of activities:								
Investment management fees	(18,404)	(80,294)	(98,698)	(63,958)	(83)	(64,041)	(162,739)	(168,427)
Fundraising event expenses	-	-	-	-	(116,983)	(116,983)	(116,983)	-
Total expenses included in the expenses section on the statement of activities	\$ 3,824,551	\$ 3,756,573	\$ 7,581,124	\$ 1,119,870	\$ 1,315,052	\$ 2,434,922	\$ 10,016,046	\$ 8,370,092

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

Broward College Foundation, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services			Supporting Services			Total 2020 Expenses
	Academic and College Support	Scholarships	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	
Scholarships	\$ -	\$ 3,498,110	\$ 3,498,110	\$ -	\$ -	\$ -	\$ 3,498,110
Salaries and other compensation	1,176,553	-	1,176,553	516,215	839,110	1,355,325	2,531,878
College facilities support	790,892	-	790,892	120	-	120	791,012
Professional fees	401,462	4,220	405,682	267,970	200,948	468,918	874,600
College equipment support	187,247	-	187,247	-	-	-	187,247
Investment management fees	72,536	73,817	146,353	22,074	-	22,074	168,427
Meals and entertainment	2,721	-	2,721	5,125	5,981	11,106	13,827
Supplies and materials	154,905	-	154,905	340	573	913	155,818
Office rent	-	-	-	19,632	80,472	100,104	100,104
Subscriptions and memberships	45,720	-	45,720	11,884	9,289	21,173	66,893
Software purchases and maintenance	-	-	-	87,490	-	87,490	87,490
Printing and postage	5,939	-	5,939	671	457	1,128	7,067
Other	3,546	-	3,546	5,526	4,041	9,567	13,113
Travel	-	-	-	656	2,168	2,824	2,824
Insurance	-	-	-	6,598	6,915	13,513	13,513
Conferences and workshops	12,538	-	12,538	293	13,765	14,058	26,596
Total expenses by function	2,854,059	3,576,147	6,430,206	944,594	1,163,719	2,108,313	8,538,519
Less expenses included with support and revenues on the statement of activities:							
Investment management fees	(72,536)	(73,817)	(146,353)	(22,074)	-	(22,074)	(168,427)
Total expenses included in the expenses section on the statement of activities	\$ 2,781,523	\$ 3,502,330	\$ 6,283,853	\$ 922,520	\$ 1,163,719	\$ 2,086,239	\$ 8,370,092

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

Broward College Foundation, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 45,253,001	\$ 5,307,415
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Loss (recovery) on uncollectible promises to give, net	8,400	(299,375)
Unrealized and realized (gains) losses on investments, net of fees	(13,222,112)	(7,984,525)
Contributions restricted for investment in permanent endowment	(270,038)	(894,128)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	17,427	54,732
Promises to give, net	283,643	1,529,776
Prepays	(15,102)	(22,046)
Increase (decrease) in liabilities:		
Accounts payable and other liabilities	56,296	1,249,430
Program support, awards, and grants payable	50,652	(11,732)
Deferred revenue and refundable advances	(249,357)	495,570
Net cash provided by (used in) operating activities	<u>31,912,810</u>	<u>(574,883)</u>
Cash Flows from Investing Activities:		
Proceeds from sale of investments	18,207,563	10,064,302
Purchases of investments	<u>(49,903,578)</u>	<u>(10,350,086)</u>
Net cash provided by (used in) investing activities	<u>(31,696,015)</u>	<u>(285,784)</u>
Cash Flows from Financing Activities:		
Proceeds from contributions restricted for investment in permanent endowment	<u>270,038</u>	<u>894,128</u>
Net cash provided by (used in) financing activities	<u>270,038</u>	<u>894,128</u>
Net increase (decrease) in cash and cash equivalents	486,833	33,461
Cash and Cash Equivalents, Beginning of Year	<u>3,079,178</u>	<u>3,045,717</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,566,011</u>	<u>\$ 3,079,178</u>

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

Note 1 - Organization and Operations

Broward College Foundation, Inc. (the "Foundation") was incorporated on November 5, 1971 under the laws of the State of Florida as a nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and as a publicly supported charitable organization under Sections 509(a)(1) and 170(b)(1)(A)(vi).

The Foundation was organized to receive, hold, invest, and make expenditures for educational purposes, primarily scholarships, program support, endowed teaching chairs and capital facilities to Broward College (the "College").

The College offers professional certifications, two-year career degrees, two-year university-transfer degrees and four-year baccalaureate degrees in selected high demand fields. Through Broward UP, the College is offering free educational opportunities, workforce training, and support services directly in neighborhoods throughout Broward County. The goal of this program is to help the community the training needed to find good jobs, earn more money, and obtain the skills needed to thrive in the workforce. This expanded service model focuses on Broward County zip codes with disproportionately high unemployment rates and low education attainment.

Note 2 - Summary of Significant Accounting Policies

Basis of presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) No. 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASU No. 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets: Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for operating reserves and certain other programs, scholarships, and endowment.
- *Net Assets With Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity. Net assets with donor restrictions include cash, cash equivalents, investments and promises to give.

Generally, contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. 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 reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. All contributions are considered available for general use, unless specifically restricted by the donor or subject to other legal restrictions.

Note 2 - Summary of Significant Accounting Policies (continued)

Cash and cash equivalents: Cash and cash equivalents consist of all highly liquid investments with an original maturity of three months or less. Cash and cash equivalents that the Foundation intends to use for long-term purposes are classified as investments in the accompanying statements of financial position.

Revenue and revenue recognition: The Foundation recognizes support and other revenue when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Assets received before the barrier is overcome are accounted for as refundable advances. Consequently, at December 31, 2021, contributions of approximately \$ 1,138,000 have not been recognized in the accompanying statements of activities. Bequests are recorded when all requirements for the transfer of the assets to the Foundation have been met, appropriate court orders have been issued and the amount is determinable.

Investments: The Foundation records investment purchases at cost, or if donated, at estimated fair value on the date of donation. Thereafter, investments are reported at their estimated fair values in the statements of financial position.

In accordance with the policy of stating investments at estimated fair value, net unrealized appreciation or depreciation for the year is reflected in the accompanying statements of activities, net of external fees.

The Foundation evaluates its "spending rate" annually in light of total estimated long-term return from investments, fees, expenses, and the effects of inflation. The total return is considered to include interest, dividends, and realized and unrealized gains and losses. In general, the spending rate from endowed funds is set by the Board of Directors to be between 4% to 5% of the three-year quarterly rolling average of the fair market value of the applicable funds with a budgeting lead of one year.

The Foundation pools its funds in order to obtain greater investment leverage and more efficient administration. The objective of investment management of all funds is to maximize the growth of the fund assets consistent with minimizing exposure to risks of permanent capital losses and attainment of the Foundation's desired level of spending. In general, it is the normal investment policy of the Foundation to invest initial principal contributions and subsequent additions to all pooled funds in equity, fixed income, real assets, and diversifying strategies based on an allocation determined by the Finance and Investment Committee of the Board of Directors, in accordance with the Foundation's formal investment policies. The allocation of income and gain or loss from pooled investments is calculated based on the ratio of the previous month's share of each fund's fair value to the total pooled investments.

Promises to give: Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the assets. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Management has determined the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

Note 2 - Summary of Significant Accounting Policies (continued)

Charitable remainder trusts: Previously, the Foundation was designated as the trustee on certain irrevocable charitable remainder trusts. The trust agreements required the Foundation to make annual payments to the trust beneficiary based on stipulated payment rates of 8.00% and 8.50%, applied to the fair value of the trust assets, as determined annually. Upon the death of the beneficiary, the remaining trust assets were distributed by the Foundation as stipulated by the respective trust agreements during the year ended December 31, 2020.

Joint costs of fundraising appeals: The Foundation utilizes various pamphlets, brochures, and informational methods to inform the general public of their activities. These costs are charged to fundraising and development expenses.

Donated goods and services: Donated services are recognized, at estimated fair value, as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have been purchased. Donated goods are recorded at their estimated fair market value when received.

Functional allocation of expenses: The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by functions. Expenses that can be directly identified with a program or supporting service are charged accordingly. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses, including salaries and other compensation, professional fees, supplies and materials, and others, are allocated on the basis of estimates of time and effort and other methods as determined by management.

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. It is at least reasonably possible that the significant estimates used will change within the next year.

Date of management's review: Subsequent events have been evaluated by management through July 21, 2022, which is the date the financial statements were issued.

Note 3 - Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date ending December 31, 2021, comprise the following:

Financial assets, at year-end	\$ <u>139,644,057</u>
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions	(51,154,693)
Subject to appropriation and satisfaction of donor restrictions	<u>(36,803,393)</u>
	<u>(87,958,086)</u>

Note 3 - Liquidity and Availability (continued)

Board designations:	
Amounts set aside for programs and scholarships	(4,546,681)
Amounts set aside for operating reserves	(2,081,669)
Amount set aside for endowment	<u>(31,378,296)</u>
	<u>(38,006,646)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>13,679,325</u></u>

The Foundation endowment funds (Note 10) consist of donor-restricted endowments and funds designated to serve as endowments. Endowments are subject to an annual spending rate as approved by the Board of Directors. For 2022, the Board of Directors approved a spending rate of approximately 6.25%, including administrative fees.

Occasionally, the Board of Directors designates a portion of the operating surplus to its operating reserve, which was approximately \$ 2,082,000, as of December 31, 2021. In addition, the Board of Directors has designated approximately \$ 4,547,000, as of December 31, 2021, of operating surplus to provide funds for endowment spending during years where, due to negative market fluctuations, the accumulated earnings on endowments are not sufficient to provide the desired spending allocation.

Note 4 - Credit Risk and Concentrations

Deposit concentration risk is managed by placing cash and cash equivalents deposits with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is believed by management to be limited due to adequate historical collection rates and because substantial portions of the outstanding amounts are due from donors, including private foundations, supportive of the Foundation's mission. Investments are made by diversified investment managers whose performance is monitored by Foundation's management, third-party consultants, and the Investment Committee of the Foundation.

At December 31, 2021 and 2020, concentrations of credit risk related to cash and cash equivalents were as follows:

	2021		2020	
	Financial Institution Balance	Carrying Value	Financial Institution Balance	Carrying Value
Cash and cash equivalents				
Bank A	\$ 1,970,844	\$ 1,982,162	\$ 2,253,335	\$ 2,254,251
Bank B	<u>1,625,375</u>	<u>1,583,849</u>	<u>824,905</u>	<u>824,927</u>
	\$ <u><u>3,596,219</u></u>	\$ <u><u>3,566,011</u></u>	\$ <u><u>3,078,240</u></u>	\$ <u><u>3,079,178</u></u>

As of December 31, 2021 and 2020, approximately 64% and 61%, respectively, of outstanding promises to give were due from three donors and one donor, respectively.

Note 5 - Investments

At December 31, 2021 and 2020, investments are as follows:

	<u>2021</u>	<u>2020</u>
International equities	\$ 37,413,368	\$ 27,551,644
Domestic equities	34,926,758	22,378,689
Partnership interests	31,716,023	23,104,508
Fixed income	19,444,587	10,198,024
Real assets	11,093,441	5,964,496
Money market funds/cash	<u>46,560</u>	<u>525,249</u>
Total investments	<u>\$ 134,640,737</u>	<u>\$ 89,722,610</u>

Investments in equities are carried at market value, as quoted on major stock exchanges. Investments in fixed income funds are valued at quoted prices as determined by the issuers and other quoted sources. Mutual funds and money market funds are carried at fair value, which are generally equal to quoted prices as of the last day of the fiscal year. The estimated fair value of certain alternative investments is based on valuations provided by the external investment managers. Values may be based on historical costs, appraisals, or other estimates that require varying degrees of judgment. While these financial instruments may contain varying degrees of risk, the Foundation's risk with respect to such transactions is limited to its capital balance, and any remaining commitments, in each investment.

The Foundation invests in alternative investments in order to diversify risk in their portfolio and improve the overall performance consistency of the portfolio. These investments consist of hedge, real assets, and venture capital funds. Although risk may be present in these types of investments, the investment managers are required, according to the Foundation's investment policy, to make a reasonable effort to control risk. Risk is evaluated on a regular basis to ensure objectives are being met.

Fair value measurement: The Foundation previously adopted Statement of Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 820, *Fair Value Measurements and Disclosures*. ASC No. 820 establishes a fair value hierarchy that prioritizes the inputs to 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 measurements involving significant unobservable inputs (Level 3 measurements).

Inputs broadly refer to the assumptions that market participants use to make valuation decisions. The inputs or methodology used for valuing securities are not necessarily an indication of risk associated with investing in those securities. The three levels of the fair value hierarchy are as follows:

- Level 1 - inputs are quoted market prices (unadjusted) in active markets for identical investments that the Foundation has the ability to access at the measurement date.
- Level 2 - inputs are other than quoted prices included within Level 1 that are observable for the investments either directly or indirectly (e.g. quoted prices in active markets for similar securities, securities valuations based on commonly quoted benchmarks, interest rates and yield curves, and/or securities indices).

Note 5 – Investments (continued)

- Level 3 - inputs that are significant unobservable inputs for the investments (e.g. information about assumptions, including risk, market participants would use in pricing a security).

Foundation investments at fair value, as of December 31, 2021 and 2020, on the statements of financial position are classified as follows:

Investments in:	Level 1	Level 2	Level 3	Investments Valued at NAV	Total 2021
International equities	\$ 33,342,636	\$ -	\$ -	\$ 4,070,732	\$ 37,413,368
Domestic equities	34,926,758	-	-	-	34,926,758
Partnership interests	-	-	-	31,716,023	31,716,023
Fixed income	19,444,587	-	-	-	19,444,587
Real assets	7,192,014	-	-	3,901,427	11,093,441
Money market funds/cash	46,560	-	-	-	46,560
	<u>\$ 94,952,555</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,688,182</u>	<u>\$ 134,640,737</u>

Investments in:	Level 1	Level 2	Level 3	Investments Valued at NAV	Total 2020
International equities	\$ 22,704,198	\$ -	\$ -	\$ 4,847,446	\$ 27,551,644
Domestic equities	22,378,689	-	-	-	22,378,689
Partnership interests	-	-	-	23,104,508	23,104,508
Fixed income	10,198,024	-	-	-	10,198,024
Real assets	3,184,868	-	-	2,779,628	5,964,496
Money market funds/cash	525,249	-	-	-	525,249
	<u>\$ 58,991,028</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,731,582</u>	<u>\$ 89,722,610</u>

For the years ended December 31, 2021 and 2020, there were no transfers between Level 1, Level 2, and Level 3.

In accordance with Accounting Standards Update (ASU) 2009-12, *Fair Value Measurements and Disclosures*, the following tables provide the required disclosures of certain alternative investments, separate legal and primary reporting entities, and that may not have a readily determinable fair value, using net asset value per share (NAV) for fair value investments:

Investments in:	December 31, 2021			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
International equities (a)	\$ 4,070,732	\$ -	Daily	N/A
Partnership interests (b)	31,716,023	7,693,711	Semi-annually and no liquidity	95 days
Real assets (c)	3,901,427	-	Monthly	30 days
	<u>\$ 39,688,182</u>	<u>\$ 7,693,711</u>		

Note 5 - Investments (continued)

Investments in:	December 31, 2020			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
International equities (a)	\$ 4,847,446	\$ -	Daily	N/A
Partnership interests (b)	23,104,508	5,250,316	Semi-annually and no liquidity	95 days
Real assets (c)	<u>2,779,628</u>	<u>-</u>	Monthly	30 days
	\$ <u>30,731,582</u>	\$ <u>5,250,316</u>		

(a) This category includes investments that pursue multiple strategies to achieve long-term appreciation by investing in domestic, international developed and emerging markets. Underlying assets are exchange traded funds.

(b) This category includes hedged partnerships and private capital partnerships.

Hedged partnerships include investments structured as limited partnerships with a broad range of strategies, including long/short equity, event driven, relative value, global macro, distressed securities and merger arbitrage.

Private capital partnership funds pursue a broad range of securities across the spectrum of private equity, venture capital, leveraged buyouts, growth equity, special situations, private real estate, private credit and private natural resources. These funds are structured as limited partnerships with expected lives of 10-15 years.

(c) This investment strategy is to achieve growth through current income and capital appreciation by investing in real assets markets which include oil, gas, commodities, metals and infrastructure. Underlying assets are exchange traded funds.

Note 6 - Promises to Give

Promises to give include unconditional promises to give from individuals, private foundations, and corporations, which are summarized below as of December 31, 2021 and 2020:

	2021	2020
Receivable in less than one year	\$ 903,092	\$ 1,223,079
Receivable in one to five years	405,892	387,362
Receivable in more than five years	<u>30,000</u>	<u>30,000</u>
Total unconditional pledges at face value	1,338,984	1,640,441
Less: unamortized discount	<u>(7,478)</u>	<u>(16,892)</u>
	\$ <u>1,331,506</u>	\$ <u>1,623,549</u>

Promises to give are recorded at their net present value. The discount rates ranged from 0.07% to 3.00%.

Note 7 - Program Support, Awards, and Grants Payable

Program support, awards, and grants payable include unconditional promises to give for endowed teaching chairs, capital facility commitments and grants which are summarized below, as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Payable in less than one year	\$ <u>50,902</u>	\$ <u>250</u>

Note 8 - Income Taxes

The Foundation is a nonprofit corporation exempt from federal income taxes under Internal Revenue Code Section 501(a) as an organization described in Section 501(c)(3), with the exception of any unrelated business income. Management has evaluated the unrelated business income tax implications and believes that the effects, if any, are immaterial to the Foundation's financial statements. Accordingly, no provision for income taxes has been made.

Note 9 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Scholarships	\$ 2,647,924	\$ 3,468,888
Academic and college support	4,278,703	2,533,016
Unconditional promises to give, net, that are restricted by donors and other receivables for:		
Scholarships	301,160	91,876
Academic and college support	<u>778,033</u>	<u>1,253,675</u>
	<u>8,005,820</u>	<u>7,347,455</u>
Subject to the passage of time:		
Unconditional promises to give, net, that are not restricted by donors but which are unavailable for expenditure until due	1,250	100
	<u>1,250</u>	<u>100</u>
Endowments:		
Subject to endowment spending policy and appropriation:		
Scholarships	67,513,453	57,968,842
Academic and college support	12,186,500	12,365,939
Unconditional promises to give, net - permanently restricted:		
Scholarships	51,546	81,055
Academic and college support	<u>199,517</u>	<u>312,358</u>
	<u>79,951,016</u>	<u>70,728,194</u>
	<u>\$ 87,958,086</u>	<u>\$ 78,075,749</u>

Note 9 - Net Assets with Donor Restrictions (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or occurrence of the passage of time or other events specified by the donors as follows, for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restrictions:		
Scholarships	\$ 1,481,034	\$ 2,524,820
Academic and college support	<u>2,278,246</u>	<u>2,359,429</u>
	<u>3,759,280</u>	<u>4,884,249</u>
Expiration of time restrictions:		
Collection of unrestricted promises to give	<u>100</u>	<u>1,250</u>
Restricted-purpose spending-rate distributions and appropriations:		
Scholarships	3,527,663	2,389,559
Academic and college support	<u>155,346</u>	<u>159,192</u>
	<u>3,683,009</u>	<u>2,548,751</u>
Changes in donor restrictions:		
Scholarships	(56,586)	(135,082)
Academic and college support	<u>(758,046)</u>	<u>(157,074)</u>
	<u>(814,632)</u>	<u>(292,156)</u>
	<u>\$ 6,627,757</u>	<u>\$ 7,142,094</u>

Note 10 - Endowments

The Foundation has approximately 300 endowed funds established for the support of the students, programs and faculty at the College. These endowments may include both donor restricted endowment funds and funds designated by the Foundation or College to function as endowments. As required by the generally accepted accounting principles ("GAAP"), net assets associated with endowment funds, including funds designated to function as endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law: The Foundation has interpreted the State of Florida's Uniform Prudent Management of Institutional Funds Act (FUPMIFA), as requiring the Board of Directors to use reasonable care, skill, and caution as exercised by a prudent investor, in considering the investment, management, and expenditures of endowment funds. The Foundation's spending policy is set with the goal of the preservation of the long-term purchasing power of the endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Note 10 - Endowments (continued)

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by FUPMIFA. In accordance with FUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The purposes of the Foundation and the donor-restricted endowment fund.
- (2) The duration and preservation of the fund.
- (3) General economic conditions.
- (4) The possible effect of inflation and deflation.
- (5) The expected total return from income and the appreciation of investments.
- (6) Other resources of the Foundation.
- (7) The investment and spending policies of the Foundation.

Endowment Net Asset Composition by Type of Fund as of December 31, 2021 and 2020:

<u>Type of Endowment</u>	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>		<u>2021 Total</u>
		<u>Net Earnings and Donor Advised Funds</u>	<u>Endowment Corpus</u>	
Donor Restricted	\$ -	\$ 36,803,393	\$ 43,147,623	\$ 79,951,016
Board Designated	<u>31,378,296</u>			<u>31,378,296</u>
	<u>\$ 31,378,296</u>	<u>\$ 36,803,393</u>	<u>\$ 43,147,623</u>	<u>\$ 111,329,312</u>

<u>Type of Endowment</u>	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>		<u>2020 Total</u>
		<u>Net Earnings and Donor Advised Funds</u>	<u>Endowment Corpus</u>	
Donor Restricted	\$ -	\$ 27,844,109	\$ 42,884,085	\$ 70,728,194

Broward College Foundation, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

Note 10 - Endowments (continued)

Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2021 and 2020:

Type of Endowment	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions		2021 Total
		Net Earnings and Donor Advised Funds	Endowment Corpus	
Endowment net assets, beginning of year	\$ -	\$ 27,844,109	\$ 42,884,085	\$ 70,728,194
Investment return:				
Interest and dividend income	849,913	3,176,090	-	4,026,003
Net appreciation (depreciation) (realized and unrealized), net of fees	528,383	9,170,985	-	9,699,368
Total investment return, net	1,378,296	12,347,075	-	13,725,371
Contributions and other additions	30,000,000	749,830	270,038	31,019,868
Appropriated per spending policy	-	(3,683,009)	-	(3,683,009)
Uncollectible promises to give	-	-	(6,500)	(6,500)
Donor requested changes to restriction	-	(454,612)	-	(454,612)
Total change in endowment funds	31,378,296	8,959,284	263,538	40,601,118
Endowment net assets, end of year	\$ 31,378,296	\$ 36,803,393	\$ 43,147,623	\$ 111,329,312

Broward College Foundation, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

Note 10 - Endowments (continued)

Type of Endowment	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions		2020 Total
		Net Earnings and Donor Advised Funds	Endowment Corpus	
Endowment net assets, beginning of year	\$ -	\$ 23,640,265	\$ 41,692,955	\$ 65,333,220
Investment return:				
Interest and dividend income	-	874,100	-	874,100
Net appreciation (depreciation) (realized and unrealized), net of fees	-	5,979,056	-	5,979,056
Total investment return, net	-	6,853,156	-	6,853,156
Contributions and other additions	-	9,322	886,035	895,357
Appropriated per spending policy	-	(2,548,751)	-	(2,548,751)
Uncollectible promises to give	-	-	(100,425)	(100,425)
Donor requested changes to restriction	-	(109,883)	405,520	295,637
Total change in endowment funds	-	4,203,844	1,191,130	5,394,974
Endowment net assets, end of year	\$ -	\$ 27,844,109	\$ 42,884,085	\$ 70,728,194

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or FUPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no underwater funds at December 31, 2021 and 2020, respectively.

Return objectives and risk parameters: The goal of the investment program for the endowment assets is to provide a total return equivalent to or greater than the endowment's financial requirements over its investment horizon. The endowment's financial requirements are the sum of the spending rate, the long-term inflation rate, an administrative fee and any growth factor, which the Foundation's Finance and Investment Committee may, from time to time, determine appropriate. The Foundation expects the endowment funds over time, to provide an average rate of return of approximately 8.25% annually as of December 31, 2021.

Note 10 - Endowments (continued)

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Because the endowment funds of the Foundation are expected to endure into perpetuity, and because inflation is a key component in the performance objective, the long-term risk of not investing in securities offering real growth potential outweighs the short-term volatility risk. The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve the long-term return objective within prudent risk constraints. Fixed income securities are used to lower the short-term volatility of the portfolio and to provide income stability, especially during periods of weak or negative equity markets. Alternative assets are used to mitigate the risk of traditional asset classes. Other asset classes, such as international equities, are included to provide diversification.

Spending policy and how the investment objectives relate to policy: The Foundation's spending policy focuses on protecting the corpus; the policy is a three-pronged approach to determining the endowment's spending distribution.

- (1) Hibernation - The endowment must generate earnings for one year before spending is distributed.
- (2) Spending limitations - Four percent (4%) of the three-year quarterly rolling average of the portfolio market value may be granted annually, provided there are sufficient funds in the respective earnings accounts.
- (3) Prohibition - The fund receives no spending distribution on endowments with a total balance less than the original gift's fair market value.

The Foundation charges various individual funds an administrative fee based on the three-year quarterly rolling average of the fair market value of the applicable funds. The administrative fee percentage at December 31, 2021 and 2020 was 2.25%. The administrative fees are calculated quarterly. Fees for the years ended December 31, 2021 and 2020 were approximately \$ 1,582,000 and \$ 1,151,000, respectively.

Note 11 - Related Party Transactions

The Foundation was organized to receive, hold, invest, and make expenditures to Broward College (Note 1). The following is a schedule of balances and in-kind transactions with the College as of and for the years ended December 31, 2021 and 2020, which are included in the supporting services expenses and support from Broward College:

	<u>College Support of Foundation</u>	
	<u>2021</u>	<u>2020</u>
Salaries and other compensation	\$ 1,210,278	\$ 1,042,164
Other general and administrative expenses	<u>103,808</u>	<u>100,224</u>
Net support from Broward College	<u>\$ 1,314,086</u>	<u>\$ 1,142,388</u>

As of December 31, 2021 and 2020 there were payables due to the College of approximately \$ 1,530,910 and \$ 1,634,000, respectively.

Note 11 - Related Party Transactions (continued)

For the years ended December 31, 2021 and 2020, the Foundation provided approximately \$ 4,880,000 and \$ 4,476,000, respectively, in support to the College including approximately \$ 3,757,000 and \$ 3,498,000, respectively, for scholarships or grants.

Note 12 - Broward Futures Scholarship Fund

The Broward Futures Scholarship Fund agreement supersedes and replaces the previous agreement entered into by Broward County, the Broward Sheriff's Office and the Foundation. The current agreement was updated in the fall of 2012 and was amended in the spring of 2016.

The purpose of the agreement is to establish an endowment fund to provide scholarships to qualified recipients through partnerships with local organizations to directly impact the high school drop-out rate, juvenile truancy, and crime by making it possible for at-risk Broward County students and their families to realize the dream of a college education and improve the quality of life in our community. The Broward Futures Scholarship Fund balances are broken out in the supplemental information and schedules on page 23.

Note 13 - Supplemental Cash Flow Information

Supplemental Disclosure of Other Cash Flow Information:

	<u>2021</u>	<u>2020</u>
Cash received during the year for - Interest and dividend income	\$ <u>5,357,608</u>	\$ <u>1,139,255</u>

SUPPLEMENTAL INFORMATION



Broward College Foundation, Inc.
Schedule of Receipts, Expenditures and
Fund Balances for Broward Futures Scholarship Fund
For the Years Ended December 31, 2021 and 2020

The Broward Futures Scholarship Fund participated in the Dr. Philip Benjamin Matching Grant Program. The balances include private contributions and funds from the Dr. Philip Benjamin Academic Improvement Trust Fund (“AITF”) which are donor restricted. The following summarizes the fund balance and activity in the Broward Futures Scholarship Fund for the years ended December 31, 2021 and 2020:

	<u>With Donor Restrictions</u>
Balances, January 1, 2020	\$ 3,399,814
Investment activity	355,323
Less scholarship disbursements	(73,156)
Less management fees	<u>(74,636)</u>
Balances, December 31, 2020	3,607,345
Investment activity	636,702
Less scholarship disbursements	(42,254)
Less management fees	<u>(75,280)</u>
Balances, December 31, 2021	\$ <u><u>4,126,513</u></u>

INTERNAL CONTROLS AND COMPLIANCE



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*

To the Board of Directors and the Members of the Audit Committee
Broward College Foundation, Inc.

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 Broward College Foundation, Inc. (a nonprofit organization) (the "Foundation"), which comprise the statement of financial position as of December 31, 2021, 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 July 21, 2022.

Report on 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness.

Report on 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 statements. 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*.

We noted certain other matters involving internal control over financial reporting that we have reported to management of the Foundation in the accompanying Schedule of Findings and Management Responses.

The Foundation's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on Foundation's response of the matters identified in our audit and described in the accompanying Schedule of Findings and Management's Responses. The Foundation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
July 21, 2022

Section I – Current Year – Other Matters

Cross Training, Development, and Review Process

Condition and Criteria: During the audit process, certain errors were discovered and corrected by management. The Finance Department is responsible for accurately recording, reviewing, and approving journal entries.

Cause and Effect: Due to recent staff turnover within the Finance Department, a number of adjusting journal entries were posted during the audit.

Recommendation: We recommend that the Foundation continues to implement cross-training procedures to ensure that all functions are performed timely and accurately. In addition, we recommend that the Foundation reviews its accounting policies and procedures manual for all key accounting processes and enhance its monitoring and review process.

Management's Response: Given the level of turnover, general ledger cleanup/reorganization, implementation of new software to enhance allocations and reduce human error and retrain staff, it made it a challenging year for the Foundation's finance team. By hiring a new Director of Financial Management, retaining our Accounting Manager as a consultant and hiring a new Compliance Manager, we have already began the remedy to address these issues and we believe that we are in a good position for continued improvements within the finance team. We continue to work in updating Policies and Procedures that are in line with current processes and we continue to enhance our knowledge with our software systems as we search for newer and better technology that will enhance our operations. Stability within the team will contribute to improve as we continue to communicate better with our stakeholders.

Section II – Prior Year – Significant Deficiencies

2020-01: Endowment Fund Policies

Resolution: This comment is considered implemented and no longer applicable.