THE MIAMI FOUNDATION, INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013

MORRISON BROWN ARGIZ & FARRA, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Miami Foundation, Inc.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Miami Foundation, Inc., which comprise the consolidated statement of financial position as of December 31, 2013, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Miami Foundation, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter - Prior Period Adjustment

As discussed in Note 1 to the consolidated financial statements, errors resulting in the overstatement of amounts previously reported for unrestricted net assets and contributions as of December 31, 2012 were discovered during the current year. Accordingly, an adjustment has been made to the beginning unrestricted net assets as of December 31, 2013, to correct the error. Our opinion is not modified with respect to this matter.

Morrison, Brown, Argiz & Farra

Miami, Florida
May 12, 2014

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THE MIAMI FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

ASSETS		
Cash and cash equivalents	$	5,216,835
Accounts receivable and prepaid expenses		125,532
Contributions receivable, net		2,598,725
Investments		181,656,933
Other investment		7,971,878
Property held for sale		4,400,000
Loan receivable, net		2,733,903
Furniture, equipment and leasehold improvements, net		93,149
TOTAL ASSETS	**$**	**204,796,955**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Grants payable to beneficiaries	$	440,000
Accounts payable and accrued expenses		251,360
Unfunded projected benefit obligation		13,066
Line of credit		3,000,000
Funds held in trust		18,724,519
Funds held as organization endowments		4,899,206
TOTAL LIABILITIES		27,328,151
NET ASSETS		
Unrestricted		
Available for administration		5,126,300
Unrestricted		169,743,779
TOTAL UNRESTRICTED NET ASSETS		174,870,079
Temporarily restricted		2,598,725
TOTAL NET ASSETS		177,468,804
TOTAL LIABILITIES AND NET ASSETS	**$**	**204,796,955**

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

THE MIAMI FOUNDATION, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Unrestricted	Temporarily Restricted	Total
Revenues and Gains:			
Contributions	$ 35,029,818	$ -	$ 35,029,818
Contributed property (NOTE 8)	4,400,000	-	4,400,000
Administration fees	2,350,810	-	2,350,810
Dividends and interest	3,416,276	-	3,416,276
Fundraising and other revenue	2,639,966	-	2,639,966
Net realized and unrealized gains on investments	14,233,709	-	14,233,709
Net assets released from restrictions	1,276,824	(1,276,824)	-
TOTAL REVENUES AND GAINS	63,347,403	(1,276,824)	62,070,579
Expenses:			
Grants and services to beneficiaries	22,289,643	-	22,289,643
Management and general	2,270,751	-	2,270,751
Fundraising	1,586,600	-	1,586,600
TOTAL EXPENSES	26,146,994	-	26,146,994
IMPAIRMENT LOSS ON INVESTMENT (NOTE 6)	1,528,534	-	1,528,534
TOTAL EXPENSES AND IMPAIRMENT LOSS ON INVESTMENT	27,675,528	-	27,675,528
CHANGE IN NET ASSETS	35,671,875	(1,276,824)	34,395,051
NET ASSETS - BEGINNING OF YEAR (PREVIOUSLY REPORTED)	141,165,324	3,875,549	145,040,873
PRIOR PERIOD ADJUSTMENT	(1,967,120)	-	(1,967,120)
NET ASSETS - BEGINNING OF YEAR (RESTATED)	139,198,204	3,875,549	143,073,753
NET ASSETS - END OF YEAR	**$ 174,870,079**	**$ 2,598,725**	**$ 177,468,804**

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

THE MIAMI FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Grants and Services to Beneficiaries	Management and General	Fundraising	Total
Audit and accounting services	$ -	$ 53,166	$ -	$ 53,166
Administration fees	2,344,431	-	-	2,344,431
Direct support payments	4,142,283	-	-	4,142,283
General administrative	-	109,753	-	109,753
Banking fees	-	166,828	-	166,828
Board meetings	-	14,316	-	14,316
Conferences and travel	339,921	37,301	-	377,222
Local meetings and travel	826,486	32,113	-	858,599
Consulting	-	64,264	-	64,264
Depreciation	-	82,199	-	82,199
Employee benefits and taxes	76,567	178,624	87,892	343,083
Special events	-	-	733,487	733,487
Give Miami Day grants	401,286	-	-	401,286
Grants	13,041,398	-	-	13,041,398
Grants returned	(23,559)	-	-	(23,559)
Insurance, interest and taxes	14,385	24,402	-	38,787
Investment management and consulting fees	-	567,496	-	567,496
Legal	-	9,142	-	9,142
Maintenance	-	62,164	-	62,164
Marketing and advertising	-	-	303,244	303,244
Membership	-	39,057	-	39,057
Newsletter and annual report expenses	-	21,950	-	21,950
Office supplies	306,336	33,932	-	340,268
Other program expenses	101,254	-	-	101,254
Postage and delivery	1,586	9,737	-	11,323
Printing and copying	35,009	4,097	-	39,106
Publications	-	2,010	-	2,010
Rent and occupancy	93,690	164,225	98,321	356,236
Salaries	531,514	588,393	352,270	1,472,177
Telephone	3,635	5,582	3,342	12,559
Website	53,421	-	8,044	61,465
TOTAL EXPENSES	**$ 22,289,643**	**$ 2,270,751**	**$ 1,586,600**	**$ 26,146,994**

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

THE MIAMI FOUNDATION, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ 34,395,051
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Discount on loan receivable	266,097
Depreciation and amortization	82,199
Contributed property	(4,400,000)
Net realized and unrealized gains on investments	(14,233,709)
Impairment loss on investment	1,528,534
Pension adjustment	(167,842)
(Increase) decrease in operating assets:	
Accounts receivable and prepaid expenses	(59,396)
Contributions receivable	1,332,399
Increase (decrease) in operating liabilities:	
Grants payable to beneficiaries	(282,500)
Accounts payable and accrued expenses	29,351
Funds held in trust	66,075
Funds held as organization endowments	2,361,245
TOTAL ADJUSTMENTS	(13,477,547)
NET CASH PROVIDED BY OPERATING ACTIVITIES	20,917,504
CASH FLOWS FROM INVESTING ACTIVITIES:	
Issuance of loan to Caring Foundations, LLC	(3,000,000)
Purchases of furniture, equipment and leasehold improvements	(1,068)
Purchases of investments, net of proceeds	(27,173,142)
NET CASH USED IN INVESTING ACTIVITIES	(30,174,210)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from line of credit	3,000,000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,256,706)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	11,473,541
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 5,216,835**
SUPPLEMENTAL INFORMATION:	
Interest paid	**$ 12,654**
Contributed property	**$ 4,400,000**

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

1. GENERAL

Nature of Operations

The Miami Foundation, Inc. is a community foundation created to build permanent charitable endowments for Miami-Dade County. The Miami Foundation, Inc. administers individual charitable funds, each established with an instrument of gift describing either the general or specific purposes for which grants are to be made, usually from earnings only, but in some cases from principal.

Principles of Consolidation

The consolidated financial statements include the accounts of The Miami Foundation, Inc. and The College Assistance Program, Inc. as well as its supporting organizations, Dade Fund, Inc. and MLM Fund III, Inc., collectively known as the "Foundation." All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

The College Assistance Program seeks to assist the diverse multi-cultural, economically disadvantaged population of Miami-Dade Public High School graduates, who have exhausted all available means of financial assistance (institutional, federal, and state) to attend the college of their choice through the award of "last dollar" grants.

Prior Period Adjustment

In 2013, the Foundation discovered $1,967,120 of funds held as organization endowments were inadvertently recorded as contributions. As a result, the beginning unrestricted net assets were restated. The cumulative effect of the prior period adjustment through 2012 was a decrease in contributions of $1,967,120.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), are presented in accordance with an accounting standard issued by the Financial Accounting Standards Board (“FASB”). The Foundation is required to report its four types of net assets as follows:

Unrestricted - Available for Administration – Net assets that are available for use in carrying on the mission of the Foundation.

Unrestricted - Net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations but expendable only for grant making purposes recommended by the grantor or donor.

Temporarily Restricted - Net assets whose use by the Foundation is limited by donor-imposed stipulations that either expire within a certain period of time or that can be fulfilled or removed by actions of the Foundation pursuant to those stipulations.

Permanently Restricted - Net assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire within a certain period of time nor can be fulfilled or otherwise removed by actions of the Foundation.

Management Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management Estimates (continued)

The consolidated financial statements include certain amounts that are based on management's best estimates and judgments. The most significant estimates include the fair value of financial instruments, the collectability of the loan receivable and the discount on contributions receivable. These estimates may be adjusted as more current information becomes available, and any adjustment could be significant.

Risks and Uncertainties

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist primarily of cash and cash equivalents and investments. The Foundation places its deposits with financial institutions and has not experienced losses in any such accounts. The Foundation places its investments in a variety of financial instruments and, by policy, limits the amount of credit exposure through diversification and by restricting its investments to highly rated securities. The Foundation's Finance Committee is responsible for oversight of the Foundation's investing activities.

Concentrations

The majority of the Foundation's donors are located in South Florida. A single donor accounted for 55% of contributions in 2013.

Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less when acquired are considered cash equivalents. Cash and cash equivalents temporarily held by financial institutions for investment purposes are included within investments in the consolidated statement of financial position.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated statement of financial position. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the consolidated statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law. Investments in alternative investments are valued using the most recent valuation available from the respective external fund manager.

Other Investment

The other investment consists of a 4.7% ownership interest in Bayview Financial Holdings. The Foundation has elected to carry its investment at adjusted cost which totaled $7,971,878 as of December 31, 2013. The fair value of the investment cannot be estimated as the investment is restricted from sale to the general public. Management believes there are no events or changes in circumstances that may have a significant adverse effect on the value of the investment.

Furniture, Equipment and Leasehold Improvements, Net

Furniture, equipment and leasehold improvements are stated at cost, if purchased or at estimated market value at date of receipt if acquired by donation. Fixed assets with a value in excess of $500 and with a useful life in excess of one year are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements have a life of five years.

The estimated useful lives of the assets are as follows:

Computer and office equipment	3 years
Furniture	5 years
Leasehold improvements	Life or lease term

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Held for Sale

Property held for sale consists of a donated house which is carried at the amount expected to be received upon the sale of the property less estimated closing costs (NOTE 8).

Loan Receivable, Net

Loan receivable that does not bear interest is discounted using prevailing market interest rates over the expected life of the loan.

Funds Held in Trust and Funds Held as Organization Endowments

It is the Foundation's policy to hold assets given as endowment funds until such time (if ever) as the governing body deems it prudent and appropriate to spend some part of the principal or appreciation. Accordingly, these consolidated financial statements classify net assets received from non-governmental sources as unrestricted, but segregate the portion that is held as endowment funds from the funds that are currently available for grants and administration.

Revenue Recognition

Contributions

The Foundation recognizes contributions received as revenue in the period received. The Foundation considers all contributions to be available for unrestricted use unless they are received with donor stipulations that limit the use of the assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as “Net assets released from restrictions.”

Administration Fees

Administrative fees are charged to funds in accordance with fund agreements and are recognized quarterly over the term of the fund agreement.

Fundraising and Other Revenue

Fundraising and other revenue is recognized in the period the event occurs, or cash is received from fiscal agents.

Give Miami Day

The Foundation sponsors a 24-hour online giving event annually, in which the Foundation matches, on a percentage basis, the total donations made during the 24-hour donation period. Donations received by the Foundation for Give Miami Day are specified for other beneficiaries and are not recognized in the consolidated statement of activities. Total contributions raised on behalf of others under this program totaled $2,839,897 during the year ended December 31, 2013.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation recognizes and measures tax positions 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.

The U.S. Federal jurisdiction and Florida are the major tax jurisdictions where the Foundation files income tax returns. The Foundation is generally no longer subject to U.S. Federal or state examinations by tax authorities for years before 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

Advertising costs are charged to expense as incurred. Advertising costs incurred were approximately $61,000 for the year ended December 31, 2013.

Recently Issued Accounting Pronouncement

Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows

In October 2012, the FASB issued an accounting standard update which provides guidance to nonprofit entities for classifying cash flows from the sale of donated financial assets. The update is effective prospectively for fiscal years, and interim periods within those years, beginning after June 15, 2013, with early adoption and retrospective application permitted. The Foundation is currently evaluating the impact of this update on its consolidated financial statements.

Subsequent Events

The Foundation has evaluated subsequent events through May 12, 2014, which is the date the consolidated financial statements were available to be issued.

3. CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable consist of the following at December 31:

		2013
Charitable remainder trust	$	1,346,080
Contributions receivable		1,542,702
Present value of future distributions		(290,057)
Contributions receivable, net	**$**	**2,598,725**

Under the terms of the charitable remainder trust, the Foundation will receive a 28.5% remainder interest in a residence in Coconut Grove, Florida, upon termination of the grantors life estate in the residence. The amount reflected in the consolidated financial statements is 28.5% of management's estimate of the fair value of the property at the date of receipt.

Contributions receivable consist of two unitrusts and a charitable lead trusts that name the Foundation as a remainder beneficiary. Under the terms of the unitrusts, the Foundation is to receive 50% of the trust’s assets upon the death of the last surviving beneficiary. The present value discount of future distributions has been estimated using a single life and last survivor expectancy and totaled $290,057 as of December 31, 2013.

The Foundation has not set up reserves for contributions receivable as management anticipates they are fully collectible.

4. INVESTMENTS

The Finance Committee of the Foundation has the responsibility to ensure that the assets of the Foundation's various funds are managed in a manner consistent with its policies and objectives. The Finance Committee has established four investment pools for the investment management of the Foundation's assets. Donors that establish funds with the Foundation choose one of the investment pools based on their investment objectives and risk tolerance level. The Finance Committee will permit the investment pools to experience an overall level of risk consistent with the risk generally associated with the Finance Committee's policy asset allocation and similar to that of the market opportunity available to institutional investors with similar return objectives.

4. INVESTMENTS (CONTINUED)

The Foundation's general investment philosophy is as follows:

Asset allocation is a crucial factor in the ongoing management of risks facing the investment funds. In the allocation of assets, diversification of investments among asset classes that are not similarly affected by economic, political, or social developments is expected. Therefore, the general policy is to diversify investments to achieve a balance that will enhance total return, while avoiding undue risk concentrations in any single asset class or investment category. The diversification does not necessarily depend upon the number of industries or companies in a portfolio or their particular location, but rather upon the broad nature of such investments and the factors that influence them. A globally diversified portfolio, with uncorrelated returns from various asset classes, should reduce the variability of returns over time. In determining the appropriate asset allocation, the inclusion or exclusion of asset classes and investments within each class is based on the impact on the funds, rather than judging asset classes and investments on a standalone basis. At all times, liquidity within the pools will be maintained at a level that will minimize the possibility of a loss occasioned by the sale of an investment vehicle forced by the need to meet a required distribution.

The following is a description of the Foundation's investment pools at December 31, 2013:

The Long-Term Pool - The primary financial objective is to preserve the purchasing power of the investments after withdrawals are taken. While there cannot be complete assurance that this objective will be realized, it is believed that the likelihood of its realization is reasonably high based upon the Foundation's investment policy and historical performance of the asset classes. The objective is based on a ten-year investment horizon, so that interim fluctuations are viewed with the appropriate perspective. The Pool has adopted a "total return" investment approach including capital appreciation, dividends and interest income.

The Balanced Pool - The investment strategy for the Balanced Pool is to achieve moderate risk adjusted returns with an emphasis on total returns; that is, the aggregate return from capital appreciation and dividend and interest income, subject to a prudent analysis of the level of risk and returns. Among the major risks that the Finance Committee and the investment advisor will consider are liquidity, credit, market volatility, and inflation/deflation. The desired investment objective is a long-term real rate of return on assets that is approximately 4.0% greater than the assumed rate of inflation as measured by the Consumer Price Index. The Finance Committee and the investment advisor recognize that each investment has its own set of risks and returns.

The Capital Preservation Pool - The objective of the Capital Preservation pool is protection of principal and liquidity. As such, investment parameters will be limited to short and intermediate duration, high-quality, fixed income instruments or cash equivalents.

The Cash Pool - The objective of the Cash Pool is to preserve principal value and maintain a high degree of liquidity while providing current income. The Cash Pool's holdings are comprised of short-term, U.S. dollar-denominated debt obligations that fall within the two highest rating categories of nationally recognized credit rating agencies. Consistent with the 1940 Investment Company Act's requirements for money market mutual funds, the Cash Pool seeks securities with acceptable maturities that are marketable and liquid, offer competitive yields and whose issuers are on a sound financial footing.

Cash and cash equivalents subject to investment management direction are reported as investments rather than cash equivalents. Investments are presented in the consolidated financial statements at fair market values. The Foundation invests in marketable equity securities which, inherent in the fair market value determination, include the risk factor of credit worthiness for each individual equity security.

4. INVESTMENTS (CONTINUED)

Investments consist of the following at December 31:

		2013
Fixed income	$	45,843,712
Domestic equity		45,181,469
International equity		32,035,304
Alternative investments		19,880,485
Cash and cash equivalents		19,244,301
Diversified mutual funds		10,967,730
Mutual funds		5,703,203
Linto, LLC		1,952,999
Private equity		847,730
	$	**181,656,933**

Investment income consisted of the following for the year ended December 31:

		2013
Interest and dividends	$	3,416,276
Net realized and unrealized gains on investments		14,233,709
Investment management and consulting fees		(567,496)
Total investment income	**$**	**17,082,489**

5. OTHER INVESTMENT

The Foundation has a 4.7% interest in the common stock of a closely held corporation (the "Corporation") in the amount of $7,971,878 at December 31, 2013. In 2014, the Foundation received an annual income distribution from the Corporation totaling $1,461,744. The carrying value of the investment is evaluated for impairment by management annually. The process followed by management to determine declines in value of the investment includes closely monitoring all factors that could potentially affect the value of the asset and maintaining a relationship with the Corporation's CFO and other major shareholders.

6. FAIR VALUE MEASUREMENTS

The FASB Accounting Standards Codification ("ASC") established a framework for measuring fair value. The 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.

6. FAIR VALUE MEASUREMENTS (CONTINUED)

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.

The asset's or liability's fair value 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.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2013.

Fixed income, domestic equity and international equity: Valued at the closing price reported in the active market in which the individual securities are traded.

Alternative investments and private equity: Valued at net asset value per share on a monthly basis by the investment managers. In determining the fair value level, the Foundation considers the length of time until the investment is redeemable, including notice and lock up periods or any other restriction on the disposition of the investment. The Foundation also considers the nature of the portfolios of the underlying investments and their ability to liquidate the underlying investments. If the Foundation has the ability to redeem its investment at the measurement date, the investment is generally included in Level 2 of the fair value hierarchy. If the Foundation does not know when it will have the ability to redeem the investment, or it does not have the ability to redeem the investment in the near term, the investment is included in Level 3 of the fair value hierarchy.

Cash and cash equivalents: Valued at cost, which approximates fair value.

Diversified mutual funds: Valued at the closing price reported in the active market in which the individual securities are traded. Valued at net asset value per share and the Foundation has the ability to redeem its interest in the fund at the measurement date.

Linto, LLC: Valued at 20% of the corporations only asset (approximately 564,275 shares of Etam) at the closing price reported in the market in which the stock is traded, discounted at the present value of expected cash flows using an interest rate of 3% over a ten year period and further discounted at 35% due to a lack of control over the investment and lack of marketability of the investment. During 2013, management became aware the investment was impaired by approximately $1,500,000 which is included in the consolidated statement of activities under the caption "Impairment loss on investment."

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 values assigned to certain investments are based upon currently available information and do not necessarily represent amounts that may ultimately be realized. Because of the inherent uncertainty of valuation, those estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed and the differences could be material.

6. FAIR VALUE MEASUREMENTS (CONTINUED)

The following table represents the Foundation's financial instruments measured at fair value on a recurring basis at December 31, 2013 for each of the fair value hierarchy levels:

		Fair Value Measurements at December 31, 2013		
Description	**Fair Value**	**Quoted Prices In Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Other Unobservable Inputs (Level 3)**
Assets:				
Fixed income	$ 45,843,712	$ 45,843,712	$ -	$ -
Domestic equity	45,181,469	45,181,469	-	-
International equity	32,035,304	32,035,304	-	-
Alternative investments	19,880,485	-	-	19,880,485
Cash and cash equivalents	19,244,301	19,244,301	-	-
Diversified mutual funds	10,967,730	7,429,539	3,538,191	-
Mutual funds	5,703,203	5,703,203	-	-
Linto, LLC	1,952,999	-	-	1,952,999
Private equity	847,730	-	-	847,730
	$ 181,656,933	**$ 155,437,528**	**$ 3,538,191**	**$ 22,681,214**

The following table sets forth a summary of changes in the fair value of the Foundation's Level 3 assets for the year ended December 31, 2013.

Balance, beginning of year	$ 24,275,055
Withdrawals	(393,027)
Impairment loss	(1,528,534)
Net investment gains (losses)	327,720
Balance, end of year	**$ 22,681,214**

Net Asset Value per Share

Alternative and private equity investments include investments in funds and limited partnerships where the Foundation has the right to withdraw its investments at least quarterly, or annually after the expiration of "lock-up" periods of one to two years pursuant to the respective offering memorandums. The underlying investments of the funds are valued at fair value on a quarterly basis by the partnership or fund. As part of the private equity investment structure, initial capital call commitments are required.

6. FAIR VALUE MEASUREMENTS (CONTINUED)

The following summary represents the funds reported at NAV as of December 31, 2013:

	Fair Value as of 12/31/2013	Unfunded Commitments as of 12/31/2013	Redemption Frequency	Redemption Notice Period
Blackrock Diamond Property Fund (a)	$ 1,436,179	$ -	Quarterly	60 days
Arden Sage Capital International (b)	69,452	-	In liquidation	None
RREEF America REIT III (c)	1,056,616	-	Quarterly	45 days
Linto, LLC (d)	1,952,999	-	Illiquid	None
SEI Special Situations Fund (e)	5,297,888	-	Bi-annually	95 days
SEI Structured credit (f)	5,445,516	-	Bi-annually	95 days
SEI Core Property Fund (g)	4,414,515	-	Quarterly	65 days
Portfolio Advisors Private Equity Fund IV (h)	426,914	278,201	Illiquid	None
Portfolio Advisors Private Equity Fund VI (i)	420,816	113,353	Illiquid	None
Colchester (j)	375,066	-	Various	Various
Archstone (k)	1,785,253	-	Quarterly	90 days
Total	**$ 22,681,214**	**$ 391,554**		

The following is a summary of the investment strategies of the investments valued at net asset value:

(a) The fund's objective is to seek income and capital appreciation through investments in real estate.

(b) The fund's investment objective is to achieve long-term capital appreciation while attempting to reduce risk and volatility. The fund accomplishes its investment objective by investing substantially all of its assets in a master fund that in turn, invests its assets primarily in hedge funds and other similar investments.

(c) The fund's objective is to maximize the total return to shareholders through cash dividends and appreciation of shares. The fund accomplishes this strategy through real estate investment trusts that invest in undeveloped land, residential, multi-family, condos, industrial, retail and office properties (including leased properties, redeveloped, and vacant properties) in targeted metropolitan areas in the United States.

(d) The corporation has one asset, 564,275 shares of ETAM stock. ETAM is a fashion company whose stock is thinly traded on the French stock exchange. The Foundation holds a 20% interest in this corporation.

(e) The fund's objective is to seek to achieve high returns balanced against an appropriate level of volatility and directional market exposure over a full market cycle. The fund primarily invests in credit, commodities, distressed debt, global macro, long/short equity, structured credit and systematic quantitative.

(f) The fund's objective is to seek to generate high total returns by investing in a portfolio of collateralized debt obligations. The fund primarily invests in collateralized debt, limited partnerships and asset backed securities.

(g) The objective of the fund is to seek to generate income and capital appreciation through a diversified strategy of property funds.

(h) The fund's objective is to achieve long-term returns through investments in a diversified portfolio of private equity limited partnerships.

(i) The fund's objective is to achieve long-term returns through investments in a diversified portfolio of private equity limited partnerships.

(j) The fund's objective is to achieve favorable income-oriented returns from a globally diversified portfolio of primarily debt or debt-like securities and the preservation and enhancement of principal.

(k) The fund seeks to earn good returns with low volatility, regardless of the difficulty of the environment through long/short equity positions, arbitrage, high yield distressed securities, credit and limited partnerships.

7. FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET

Furniture, equipment and leasehold improvements, net consists of the following at December 31:

		2013
Computer and office equipment	$	410,534
Furniture		59,948
Leasehold improvements		16,674
		487,156
Accumulated depreciation		(394,007)
	$	**93,149**

8. PROPERTY HELD FOR SALE

In December 2013, the Foundation received a contribution of property in Miami-Dade County valued at $4,400,000 to establish a donor advised fund with the net proceeds. The value of the property is based upon a sales contract, less closing costs. The sale closed April 21, 2014.

9. LOAN RECEIVABLE, NET

In 2013, the DadeFund, Inc.'s ("Fund") Board of Directors resolved to take out a $5,000,000 line of credit secured by substantially all of the Fund's assets on behalf of Caring Foundations, LLC ("LLC"). The principal officer of the LLC established the Fund at the Miami Foundation and appointed the Fund's current board of directors. The LLC received the proceeds from the borrowings on the line of credit, which totaled $3,000,000 as of December 31, 2013, as a loan. The loan does not bear interest and has no fixed repayment terms. The LLC believes it will have sufficient cash flow to repay the loan within five years. In the event the LLC does not repay the loan, the Fund's ability to provide grants would be significantly impacted. The note has been discounted over five years at an interest rate of 1.187%. Loan receivable, net consists of the following at December 31:

		2013
Loan receiveable	$	3,000,000
Less: discount		(266,097)
	$	**2,733,903**

10. LINE OF CREDIT

On April 1, 2013, the DadeFund, Inc. entered into a $5,000,000 line of credit agreement with a financial institution secured by substantially all of the Fund's assets, which approximated $7,900,000 at December 31, 2013. The line bears interest at LIBOR plus 1% (1.187% at December 31, 2013). Interest expense totaled $12,654 for the year ended December 31, 2013. The line of credit expires in April 2014. Management believes the line of credit will be renewed due to sufficient collateral. The amount outstanding on the line of credit was $3,000,000 at December 31, 2013.

11. GRANTS PAYABLE TO BENEFICIARIES

Grants payable consists of an award from 2011 of $1,000,000 from the Dade Fund, Inc. payable to a beneficiary over several years. Grants payable totaled $440,000 as of December 31, 2013 and will be paid in equal installments of $220,000 in 2014 and 2015.

12. FUNDS HELD IN TRUST

Funds held in trust consist of funds held at financial institutions amounting to $18,724,519 as of December 31, 2013. These funds are comprised of cash equivalents and investments. The Foundation is holding these funds on behalf of another organization.

13. FUNDS HELD AS ORGANIZATION ENDOWMENTS

Funds held as organization endowments consist of assets received by the Foundation for the benefit of a specified beneficiary. U.S. GAAP requires that a recipient organization recognize the fair value of these assets as a liability. These assets are held at financial institutions and amount to $4,899,206 as of December 31, 2013.

14. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of four charitable trusts totaling $2,598,725 (NOTE 3).

15. RELATED PARTY TRANSACTIONS

During the normal course of business, the Foundation receives contributions from its volunteer Board Members and the companies with whom they are affiliated. During the year ended December 31, 2013, the Foundation received contributions of approximately $225,200 reflected under the caption “Contributions” in the consolidated statement of activities.

16. RETIREMENT PLANS

Pension Plan

The Foundation sponsors a non-contributory defined benefit pension plan for all full-time employees. In November 2010, the Foundation froze this plan. There were no contributions made to the plan during 2013 and none anticipated for 2014.

Information related to the Foundation’s obligations at December 31, 2013 is presented below:

Fair value of plan assets	$	728,679
Projected benefit obligation		(741,745)
Unfunded projected benefit obligation	**$**	**(13,066)**

Net periodic pension (benefit) cost under the plan was $12,044 the year ended December 31, 2013. The components of the net periodic pension cost are as follows for the year ended December 31, 2013:

Service cost	$	4,105
Interest cost		31,089
Expected return on plan assets		(50,229)
Amount of recognized actuarial losses		2,991
Net periodic pension benefit	**$**	**(12,044)**

16. RETIREMENT PLANS (CONTINUED)

Pension Plan (continued)

The following table shows the changes in plan assets as of the actuarial valuation date of December 31, 2013:

Fair value of plan assets at beginning of the year	$	627,861
Actual return on plan assets		109,353
Annuities purchased or benefits paid, including expense charges		(8,535)
Fair value of plan assets at the end of the year	**$**	**728,679**

The following table shows the changes in the plan benefit obligation as of the actuarial valuation date of December 31, 2013:

Benefit obligation at the beginning of the year	$	808,769
Service cost		4,105
Interest cost		31,089
Assumption changes		(100,973)
Actuarial loss		7,290
Expense charges		(8,535)
Benefit obligation at the end of the year	**$**	**741,745**

The assumptions used in the accounting for the defined benefit plan for the year ended December 31, 2013 were 4.75% for the discount rate, 8% for expected long-term return on assets, and an average rate of increase in compensation levels of 4.5%.

Pension assets were allocated in the following manner at December 31, 2013:

		Amount	**Percent**
Equity	$	399,023	55%
Fixed income		263,725	36%
General account		65,931	9%
Plan Assets	**$**	**728,679**	100%

Expected payout of pension assets for the year ending December 31, 2013 is as follows:

Years Ended December 31,		
2014	$	-
2015		-
2016		-
2017		-
2018		-
2019 - 2023		106,000
	$	**106,000**

16. RETIREMENT PLANS (CONTINUED)

Pension Plan (continued)

The Foundation's expected long-term return on plan assets assumption of 8% was selected using the "building block" approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27 – Selection Economic Assumptions for Measuring Pension Obligations. Based upon the investment policy for the pension plan in effect as of the beginning of the fiscal year, a best estimate range was determined for both the real rate of return (net of inflation) and for inflation based on historical 30 year period rolling averages. An average inflation rate within the range equal to 3.75% was selected and added to the real rate of return range to arrive at a best estimate range of 6.74% - 9.40%. A rate within the best estimate range of 8% was selected.

The Foundation's investment policy includes various guidelines and procedures designed to ensure assets are invested in a manner necessary to meet expected future benefits earned by participants. The investment guidelines consider a broad range of economic conditions. Central to the policy are target allocation ranges by major asset categories. The objectives of the target allocations are to maintain investment portfolios that diversify risk through prudent asset allocation parameters, achieve asset returns that meet or exceed the plan's actuarial assumptions and achieve asset returns that are competitive with like institutions employing similar investment strategies.

The Foundation's overall investment strategy is to achieve a mix of approximately 65-75 percent of investments for long-term growth and 25-35 percent for near-term benefit payments with a wide diversification of asset types, fund strategies, and fund managers. The target allocations for plan assets are between 30-70 percent equity securities, 30-70 percent corporate bonds, with a long term asset mix guideline of 50% equity and 50% fixed income. Equity securities primarily include investments in large-cap and small-cap companies primarily located in the United States of America and developing and emerging international markets. Fixed income securities include corporate bonds with various durations. The investment policy is periodically reviewed by the Foundation. The policy is established and administered in a manner so as to comply at all times with applicable government regulations.

Defined Contribution Plan

In December 2010, the Foundation started a 403(b) contributory retirement plan. The Foundation contributes 2% of an employee's salary once the employee has completed one year of service with the Foundation. The Foundation will also match up to an additional 3% of a qualified employee's voluntary contribution to the plan. Total employer contributions to this plan were $39,336 for the year ended December 31, 2013.

17. OPERATING LEASE

The Foundation leases its office space under an operating lease agreement expiring in December 2014. Rent expense amounted to $246,209 for the year ended December 31, 2013. Future minimum payments under the lease are approximately $194,000.