The Miami Foundation, Inc.

Consolidated Financial Statements
Years Ended December 31, 2020 and 2019

THE MIAMI FOUNDATION, INC.

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INDEPENDENT AUDITOR'S REPORT

The Miami Foundation, Inc.
Miami, Florida

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Miami Foundation, Inc. (the "Foundation") which comprise the consolidated statement of financial position as of December 31, 2020, 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 consolidated financial position of The Miami Foundation, Inc. as of December 31, 2020, and the consolidated changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter – Prior Year Financial Statements

The consolidated financial statements of The Miami Foundation, Inc., as of and for the year ended December 31, 2019 were audited by Morrison, Brown, Argiz & Farra, LLC ("MBAF"), whose partners and professional staff joined BDO USA, LLP as of January 16, 2021, and has subsequently ceased operations. MBAF expressed an unmodified opinion on those statements in their report dated May 21, 2020.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated May 18, 2021 on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal 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.

BDO USA, LLP

Certified Public Accountants
May 18, 2021

THE MIAMI FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

ASSETS		2020		2019
Cash and cash equivalents	$	5,585,299	$	5,591,039
Accounts receivable, prepaid expenses and other assets		378,805		545,160
Contributions receivable, net		839,089		3,788,347
Investments		373,552,967		355,013,989
Property and equipment, net		395,949		536,041
TOTAL ASSETS	**$**	**380,752,109**	**$**	**365,474,576**
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable, accrued expenses and other liabilities	$	2,105,121	$	1,779,420
Paycheck Protection Program loan		431,204		-
Liabilities under annuity agreements		8,823,566		10,206,119
Funds held on behalf of others		24,999,152		22,057,011
TOTAL LIABILITIES		36,359,043		34,042,550
COMMITMENTS AND CONTINGENCIES (NOTE 12)				
NET ASSETS				
Without donor restrictions		322,878,892		304,284,323
With donor restrictions		21,514,174		27,147,703
TOTAL NET ASSETS		344,393,066		331,432,026
TOTAL LIABILITIES AND NET ASSETS	**$**	**380,752,109**	**$**	**365,474,576**

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

THE MIAMI FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES						
Contributions	$ 31,444,129	$ 22,144,061	$ 53,588,190	$ 32,751,637	$ 24,038,318	$ 56,789,955
Federal grant	11,761,991	-	11,761,991	-	-	-
Change in value - annuities and remainder trust	(352,430)	11,499	(340,931)	(58,993)	1,521,723	1,462,730
Administration fees	473,393	-	473,393	696,108	-	696,108
Fundraising and other revenue	1,407,511	-	1,407,511	1,982,933	-	1,982,933
Investment returns, net	30,412,789	-	30,412,789	40,316,925	-	40,316,925
Net assets released from restrictions	27,789,089	(27,789,089)	-	30,396,793	(30,396,793)	-
TOTAL REVENUES	102,936,472	(5,633,529)	97,302,943	106,085,403	(4,836,752)	101,248,651
EXPENSES						
Grants and services to beneficiaries	81,223,286	-	81,223,286	63,947,445	-	63,947,445
Management and general	2,488,069	-	2,488,069	2,158,037	-	2,158,037
Fundraising	630,548	-	630,548	1,018,612	-	1,018,612
TOTAL EXPENSES	84,341,903	-	84,341,903	67,124,094	-	67,124,094
CHANGES IN NET ASSETS	18,594,569	(5,633,529)	12,961,040	38,961,309	(4,836,752)	34,124,557
NET ASSETS - BEGINNING OF YEAR	304,284,323	27,147,703	331,432,026	265,708,276	31,984,455	297,692,731
ADJUSTMENT FOR ADOPTION OF ASC TOPIC 606	-	-	-	(385,262)	-	(385,262)
NET ASSETS - END OF YEAR	**$ 322,878,892**	**$ 21,514,174**	**$ 344,393,066**	**$ 304,284,323**	**$ 27,147,703**	**$ 331,432,026**

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

THE MIAMI FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31,

	2020				2019			
	Grants and Services to Beneficiaries	Management and General	Fundraising	Total	Grants and Services to Beneficiaries	Management and General	Fundraising	Total
Wages and salaries	$ 623,155	$ 1,040,042	$ 354,171	$ 2,017,368	$ 515,090	$ 1,014,953	$ 608,157	$ 2,138,200
Employee benefits and taxes	167,032	397,400	71,953	636,385	169,573	207,872	145,644	523,089
TOTAL SALARIES AND BENEFITS	790,187	1,437,442	426,124	2,653,753	684,663	1,222,825	753,801	2,661,289
Audit and accounting services	-	65,466	-	65,466	-	76,214	-	76,214
Banking fees	16,790	6,537	-	23,327	9,820	13,436	-	23,256
Board meetings	-	2,344	-	2,344	-	3,156	-	3,156
Conferences and travel	423	49,784	-	50,207	15,429	30,999	-	46,428
Consulting	326,455	192,668	540	519,663	774,948	133,576	-	908,524
Depreciation and amortization	-	115,158	-	115,158	-	104,268	-	104,268
Direct support payments	2,940,169	-	-	2,940,169	4,941,812	-	-	4,941,812
Event costs	-	10,852	-	10,852	-	22,200	7,824	30,024
General administrative	-	9,588	-	9,588	20,681	7,096	-	27,777
Give Miami Day grants	3,799,009	-	-	3,799,009	2,919,798	-	-	2,919,798
Grants	73,171,311	-	-	73,171,311	53,927,922	-	-	53,927,922
Grants returned	(94,740)	-	-	(94,740)	(28,109)	-	-	(28,109)
Information technology	-	164,072	-	164,072	-	135,283	-	135,283
Insurance, interest and taxes	-	35,085	-	35,085	-	34,059	-	34,059
Legal fees	-	108,874	-	108,874	416,558	55,607	-	472,165
Local meetings and travel	185,279	28,457	-	213,736	141,587	34,792	-	176,379
Marketing and advertising	-	-	171,544	171,544	-	-	195,707	195,707
Memberships	-	34,494	-	34,494	-	28,372	-	28,372
Office supplies	564	18,868	-	19,432	5,815	21,425	-	27,240
Other program expenses	1,149	3,516	-	4,665	34,227	27,123	-	61,350
Postage and delivery	8,322	2,391	-	10,713	315	4,928	-	5,243
Printing and copying	9,520	48,280	-	57,800	15,663	63,502	-	79,165
Publications	-	8,356	-	8,356	12,622	16,498	-	29,120
Rent and occupancy	51,693	86,275	29,380	167,348	48,040	78,649	56,720	183,409
Taxes	-	-	-	-	-	7,550	-	7,550
Telephone	7,760	25,715	2,960	36,435	4,480	22,699	4,560	31,739
Website	9,395	33,847	-	43,242	1,174	13,780	-	14,954
TOTAL FUNCTIONAL EXPENSES	**$ 81,223,286**	**$ 2,488,069**	**$ 630,548**	**$ 84,341,903**	**$ 63,947,445**	**$ 2,158,037**	**$ 1,018,612**	**$ 67,124,094**

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

THE MIAMI FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 12,961,040	$ 34,124,557
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	115,158	104,268
Write off of construction in progress	36,176	-
Non-cash contribution - stock	(3,132,082)	(13,918,266)
Net unrealized loss (gain) from annuities and remainder trust	340,931	(1,462,730)
Net unrealized gain on investments	(24,684,308)	(29,397,803)
Pension adjustment	41,817	(27,392)
Decrease (increase) in operating assets:		
Accounts receivable, prepaid expenses and other assets	166,355	(167,323)
Contributions receivable	2,960,757	104,705
Increase (decrease) in operating liabilities:		
Accounts payable, accrued expenses and other liabilities	283,884	(470,665)
Funds held on behalf of others	2,942,141	3,756,248
TOTAL ADJUSTMENTS	(20,929,171)	(41,478,958)
NET CASH USED IN OPERATING ACTIVITIES	(7,968,131)	(7,354,401)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(11,242)	(72,393)
Purchases of investments	(157,674,174)	(200,425,584)
Proceeds from sale of investments	166,772,186	211,276,962
NET CASH PROVIDED BY INVESTING ACTIVITIES	9,086,770	10,778,985
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments to annuitants	(1,555,583)	(2,614,692)
Proceeds from Paycheck Protection Program loan	431,204	-
NET CASH USED IN FINANCING ACTIVITIES	(1,124,379)	(2,614,692)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5,740)	809,892
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,591,039	4,781,147
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 5,585,299**	**$ 5,591,039**

SUPPLEMENTAL DISCLOSURE OF NON-CASH OPERATING ACTIVITIES:		
Cumulative-effect adjustment to net assets and deferred revenue from adoption of ASC Topic 606	**$ -**	**$ 385,262**
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:		
Contribution of stock	**$ 3,132,082**	**$ 13,918,266**

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

1. GENERAL

The Miami Foundation, Inc. is a community foundation created to build long term charitable support for Miami-Dade County. The Miami Foundation 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.

The Miami Foundation supports arts and emerging charitable and social justice activities through fiscal sponsorships by acting as a sponsor for a project seeking support from individuals, foundations, corporations and/or government agencies. The Miami Foundation also actively manages a mature annuity program that it agreed to undertake in 2015.

The consolidated financial statements include the accounts of The Miami Foundation, Inc. and The College Assistance Program (“CAP”) of Miami-Dade County, Inc., as well as its supporting organization DadeFund, Inc. (“DadeFund”) (collectively referred to as the "Foundation").

CAP seeks to assist the diverse multi-cultural, economically disadvantaged population of Miami-Dade County 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 grants.

During the year ended December 31, 2020, the DadeFund’s board of directors voted to approve the dissolution of the supporting organization. The board approved the distribution of assets as follows: 50% to fund final grant payments to 13 nonprofit organizations and 50% to the Foundation’s Miami Forever Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Consolidation

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"). All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements. Assets are presented in the accompanying consolidated statements of financial position according to their nearness of their conversion to cash and liabilities according to their nearness of their maturity and resulting use of cash.

Financial Statement Presentation

Net assets and revenues, gains and losses are classified into two classes of net assets based on the existence or absence of donor-imposed restrictions. The two classes of net asset categories are as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation’s management and the Board of Trustees.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

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. The consolidated financial statements include certain amounts that are based on management’s best estimates and judgments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management Estimates (Continued)

The most significant estimates include the fair value of financial instruments, the liabilities under annuity agreements and the discount on contributions receivable. These estimates may be adjusted as more current information becomes available, and any adjustments could significantly impact the consolidated financial statements. Actual results may differ from these estimates under different assumptions or conditions, and the differences may be material.

Concentrations

The majority of the Foundation's donors are located in South Florida. One donor accounted for 31% and two donors accounted for 56% of contributions during the years ended December 31, 2020 and 2019, respectively. A decrease in the contributions from these donors could have a significant impact on the Foundation's consolidated financial statements.

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 statements of financial position.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value, net of investment fees, in the consolidated statements of financial position. Alternative investments and private equity funds are measured at net asset value, net of related fees. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the consolidated statements of activities as increases or decreases in net assets without donor restrictions 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.

Investments in commercial fixed annuity contracts are measured at contract value. Accumulated values are provided by insurance carriers on a periodic basis as reported by the insurance companies. The majority of the contracts have surrender charges. The Foundation expects to realize the accumulated value of these contracts. Additionally, changes in accumulated values are recorded annually in the consolidated statements of activities.

Property and Equipment, Net

Property and equipment are stated at cost, if purchased, or at the estimated market value at date of receipt if acquired by donation. Fixed assets with a value in excess of $1,000 and with a useful life in excess of one year are capitalized. Depreciation and amortization is calculated using the straight-line method over the estimated useful lives of the respective assets.

The estimated useful lives of the assets are as follows:

Computer and office equipment	3 years
Furniture	5 years
Leasehold improvements	Shorter of useful life or lease term

Funds Held on Behalf of Others

The Foundation accepts funds from unrelated nonprofit organizations who desire to have the Foundation provide efficient investment management. A liability is recorded at the estimated fair value of the assets deposited with the Foundation. The nonprofit organization may request a partial or total distribution at any time. Assets are invested in investment pools offered by the Foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funds Held on Behalf of Others (Continued)

U.S. GAAP requires that a recipient organization recognize the fair value of the assets as a liability. Funds held on behalf of others are comprised of cash and investments held at financial institutions and amounted to $24,999,152 and $22,057,011 as of December 31, 2020 and 2019, respectively.

Revenue Recognition – Contributions

Transfers of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions. Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the Foundation fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets but are less specific than donor-imposed conditions. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations about the use of the donated assets, or if they are designated as support for future periods.

When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as “Net assets released from restrictions.” Donor-restricted contributions whose restrictions are met in the same reporting period in which received are reported as net assets without donor restrictions.

The Foundation receives donations from several sources including private foundations and other donors. Donations are evaluated as to whether they qualify as exchange transactions or contributions as defined by U.S. GAAP.

Federal grant

Federal grant is recognized as revenue as the conditions have been met. As of December 31, 2020, the unused portion of the grant is reflected as deferred liability under the caption “Accounts payable, accrued expenses and other liabilities” in the consolidated statements of financial position.

Fundraising and Other Revenue

Fundraising and other revenue is recognized in the period the event occurs.

Give Miami Day

The Foundation sponsors a 24-hour online donation event annually, in which the Foundation matches, on a percentage basis, the total donations made during the donation period. Donations received by the Foundation for Give Miami Day are designated for other beneficiaries and are not recognized in the consolidated statements of activities. Total contributions raised on behalf of others under this program totaled approximately $16,821,000 and $13,744,000 during the years ended December 31, 2020 and 2019, respectively.

Variance Power

U.S. GAAP provides that if the governing body of an organization has the unilateral power to redirect the use of donor contributions to another beneficiary, such contribution must be classified as net assets without donor restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition – Contributions (Continued)

Variance Power (Continued)

Pursuant to the Foundation's By-laws, the Board of Trustees of the Foundation ("Board") has the ability known as variance power, however, the Board would generally intend to exercise this authority only if the stated purpose of a contribution becomes no longer applicable and incapable of fulfillment. Accordingly, the Foundation's consolidated financial statements classify the majority of funds, including the corpus of certain donor advised, field of interest and designated funds, as net assets without donor restrictions. Net assets encumbered by a time stipulation are classified as net assets with donor restrictions and released to net assets without donor restrictions when the time restriction expires.

The Financial Accounting Standards Board ("FASB"), Accounting Standards Codification ("ASC") Topic 958 provides guidance for the classification of donor-restricted endowment funds that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The subtopic also provides for enhanced disclosures about endowment funds (both donor-restricted endowment funds and board designated endowment funds). The Foundation has determined its net assets do not meet the definition of an endowment under UPMIFA. However, the Foundation manages funds established by donors as endowed funds in accordance with terms set forth in the individual agreements and the Foundation's internal spending policy.

Revenue Recognition – Exchange Transactions

Reciprocal transfers in which each party receives and sacrifices goods or services with approximate commensurate value are recognized as exchange transactions. The Foundation adopted ASC Topic 606, *Revenue from Contracts with Customers* ("Topic 606") on January 1, 2019 using the modified retrospective method applied to all contracts not completed as of the date of the adoption. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

The Foundation applies Topic 606 to exchange transactions in which it receives consideration from constituents for grant administration services associated with fiscal sponsorships and fiscal agency funds. Under U.S. GAAP, these arrangements are exchange transactions between the Foundation and the constituents using their services.

The modified retrospective adoption method requires the Foundation to record a transition adjustment for the new revenue standard, if any, as a cumulative effect adjustment to beginning net assets as of the date of adoption. Prior to adopting Topic 606, administration services fees were recognized when cash was received. As a result of adopting Topic 606, the Foundation's beginning net assets as of January 1, 2019 were adjusted by approximately $385,000, with a corresponding increase to deferred revenue, and is reflected within "Accounts payable, accrued expenses and other liabilities" in the consolidated statements of financial position during the year ended December 31, 2019. The adoption of Topic 606 resulted in a total revenue restatement of $517,797 during the year ended December 31, 2019.

Administration Services

The Foundation operates as a fiscal agent for certain grants by providing fiscal expenditure responsibility services for the organization making the grant. Revenue under these arrangements is based on a percentage of receipts. Revenue related to grant administration is recognized net on a pro-rata basis over the periods to which the fees relate. Fees collected in advance of a grant program's start date are recognized as deferred revenue. The Foundation's administrative services are performed over the life of various projects and administrative fee income is allocated over the period on a percentage of completion basis as the performance obligation is met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition – Exchange Transactions (Continued)

Administration Services (Continued)

The Foundation holds funds and invests on behalf of other unrelated organizations and earns a fee for investment services. The Foundation manages monies as a trustee or as an investment agent through the use of third party portfolio advisors/managers. The Foundation does not provide investment brokerage services. Performance obligations, which are transactional in nature, are satisfied at the time of the transaction and are charged monthly on the fund balance. There was no impact to the accounting policy as a result of Topic 606.

The Foundation's revenue from administration services was approximately $473,000 and $696,000 for the years ended December 31, 2020 and 2019, respectively, and is included in the consolidated statements of activities as "Administration fees." Deferred revenue related to administration services was approximately $706,000 and $517,000 during the years ended December 31, 2020 and 2019, respectively, and is included in the consolidated statements of financial position as "Accounts payable, accrued expenses and other liabilities."

Liabilities Under Annuity Programs

The Foundation records a liability at the present value of the annuities payable using a discount rate commensurate with the risks noted. As of December 31, 2020 and 2019, the annuities payable are discounted at a rate of 4.5%. An adjustment is made to the liability to record the gain or loss due to recomputation of the liability based upon the revised life expectancy and amounts due to beneficiaries. These are reflected in the accompanying consolidated statements of activities as "Change in value - annuities." Upon the occurrence of certain events, including the death of annuitants or early termination of a contract, the Foundation records an adjustment for the remaining liability and resulting gain.

Split-Interest Agreements

Charitable lead trusts and charitable remainder trusts, in which the Foundation is not the trustee, are recorded in the net assets with donor restrictions class as a receivable at the present value of the expected future cash inflows and contribution revenue is recognized for the same amount. In the event that the trust has an income beneficiary other than the Foundation, the contribution revenue is reduced by the amount of the present value of the estimated liability due to the income beneficiary.

Grants and Services to Beneficiaries

Grants are recognized when all significant conditions are met by grantees, all due diligence has been completed and the grants are approved by the Foundation's staff or Board Committee. Grant refunds are recorded as a reduction of grant expense at the time the Foundation receives or is notified of the refund. Services to beneficiaries represent expenses associated with fiscal sponsorships and are recognized when service is performed.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and support services benefited. Expenses that can be directly identified with the program or supporting service are reported as expenses of those functional areas. Other expenses are allocated among program and supporting services based on a reasonable basis that is consistently applied. Personnel expenses are allocated on the basis of estimated time and effort.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

Advertising costs are charged to expense as incurred. Advertising costs incurred were $108,204 and $136,545 for the years ended December 31, 2020 and 2019, respectively, in the consolidated statements of functional expenses.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the Florida Statutes. The Foundation identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the consolidated statements of financial position. The Foundation has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Foundation would recognize interest accrued related to unrecognized tax benefits in interest expenses and penalties in operating expenses. The Foundation's tax years subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

Adopted Accounting Pronouncement

Fair Value Measurement

In August 2018, the FASB issued an accounting standard update that removes certain disclosures related to transfers between hierarchy levels and adds certain disclosures related to level 3 investments. The update also changes certain disclosure requirements. The update is effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years. Early application is permitted. The adoption of this update did not have a material effect on the Foundation's consolidated financial statements.

Recent Accounting Pronouncements

Lease Accounting

In February 2016, the FASB issued an accounting standard update which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases now currently off-balance sheet under current U.S. GAAP. Also, the FASB has issued amendments to the update with practical expedients related to land easements, lessor accounting, and disclosures related to accounting changes and error corrections. The Foundation is currently evaluating the effect the update will have on its consolidated financial statements but expects upon adoption that the update will have a material effect on the Foundation's consolidated financial condition due to the recognition of a right-of-use asset and related lease liability. The Foundation does not anticipate the update having a material effect on its results of operations or cash flows, though such an effect is possible.

The update originally required transition to the new lease guidance using a modified retrospective approach which would reflect the application of the update as of the beginning of the earliest comparative period presented. A subsequent amendment to the update provides an optional transition method that allows entities to initially apply the new lease guidance with a cumulative-effect adjustment to the opening balance of equity in the period of adoption. If this optional transition method is elected, after the adoption of the new lease guidance, the Foundation's presentation of comparative periods in the consolidated financial statements will continue to be in accordance with current lease accounting. The Foundation is evaluating the method of adoption it will elect. The update is effective for fiscal years beginning after December 15, 2021, and for interim periods within fiscal years beginning after December 15, 2022, with early application permitted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

Contributed Nonfinancial Assets

In September 2020, the FASB issued an accounting standard update which amends guidance for not-for-profit entities that receive contributed nonfinancial assets. The update requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statement of activities, and to disclose information regarding each type of contributed nonfinancial asset. The update is to be applied on a retrospective basis and is effective for annual reporting periods beginning after June 15, 2021, and for interim reporting periods beginning after June 15, 2022. The Foundation is currently evaluating the effect the update will have on its consolidated financial statements.

Subsequent Events

The Foundation has evaluated subsequent events through May 18, 2021, which is the date the consolidated financial statements were available to be issued. There were no material subsequent events that require recognition or additional disclosure in these consolidated financial statements.

3. LIQUIDITY MANAGEMENT AND AVAILABILITY OF RESOURCES

The Foundation maintains an internal policy of structuring its financial assets to be available as general expenditures, liabilities and other obligations come due. The Foundation engages qualified third-party investment advisors to invest excess cash net of working capital in instruments as stipulated under the investment policy. The policy is reviewed quarterly by the Investment Committee. Market performance is monitored continuously including review of quarterly reports and watch list of invested funds. Furthermore, the Executive Committee as well as the Board review the consolidated statements of financial position and consolidated statements of activities results periodically.

The Foundation's financial assets available within one year of the consolidated statements of financial position date for general expenditures as of December 31, 2020 and 2019 are as follows:

	2020	2019
Cash and cash equivalents	$ 5,585,299	$ 5,591,039
Accounts receivable	140,286	240,610
Contributions receivable, net	839,089	3,788,347
Investments	373,552,967	355,013,989
Total financial assets	380,117,641	364,633,985
Less: Board designated funds	167,212,314	140,755,907
Available financial assets	212,905,327	223,878,078
Less: Investments held for others	24,999,152	22,057,011
Contributions receivable, net	839,089	3,788,347
Investments not immediately redeemable	976,113	833,713
Total financial assets available within one year	**$ 186,090,973**	**$ 197,199,007**

In managing its liquidity needs and in accordance with policies established by the Board, the Foundation's investment managers invest largely in mutual funds, equities and fixed income securities which are considered highly liquid as there are no preventative lockups or restrictions and can be readily liquidated to cover operating needs.

4. CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net consist of the following as of December 31,:

	2020	2019
Charitable remainder trust	$ 511,965	$ 3,361,965
Contributions receivable	617,181	716,439
Present value discount	(290,057)	(290,057)
Contributions receivable, net	**$ 839,089**	**$ 3,788,347**

Under the terms of one 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. At December 31, 2019 the amount reflected in the consolidated financial statements is 28.5% of management's estimate of the fair value of the property. In May 2020, the residence was sold, and the proceeds received were used to set up a designated fund at the Foundation.

Contributions receivable consist of three unitrusts, a charitable lead trust and the net cash surrender value of three life insurance policies, which named 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 approximately $290,000 as of December 31, 2020 and 2019. The Foundation has not set up reserves for these contributions receivable as management anticipates they are fully collectible.

5. INVESTMENTS

The Investment 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 Investment Committee has established five investment pools for the investment management of the Foundation's assets. Donors that establish funds with the Foundation recommend one of the investment pools based on their investment objectives and risk tolerance level. The Investment Committee will permit the investment pools to experience an overall level of risk consistent with the risk generally associated with the Investment Committee's policy asset allocation and similar to that of the market opportunity available to institutional investors with similar return objectives. The Foundation permits the establishment of externally managed funds for donors meeting certain criteria. Under this program, the donor may recommend a financial advisor.

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.

5. INVESTMENTS (CONTINUED)

The following is a description of the Foundation's investment pools as of December 31, 2020 and 2019:

The Long-Term Pool – This pool is the most broadly diversified. It is designed to accept more downside short-term risk to achieve a higher level of long-term growth. The primary financial objective is to preserve the purchasing power of the investments after withdrawals are taken. The pool has adopted a total return investment approach including capital appreciation, dividends and interest income. The objective is based on a ten-year time horizon.

The Balanced Pool – This pool is designed to achieve moderate risk adjusted returns with an emphasis on total returns, which is the aggregate return from capital appreciation, dividend and interest income.

The Social Impact Pool – The investment strategy for the Social Impact Pool is similar to the Balanced Pool. The Social Impact concept is intimately linked to responsible investing and is designed to invest in companies that strive to have a positive societal impact, including, but not limited to, mitigating climate change, reducing waste, using clean energy and employing sound corporate governance and labor practices.

The Income Pool – The objective of the Income Pool is to achieve low to moderate risk adjusted returns, with an emphasis on total returns. As such, investment parameters will be limited to short and intermediate term, high-quality, fixed-income instruments or cash equivalents. The Income Pool may invest in other types of securities, including stocks, provided that the corporation is organized under U.S. laws and is publicly traded.

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.

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.

Investments consist of the following as of December 31,:

	2020	2019
Fixed income	$ 57,363,797	$ 52,643,927
Domestic equity	93,363,318	86,506,922
International equity	83,346,591	74,131,814
Alternative investments	40,845,323	38,916,136
Cash equivalents	44,847,896	46,552,498
Diversified mutual funds	27,438,358	28,890,421
Mutual funds	6,197,211	5,006,494
Private equity	386,453	440,891
Investments, at fair value	353,788,947	333,089,103
Insurance contracts	19,764,020	21,924,886
Total investments	**$ 373,552,967**	**$ 355,013,989**

5. INVESTMENTS (CONTINUED)

Investment returns, net of fees consists of the following for the years ended December 31,:

	2020	2019
Dividends and interest	$ 4,725,406	$ 6,453,774
Realized and unrealized gain on investments	26,955,768	34,990,317
Investment management and consulting fees	(1,268,385)	(1,127,166)
Total investment returns, net of fees	**$ 30,412,789**	**$ 40,316,925**

Investment earnings from annuity assets were approximately $1,232,000 and $563,000 during the years ended December 31, 2020 and 2019, respectively, and are included in the consolidated statements of activities within the caption “Change in value – annuities and remainder trust”.

6. FAIR VALUE MEASUREMENTS

The FASB Accounting Standards Codification 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.

  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 as of December 31, 2020 and 2019.

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 (hedge funds) and private equity: Valued at net asset value (“NAV”) per share on a monthly or quarterly basis by the investment managers. These investments include private capital limited partnerships, which are illiquid, and hedge fund limited partnerships, which can be withdrawn in accordance with the funds redemption notice period. These investments are funded not just by an initial contribution but also by periodic capital calls.

6. FAIR VALUE MEASUREMENTS (CONTINUED)

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.

Mutual funds: Valued at the closing price reported in the active market in which the individual securities are traded.

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

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

		Fair Value Measurements at Reporting Date Using:		
Description	**Fair Value 12/31/2020**	**Quoted Prices In Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Other Unobservable Inputs (Level 3)**
Assets:				
Fixed income	$ 57,363,797	$ 57,363,797	$ -	$ -
Domestic equity	93,363,318	93,363,318	-	-
International equity	83,346,591	83,346,591	-	-
Cash equivalents	44,847,896	44,847,896	-	-
Diversified mutual funds	27,438,358	27,438,358	-	-
Mutual funds	6,197,211	6,197,211	-	-
Total assets in the fair value heirarchy	312,557,171	312,557,171	-	-
Assets measured at NAV	41,231,776	-	-	-
Total assets at fair value	**$ 353,788,947**	**$ 312,557,171**	**$ -**	**$ -**

		Fair Value Measurements at Reporting Date Using:		
Description	**Fair Value 12/31/2019**	**Quoted Prices In Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Other Unobservable Inputs (Level 3)**
Assets:				
Fixed income	$ 52,643,927	$ 52,643,927	$ -	$ -
Domestic equity	86,506,922	86,506,922	-	-
International equity	74,131,814	74,131,814	-	-
Cash equivalents	46,552,498	46,552,498	-	-
Diversified mutual funds	28,890,421	28,890,421	-	-
Mutual funds	5,006,494	5,006,494	-	-
Total assets in the fair value heirarchy	293,732,076	293,732,076	-	-
Assets measured at NAV	39,357,027	-	-	-
Total assets at fair value	**$ 333,089,103**	**$ 293,732,076**	**$ -**	**$ -**

6. FAIR VALUE MEASUREMENTS (CONTINUED)

Alternative Investments

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

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

	Fair Value as of 12/31/2020	Unfunded Commitments as of 12/31/2020	Redemption Frequency	Redemption Notice Period
SEI Structured Credit (a)	$ 9,128,988	$ -	Bi-annually	95 days
SEI Core Property Fund (b)	9,876,494	-	Quarterly	65 days
Portfolio Advisors Private Equity Fund IV (c)	64,374	48,255	Illiquid	None
Portfolio Advisors Private Equity Fund VI (c)	322,079	136,445	Illiquid	None
Vintage European Opportunity Fund (d)	342,826	-	Illiquid	None
SEI Energy Fund (e)	6,779,527	-	Bi-annually	95 days
SEI Hedge Fund (f)	14,470,654	-	Monthly, quarterly, annually - subject to restrictions	30 to 180 days
SEI Global Private Assets V, L.P. (g)	246,834	5,834,869	Illiquid	None
Total	**$ 41,231,776**	**$ 6,019,569**		

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 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.

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

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

(d) The fund seeks to provide aggregate long-term compounded returns in excess of those available from a portfolio of conventional investments in public equity markets.

(e) The fund’s objective is to seek to generate high total returns by investing primarily in debt securities of U.S. and international energy companies.

(f) The fund seeks to produce returns comparable to those of the equity markets over a full market cycle targeting substantially less volatility than equities by investing in a diversified portfolio of hedge funds.

(g) The fund’s objective is to achieve an attractive risk-adjusted return relative to other asset class alternatives through the identification and selection of a set of private assets managers that manage underlying funds across a broad spectrum of venture capital, buyouts, debt, real estate, and real asset/infrastructure investments.

7. ANNUITIES

In 2015, the Foundation agreed to take over an established annuity program with assets primarily related to commercial fixed annuity contracts and liabilities for payments due to annuitants. The Foundation manages the assets and makes distributions to the annuitants under the terms of the original and any subsequent agreements. The assets are held as general assets of the Foundation.

The following presents the fair value of the annuity assets and present value of the liabilities as of December 31,:

	2020	2019
Cash and cash equivalents	$ 928,993	$ 979,437
Investments including insurance contracts and other assets	20,697,728	22,609,885
Total assets	**$ 21,626,721**	**$ 23,589,322**
Payments due to annuitants	$ 8,823,566	$ 10,206,119
Accrued expenses	6,536	12,996
Total liabilities	**$ 8,830,102**	**$ 10,219,115**
Net assets	**$ 12,796,619**	**$ 13,370,207**

During the years ended December 31, 2020 and 2019, the net change in value of annuity assets and liabilities was ($352,430) and ($58,993), respectively, and is shown in the consolidated statements of activities as "Change in value – annuities and remainder trust" and in the consolidated statements of cash flows as "Net unrealized gain from annuities and remainder trust."

8. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following as of December 31,:

	2020	2019
Computer and office equipment	$ 269,048	$ 261,961
Furniture	174,276	174,276
Leasehold improvements	704,110	699,955
Construction in progress	-	36,176
	1,147,434	1,172,368
Accumulated depreciation and amortization	(751,485)	(636,327)
	$ 395,949	**$ 536,041**

Depreciation and amortization expense for the years ended December 31, 2020 and 2019 totaled $115,158 and $104,268, respectively.

9. PAYCHECK PROTECTION PROGRAM LOAN

During the year ended December 31, 2020, the Foundation applied for and received funds under the Paycheck Protection Program ("PPP") in the amount of $431,204. The application for these funds requires the Foundation to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Foundation. This certification further requires the Foundation to take into account our current business activity and our ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Foundation having initially qualified for the loan and qualifying for the forgiveness of such loan based on our future adherence to the forgiveness criteria.

9. PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)

The Small Business Administration ("SBA") has stated that all PPP loans in excess of $2 million, and other PPP loans as appropriate, will be subject to review by the SBA for compliance with program requirements. If the SBA determines in the course of its review that a borrower lacked an adequate basis for the required certification concerning the necessity of the loan request or the subsequent use of loan proceeds, the SBA will seek repayment of the PPP loan, including interest and potential penalties. While we believe our loan was properly obtained, there can be no assurance regarding the outcome of an SBA review.

The loan begins accruing interest at a rate of 1.00% on the effective date. For any portion of the loan not forgiven, principal payments are due in equal monthly installments commencing seven months after covered period. The loan matures on April 8, 2022, at which time all unpaid principal and accrued interest is due. The outstanding balance on the loan as of December 31, 2020 is $431,204.

The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property. The Foundation did not apply for any other funding and noted no material impact from the other tax provisions.

10. NET ASSETS

Net assets without donor restrictions consist of the following as of December 31,:

	2020	2019
Administration	$ 10,187,397	$ 11,329,007
Supporting organizations	4,432,591	6,799,455
Undesignated	141,046,590	145,399,954
Designated funds	167,212,314	140,755,907
	$ 322,878,892	**$ 304,284,323**

Net assets without donor restrictions are used to support the operating activities of the Foundation. Of these funds, the Board of the Foundation designated $167,212,314 and $140,755,907 as of December 31, 2020 and 2019, respectively. The major fund categories are as follows:

Administration: Operating assets used to cover administrative costs and support services of the Foundation.

Supporting organizations: Component funds for CAP and DadeFund described in Note 1.

Undesignated: General funds geared towards the overall mission and needs of Miami-Dade County through grant making and other community projects.

Designated: Funds designated for specific donor fields of interests and other initiatives. Some funds are operated as endowments with the intention of preserving the fund value in perpetuity. The Foundation follows spending policies per agreements or applies an internal spending policy maintained by the Board.

10. NET ASSETS (CONTINUED)

Net assets with donor restrictions consist of the following as of December 31,:

	2020	2019
Restricted by donors with specific purpose/time restrictions:		
General programs	$ 20,903,245	$ 23,576,017
Charitable remainder and lead trusts	610,929	3,571,686
	$ 21,514,174	**$ 27,147,703**

Net assets with donor restrictions consist of the fiscal sponsorship funds, four charitable trusts and three life insurance policies in which the Foundation is beneficiary (NOTE 4).

Net assets released from restrictions due to satisfaction of time and purpose restrictions is as follows during the years ended December 31,:

	2020	2019
General programs	**$ 27,789,089**	**$ 30,396,793**

11. 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. During the years ended December 31, 2020 and 2019, the Foundation contributed $50,000 and $35,000. The Foundation's best estimate of contribution for the next fiscal year is $50,000.

Information related to the Foundation's obligation, which is included within "Accounts payable, accrued expenses and other liabilities" in the consolidated statements of financial position is as follows as of December 31,:

	2020	2019
Fair value of plan assets	$ 1,180,855	$ 1,023,552
Projected benefit obligation*	(1,200,088)	(1,050,968)
Unfunded projected benefit obligation	**$ (19,233)**	**$ (27,416)**

*The projected benefit obligation is the amount that the pension plan needs now to cover future pension obligations to its participants.

Net periodic pension benefit under the plan was ($29,400) and ($11,515) for the years ended December 31, 2020 and 2019, respectively. The components of the net periodic pension benefit are as follows for the years ended December 31,:

	2020	2019
Service cost	$ 5,878	$ 5,646
Interest cost	33,283	40,039
Expected return on plan assets	(71,649)	(60,885)
Amount of recognized actuarial loss	3,088	3,685
Net periodic pension benefit	**$ (29,400)**	**$ (11,515)**

11. RETIREMENT PLANS (CONTINUED)

Pension Plan (Continued)

Changes in plan assets as of the actuarial valuation date of December 31,:

	2020	2019
Fair value of plan assets at beginning of the year	$ 1,023,552	$ 869,791
Actual return on plan assets	129,908	141,134
Contributions	50,000	35,000
Annuities purchased or benefits paid, including expense charges	(22,605)	(22,373)
Fair value of plan assets at the end of the year	**$ 1,180,855**	**$ 1,023,552**

Changes in the plan benefit obligation as of the actuarial valuation date of December 31,:

	2020	2019
Benefit obligation at the beginning of the year	$ 1,050,968	$ 959,599
Service cost	5,878	5,646
Interest cost	33,283	40,039
Assumption changes	132,084	70,727
Actuarial loss (gain)	480	(2,670)
Expense charges	(5,878)	(5,646)
Annuities purchased or benefits paid	(16,727)	(16,727)
Benefit obligation at the end of the year	**$ 1,200,088**	**$ 1,050,968**

The assumptions used in the accounting for the defined benefit plan for the years ended December 31, 2020 and 2019 were 2.40% and 3.15% for the discount rate, respectively, 7.0% for expected long-term return on assets, and no increase in compensation levels.

Pension assets were allocated in the following manner as of December 31,:

	2020		2019	
	Amount	**Percent**	**Amount**	**Percent**
Equity	$ 719,974	61%	$ 497,985	49%
Fixed income and other	444,235	38%	524,416	51%
General account	16,646	1%	1,151	0%
Plan assets	**$ 1,180,855**	**100%**	**$ 1,023,552**	**100%**

11. RETIREMENT PLANS (CONTINUED)

Pension Plan (Continued)

As of December 31, 2020, the expected payout of pension benefits is approximately as follows for the years ending December 31,:

2021	$	137,000
2022		17,000
2023		17,000
2024		17,000
2025		16,000
2026 - 2030		685,000
	$	**889,000**

The Foundation's expected long-term return on plan assets assumption of 7.0% 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 2.40% 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 7.0% 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% of investments for long-term growth and 25-35% 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% equity securities, 30-70% 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. All funds are publicly traded Level 1 investments. 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 1% 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 4% of a qualified employee's voluntary contribution to the plan. Total employer contributions to this plan were approximately $95,000 and $100,000 for the years ended December 31, 2020 and 2019, respectively.

12. OPERATING LEASE

In January 2015, the Foundation entered into an operating lease agreement for office space. The lease expires on December 31, 2024 and the Foundation has the option to renew the lease for an additional term of five years. Monthly rent payments are approximately $12,400, subject to an annual increase of 3%. The Foundation records rent expense on a straight-line basis over the lease term. As part of the agreement, the Foundation received an allowance of approximately $485,000 in consideration for the improvements made to the new office space. Tenant allowances received are deferred when received and amortized on a straight-line basis over the life of the lease term. As of December 31, 2020 and 2019, the deferred rent liability balance was approximately $269,000 and $318,000, respectively, and is reflected within the caption “Accounts payable, accrued expenses and other liabilities” in the consolidated statements of financial position.

Rent expense amounted to $149,009 and $157,629 during the years ended December 31, 2020 and 2019, respectively.

Future minimum payments under the operating lease are as follows for the years ending December 31,:

2021	$	170,313
2022		175,422
2023		180,685
2024		186,105
	$	**712,525**

13. 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 quality 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 to achieve a balance that will enhance total return, while avoiding undue risk concentrations in any single asset or investment category. The Foundation’s Investment Committee is responsible for oversight of the Foundation’s investing activities.

COVID-19

Since January 2020, the coronavirus (“COVID-19”) outbreak has caused substantial disruption in international and U.S. economies and markets. The fear of further spread of COVID-19 has caused quarantines, cancellation of events and travel, business and school shutdowns, and overall reduction in business and economic activity. On March 11, 2020, the World Health Organization designated COVID-19 as a pandemic. The Foundation is dependent on donations from individuals, foundations, and corporations which can vary during a pandemic. Several fiscal sponsorships events were canceled or postponed during 2020 due to the pandemic. As of the date of this report, the Foundation’s investment values were not materially impacted. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, and workforce. The Foundation is unable to predict the future impact that COVID-19 will have on the consolidated financial position and change in net assets due to numerous uncertainties. These uncertainties include the severity of the virus, the duration of the outbreak, governmental, or other actions (which include promotion of social distancing), or changes to the Foundation’s operations. The Foundation is currently evaluating the potential adverse effect this matter will have on its future consolidated financial position, operations and cash flows. While the ultimate outcome of this uncertainty is unknown, it is reasonably possible the future impact may be materially adverse.

The Miami Foundation, Inc.

Reports Required By *Government Auditing Standards,* The Uniform Guidance, and Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

THE MIAMI FOUNDATION, INC.

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

The Miami Foundation, Inc.
Miami, Florida

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of The Miami Foundation, Inc. (the "Foundation") (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2020, 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 and have issued our report thereon dated May 18, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's consolidated 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 consolidated 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*.

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.

BDO USA, LLP

Certified Public Accountants
May 18, 2021

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, INTERNAL CONTROL OVER COMPLIANCE AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

The Miami Foundation, Inc.
Miami, Florida

Report on Compliance for Each Major Federal Program

We have audited The Miami Foundation, Inc.'s (the "Foundation") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on the Foundation's major federal program for the year ended December 31, 2020. The Foundation's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Foundation's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

Report on Internal Control Over Compliance (Continued)

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of the Foundation as of and for the year ended December 31, 2020 and have issued our report thereon dated May 18, 2021, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BDO USA, LLP

Certified Public Accountants
May 18, 2021

THE MIAMI FOUNDATION, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor, Pass-through Grantor, Program or Cluster Title	CFDA Number	Contract/ Grant Number	Amounts Passed Through to Subrecipients	Expenditures
U.S. Department of the Treasury:				
Passed through Miami-Dade County, Florida, Department of Public Housing and Community Coronavirus Relief Fund	21.019	N/A	$ -	$ 11,761,991
Total Federal Awards			**$ -**	**$ 11,761,991**

See accompanying notes to schedule of expenditures of federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. REPORTING ENTITY AND BASIS OF PRESENTATION

The reporting entity for the purposes of the accompanying Schedule of Expenditures of Federal Awards (the "Schedule") is The Miami Foundation, Inc. (the "Foundation"). The accompanying Schedule includes the federal award activity of the Foundation under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the consolidated financial position, changes in net assets or cash flows of the Foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

The Foundation elected not to use the 10% de minimis indirect cost rate.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Consolidated Financial Statements

Type of auditor's report issued on whether the consolidated financial statements were prepared in accordance with U.S. GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified?	____ Yes	X None Reported
Noncompliance material to consolidated financial statements noted?	____ Yes	X No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified?	____ Yes	X None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes	X No

Identification of major federal programs:

Federal CFDA Number	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000	
Auditee qualified as low-risk auditee? *	____ Yes	X No

* The Foundation did not qualify as a low-risk auditee because this was the first year federal funds had been received in an amount requiring an audit under 2 CFR 200.

SECTION II – CONSOLIDATED FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

CURRENT YEAR FINDINGS

None.