The Miami Foundation, Inc.

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

Keefe McCullough
CPA's + Trusted Advisors

The Miami Foundation, Inc.

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

Table of Contents

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Miami Foundation, Inc.

Opinion

We have audited the accompanying consolidated financial statements of The Miami Foundation, Inc. (a nonprofit organization) (the "Foundation"), which comprise the consolidated statement of financial position as of December 31, 2021, 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.

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

Basis for Opinion

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

Prior Period Financial Statements

The consolidated financial statements of the Foundation as of December 31, 2020, were audited by other auditors whose report dated May 18, 2021, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated May 31, 2022, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
May 31, 2022

CONSOLIDATED
FINANCIAL STATEMENTS

The Miami Foundation, Inc.
Consolidated Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets:		
Cash and cash equivalents	$ 3,681,692	$ 5,585,299
Accounts receivable, prepaid expenses and other assets	1,893,481	378,805
Contributions receivable, net	731,341	839,089
Investments	459,168,463	373,552,967
Property and equipment, net	314,281	395,949
Total assets	$ 465,789,258	$ 380,752,109
Liabilities:		
Accounts payable, accrued expenses and other liabilities	$ 1,988,059	$ 2,105,121
Paycheck Protection Program loan	-	431,204
Liabilities under annuity agreements	6,751,681	8,823,566
Funds held on behalf of others	28,501,453	24,999,152
Total liabilities	37,241,193	36,359,043
Net Assets:		
Without donor restrictions	402,481,013	322,878,892
With donor restrictions	26,067,052	21,514,174
Total net assets	428,548,065	344,393,066
Total liabilities and net assets	$ 465,789,258	$ 380,752,109

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

The Miami Foundation, Inc.
Consolidated Statements of Activities
For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Revenues:						
Contributions	$ 85,028,637	$ 24,634,233	$ 109,662,870	$ 31,808,463	$ 21,779,727	$ 53,588,190
Federal grant	-	-	-	11,761,991	-	11,761,991
Forgiveness of debt - Paycheck Protection Program	431,204	-	431,204	-	-	-
Change in value - annuities and remainder trust	499,222	12,564	511,786	(352,430)	11,499	(340,931)
Administration fees	833,704	-	833,704	473,393	-	473,393
Funding and other revenue	451,030	-	451,030	1,407,511	-	1,407,511
Investment returns, net	42,197,544	222,410	42,419,954	30,048,455	364,334	30,412,789
Net assets released from restrictions	20,316,329	(20,316,329)	-	27,789,089	(27,789,089)	-
Total revenue	149,757,670	4,552,878	154,310,548	102,936,472	(5,633,529)	97,302,943
Expenses:						
Program services:						
Grants and services to beneficiaries	65,859,423	-	65,859,423	81,301,258	-	81,301,258
Supporting services:						
Management and general	2,379,753	-	2,379,753	2,285,040	-	2,285,040
Fundraising: Building philanthropy for Miami-Dade	1,011,182	-	1,011,182	713,788	-	713,788
Total expenses	69,250,358	-	69,250,358	84,300,086	-	84,300,086
Other Gains and (Losses):						
Change in value of pension benefits	218,798	-	218,798	(41,817)	-	(41,817)
Change in net assets, before reclassification	80,726,110	4,552,878	85,278,988	18,594,569	(5,633,529)	12,961,040
Donor fund reclassification	(1,123,989)	-	(1,123,989)	-	-	-
Change in net assets	79,602,121	4,552,878	84,154,999	18,594,569	(5,633,529)	12,961,040
Net Assets, Beginning of Year	322,878,892	21,514,174	344,393,066	304,284,323	27,147,703	331,432,026
Net Assets, End of Year	$ 402,481,013	$ 26,067,052	$ 428,548,065	$ 322,878,892	$ 21,514,174	$ 344,393,066

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

The Miami Foundation, Inc.
Consolidated Statements of Functional Expenses
For the Years Ended December 31, 2021 and 2020

	2021				2020			
		Supporting Services				Supporting Services		
	Grants and Services to Beneficiaries	Management and General	Fundraising: Building Philanthropy for Miami - Dade	Total	Grants and Services to Beneficiaries	Management and General	Fundraising: Building Philanthropy for Miami - Dade	Total
Personnel Costs:								
Salaries and wages	$ 601,804	$ 1,250,404	$ 491,018	$ 2,343,226	$ 623,155	$ 1,040,042	$ 354,171	$ 2,017,368
Employee benefits and taxes	182,230	418,778	81,658	682,666	167,032	355,583	71,953	594,568
Professional development	6,771	13,130	6,387	26,288	11,208	6,186	2,106	19,500
Total personnel costs	790,805	1,682,312	579,063	3,052,180	801,395	1,401,811	428,230	2,631,436
Other Expenses:								
Conferences and travel	3,273	12,170	-	15,443	423	30,284	-	30,707
Provision for depreciation and amortization	-	112,735	-	112,735	-	115,158	-	115,158
Donor and community relations	82,225	4,191	71,802	158,218	185,279	3,685	35,624	224,588
Grants, scholarships, and awards	64,542,884	-	-	64,542,884	79,815,749	-	-	79,815,749
Insurance	-	48,341	-	48,341	-	35,085	-	35,085
Memberships, subscriptions, and dues	3,535	72,608	687	76,830	-	41,535	1,315	42,850
Office expenses	83,729	161,269	49,424	294,422	75,440	156,094	32,415	263,949
Other program expenses	46,735	-	-	46,735	1,149	3,515	-	4,664
Professional Fees	255,412	180,462	274,963	710,837	343,245	367,295	178,334	888,874
Rent and occupancy	50,825	105,665	35,243	191,733	78,578	130,578	37,870	247,026
Total other expenses	65,068,618	697,441	432,119	66,198,178	80,499,863	883,229	285,558	81,668,650
Total expenses	$ 65,859,423	$ 2,379,753	$ 1,011,182	$ 69,250,358	$ 81,301,258	$ 2,285,040	$ 713,788	$ 84,300,086

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

The Miami Foundation, Inc.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities:		
Change in net assets	$ 84,154,999	$ 12,961,040
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Provision for depreciation and amortization	112,735	115,158
Write-off of construction in progress	-	36,176
Non-cash contribution - investments	(4,275,149)	(3,132,082)
Non-cash contribution - real estate	(33,000,000)	-
Net change in value - annuities and remainder trust	(511,786)	340,931
Net realized and unrealized gain on investments	(35,925,426)	(26,955,768)
Pension adjustment	(218,798)	41,817
Forgiveness of debt - Paycheck Protection Program	(431,204)	-
Donor fund reclassification	(1,123,989)	-
(Increase) decrease in:		
Accounts receivable, prepaid expenses, and other assets	(1,315,111)	166,355
Contributions receivable	120,312	2,960,757
Increase (decrease) in:		
Accounts payable, accrued expenses, and other liabilities	(97,829)	283,884
Funds held on behalf of others	4,626,290	2,942,141
Net cash provided by (used in) operating activities	12,115,044	(10,239,591)
Cash Flows from Investing Activities:		
Purchases of property and equipment	(31,067)	(11,242)
Purchases of investments	(212,513,648)	(157,674,174)
Proceeds from the sale of investments	197,783,157	166,772,186
Net cash provided by (used in) investing activities	(14,761,558)	9,086,770
Cash Flows from Financing Activities:		
Payments received on insurance contracts	2,647,339	2,271,460
Payments to annuitants	(1,904,432)	(1,555,583)
Proceeds from Paycheck Protection Program loan	-	431,204
Net cash provided by (used in) financing activities	742,907	1,147,081
Net increase (decrease) in cash and cash equivalents	(1,903,607)	(5,740)
Cash and Cash Equivalents, Beginning of Year	5,585,299	5,591,039
Cash and Cash Equivalents, End of Year	$ 3,681,692	$ 5,585,299

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

Note 1 - Organization and Operations

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 approved the dissolution of the supporting organization. The Board of Directors agreed to 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. The distribution of assets was completed during 2021.

Note 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.

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

- *Net assets without donor restrictions* - Net assets that are not subject to donor (or certain grantor) 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 donor (or certain grantor) imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Note 2 - Summary of Significant Accounting Policies (continued)

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

Variance Power: U.S. GAAP provides that if the governing body of a community foundation has the unilateral power to redirect the use of donor contributions to another beneficiary, such contribution may be classified as net assets without donor restrictions.

Pursuant to the Foundation's bylaws, 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.

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.

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 held by financial institutions for investment purposes are included within investments in the consolidated statements of financial position.

Investments: Investments are in the custody of brokerage and investment firms who manage them in accordance with policies set by the Foundation's Board.

Investments in equity securities with readily determinable fair values are carried at market value, as quoted on major stock exchanges. Money market funds, included within cash equivalents, maintained a constant net asset value of $ 1 per share. Fixed income securities, which include U.S. government and agency obligations and corporate bonds, are carried at quoted market prices. Alternative investments and private equity funds are primarily measured at net asset value, net of related fees. Investments in alternative investments and private equity funds are valued using the most recent valuation available from the respective external fund manager. Values may be based on historical costs, appraisals, or other estimates that require varying degrees of judgment. Investments received as contributions are recorded at the quoted market value or estimated fair value at the date of receipt. 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.

Note 2 - Summary of Significant Accounting Policies (continued)

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: Property and equipment are stated at cost, if purchased, or at the estimated market value at date of receipt if acquired by donation. Property and equipment 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 related assets, except for leasehold improvements, which are amortized over their estimated useful lives or the remaining lease period, whichever is shorter. Estimated useful lives are as follows:

Computer and office equipment	2 to 5 years
Furniture	5 to 10 years
Leasehold improvements	10 years

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. As of December 31, 2021 and 2020, the Foundation is unaware of any material conditions on grants that are unlikely to be satisfied during the approved grant period.

Paycheck protection program loan: In accordance with the guidance of the AICPA in Q&A Section 3200, the Foundation has the option to report the proceeds of this forgivable loan program under FASB Accounting Standards Codification (ASC) 470, Debt or ASC 958-605, Not-for-Profit Entities Revenue Recognition, as a conditional contribution. The Foundation has elected to follow the provisions of ASC 470 in which the loan proceeds remained recorded as a liability until the loan was wholly or partially forgiven and was legally released by the Small Business Administration ("SBA").

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, 2021 and 2020, 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 (loss).

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.

Funds held on behalf others: The Foundation accepts funds ("agency 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.

Note 2 - Summary of Significant Accounting Policies (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 approximately $ 28,501,000 and $ 24,999,000 as of December 31, 2021 and 2020, respectively.

Revenue and revenue recognition: The Foundation recognizes contributions (nonexchange transactions) when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met or explicitly waived. Bequests are recognized when all requirements for the transfer of the assets to the Foundation have been met, appropriate court orders have been issued and the amount is determinable. Assets received before the barrier is overcome are accounted for as refundable advances.

Grant revenue, which is conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses, is recognized when the allowable costs and/or program requirements, as defined by the grant, are incurred. Amounts received prior to incurring qualified expenditures are accounted for as refundable advances and are reflected under the caption “Accounts payable, accrued expenses and other liabilities” in the accompanying consolidated statements of financial position.

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 $ 33,016,000 and $ 16,821,000 during the years ended December 31, 2021 and 2020, respectively.

Exchange transactions: Reciprocal transfers in which each party receives and sacrifices goods or services with approximate commensurate value are recognized as exchange transactions. 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. The Foundation considers as exchange transactions those in which it receives consideration from agencies for grant administration services associated with fiscal sponsorships and fiscal agency funds.

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.

The Foundation holds funds and invests on behalf of other unrelated organizations and earns a fee for 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 quarterly on the fund balance.

Note 2 - Summary of Significant Accounting Policies (continued)

The Foundation's revenue from administration services was approximately $ 834,000 and $ 473,000 for the years ended December 31, 2021 and 2020, respectively, and is included in the consolidated statements of activities as "Administration fees." Deferred revenue related to administration services was approximately $ 901,000 and $ 836,000 during the years ended December 31, 2021 and 2020, respectively, and is included in the consolidated statements of financial position as "Accounts payable, accrued expenses and other liabilities."

Foundation management fees: The Foundation assesses an annual administrative fee ranging from 0.10% to 4.00% of the fair market value of assets under management. The Foundation also assesses a one-time administrative fee of 8% on fiscal sponsorship funds. The administrative fee is used to support the operations of the Foundation. Administrative fees amounted to approximately $ 3,956,000 and $ 3,847,000 for the years ended December 31, 2021 and 2020, respectively.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Expenses that can be directly identified with a program or supporting service are charged accordingly. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel expenses, and most other expenses, are allocated on the basis of estimated time and effort; unless specifically determined by management on an account by account basis.

Advertising costs: Advertising costs are charged to expense as incurred.

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.

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 not have a material effect on the Foundation's consolidated financial statements, though such an effect is possible.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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.

Use of 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 may differ from these estimates under different assumptions or conditions, and the differences may be material.

Concentrations of credit risk: The majority of the Foundation's donors are located in South Florida. One donor accounted for 30% and one donor accounted for 31% of contributions during the years ended December 31, 2021 and 2020, respectively. A decrease in the contributions from these donors could have a significant impact on the Foundation's consolidated financial statements.

Reclassifications: Prior period consolidated financial statement amounts have been reclassified to conform to current period presentation.

Subsequent Events: The Foundation has evaluated subsequent events through May 31, 2022, which is the date the consolidated financial statements were available to be issued.

Note 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 investment committee monitors assets and portfolio allocations for alignment with the parameters established under the investment policy. Market performance is monitored continuously including review of quarterly reports and investment performance. Furthermore, the Executive Committee as well as the Board review the consolidated statements of financial position and consolidated statements of activities results periodically.

Note 3 - Liquidity Management and Availability of Resources (continued)

The Foundation's financial assets available within one year of the consolidated statements of financial position date for general expenditures as of December 31, 2021 and 2020 are as follows:

	2021	2020
Cash and cash equivalents	$ 3,681,692	$ 5,585,299
Accounts receivable, current	1,471,280	140,286
Contributions receivable, net	731,341	839,089
Investments	459,168,463	373,552,967
Total financial assets	465,052,776	380,117,641
Less: Designated funds	196,855,272	167,212,314
Available financial assets	268,197,504	212,905,327
Less: Investments held for others	28,501,453	24,999,152
Contributions receivable, net	731,341	839,089
Assets restricted by donors for general programs	25,576,416	20,903,245
Investments not immediately redeemable	2,247,311	976,113
Unfunded commitments on investments	5,435,626	6,019,569
Total financial assets available within one year	$ 205,705,357	$ 159,168,159

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. The Foundation's spending is disclosed in Note 5.

Note 4 - Contributions Receivable, net

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

	2021	2020
Charitable remainder trust	$ 511,965	$ 511,965
Contributions receivable	509,433	617,181
Present value discount	(290,057)	(290,057)
Contributions receivable, net	$ 731,341	$ 839,089

Note 4 - Contributions Receivable, net (continued)

Contributions receivable consist of two unitrusts, a charitable lead trust, and the net cash surrender value of three life insurance policies, which named the Foundation as a remainder beneficiary (Note 10). 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, 2021 and 2020. The Foundation has not set up reserves for these contributions receivable as management anticipates they are fully collectible.

Note 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 six 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.

The following is a description of the Foundation's investment pools as of December 31, 2021 and 2020:

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 Index Pool - This pool is designed to achieve a moderate to high risk adjusted returns with an emphasis on total returns through broad market asset classes.

Note 5 - Investments (continued)

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, addressing environmental challenges, reducing waste, using clean energy, providing more affordable housing, 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.

Spending Policy: The Investment Committee of the Board of Trustees evaluates the spending rate of grants periodically in light of total estimated long-term results from investments, fees, expenses and the effects of inflation. For the years ended December 31, 2021 and 2020, the Board set the grant spending rate at 4.00% of the rolling twelve-quarter average fair value of the applicable Funds.

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 estimated fair market values.

Investments consist of the following as of December 31,:

Investment Type	2021	2020
Fixed income	$ 76,909,708	$ 57,363,797
Domestic equity	116,085,238	93,363,318
International equity	108,243,267	83,346,591
Alternative investments	50,003,676	40,845,323
Cash equivalents	57,155,611	44,847,896
Diversified mutual funds	32,908,692	33,635,569
Private equity	413,821	386,453
Investments, at fair value	441,720,013	353,788,947
Insurance contracts, at contract value	17,448,450	19,764,020
Total investments	$ 459,168,463	$ 373,552,967

Note 5 - Investments (continued)

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

	2021	2020
Dividends and interest	$ 7,965,803	$ 4,725,406
Realized and unrealized gain (loss) on investments	35,925,426	26,955,768
Investment management and consulting fees	(1,471,275)	(1,268,385)
	$ 42,419,954	$ 30,412,789

Investment earnings from annuity assets of approximately $ 339,000 and $ 1,232,000 during the years ended December 31, 2021 and 2020, respectively, were included in the consolidated statements of activities within the caption “Change in value - annuities and remainder trust”.

Note 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 inputs are summarized in the three levels listed below:

- Level 1 - inputs are quoted market prices (unadjusted) in active markets for identical investments that the reporting entity can access at the measurement date.

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

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

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 inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities.

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, 2021 and 2020.

Note 6 - Fair Value Measurements (continued)

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.

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

Diversified and other 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 Measurement at Reporting Date Using:		
Description	Fair Value 12/31/2021	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	$ 76,909,708	$ 76,909,708	$ -	$ -
Domestic equity	116,085,238	116,085,238	-	-
International equity	108,243,267	108,243,267	-	-
Cash equivalents	57,155,611	57,155,611	-	-
Diversified mutual funds	32,908,692	32,908,692	-	-
Total assets in the fair value hierarchy	391,302,516	391,302,516	-	-
Assets measured at NAV	50,417,497	-	-	-
	$ 441,720,013	$ 391,302,516	$ -	$ -
Insurance contracts, at contract value	$ 17,448,450	$ -	$ -	$ 17,448,450

Note 6 - Fair Value Measurements (continued)

Description	Fair Value 12/31/2020	Fair Value Measurement at Reporting Date Using: 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	33,635,569	33,635,569	-	-
Total assets in the fair value hierarchy	312,557,171	312,557,171	-	-
Assets measured at NAV	41,231,776	-	-	-
	$ 353,788,947	$ 312,557,171	$ -	$ -
Insurance contracts, at contract value	$ 19,764,020	$ -	$ -	$ 19,764,020

Alternative Investments and Private Equity: These investments include hedge funds and limited partnerships where the Foundation has the right to withdraw its investments after the expiration of "lock-up" periods, generally of one to three years, pursuant to the respective offering memorandums. 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, 2021:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
SEI Structured Credit (a)	$ 11,777,742	$ -	Quarterly	65 days
SEI Core Property Fund (b)	11,642,936	-	Quarterly	95 days
Portfolio Advisors Private Equity Fund IV (c)	61,316	48,255	Illiquid	None
Portfolio Advisors Private Equity Fund VI (c)	352,505	80,795	Illiquid	None
Vintage European Opportunity Fund (d)	379,251	80,316	Illiquid	None
SEI Energy Fund (e)	9,229,293	-	Semi-annual	95 days
SEI Hedge Fund (f)	15,520,215	-	Quarterly	95 days
SEI Global Private Assets V, L.P. (g)	1,454,239	5,226,260	Illiquid	None
Total	$ 50,417,497	$ 5,435,626		

Note 6 - Fair Value Measurements (continued)

(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.

Note 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.

During the years ended December 31, 2021 and 2020, the net change in value of annuity assets and liabilities was approximately $ 499,000 and ($ 352,000), 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 change in value – annuities and remainder trust."

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

	2021	2020
Cash and cash equivalents	$ 325,241	$ 928,993
Investments, including insurance contracts and other assets	19,557,232	20,697,728
Total assets	$ 19,882,473	$ 21,626,721
Payments due to annuitants	$ 6,751,681	$ 8,823,566
Accrued expenses	-	6,536
Total liabilities	$ 6,751,681	$ 8,830,102
Net assets	$ 13,130,792	$ 12,796,619

Note 8 - Property and Equipment

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

	2021	2020
Computer and office equipment	$ 298,250	$ 269,048
Furniture	174,276	174,276
Leasehold improvements	705,975	704,110
	1,178,501	1,147,434
Accumulated depreciation and amortization	(864,220)	(751,485)
	$ 314,281	$ 395,949

Depreciation and amortization expense for the years ended December 31, 2021 and 2020 totaled approximately $ 113,000 and $ 115,000, respectively.

Note 9 - Paycheck Protection Program Loan

During the year ended December 31, 2020, the Foundation executed a promissory note for $ 431,204 under the Paycheck Protection Program (“PPP”) authorized by the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). Under the PPP, loan funds are eligible for forgiveness to the extent that they are used for to cover certain payroll, rent, and utility costs; and if the Foundation maintains certain employment levels during a specified period of time. If the Small Business Administration (“SBA”) confirms full forgiveness of the unpaid balance of the note, the Foundation’s obligation under this arrangement is deemed fully satisfied. The Foundation remains obligated to repay to the lender any amount not forgiven, which matures on the 2nd anniversary of the note. The loan bears interest at a rate of 1.00% per annum. Principal and interest payments are deferred until the lender receives a forgiveness determination from the SBA. Effective July 2021, the SBA granted the Foundation full forgiveness/legal release of this loan; therefore, the income is recognized on the accompanying consolidated statements of activities as forgiveness of debt – Paycheck Protection Program.

Note 10 - Net Assets

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

	2021	2020
Administration	$ 11,667,274	$ 10,187,397
Supporting organizations	4,924,550	4,432,591
Undesignated	189,033,917	141,046,590
Designated funds	196,855,272	167,212,314
	$ 402,481,013	$ 322,878,892

Note 10 - Net Assets (continued)

The major fund categories are as follows:

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

Support 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.

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

	2021	2020
Restricted by donors with specific purpose/time restrictions:		
General programs	$ 25,576,416	$ 20,903,245
Charitable remainder and lead trusts	490,636	610,929
	$ 26,067,052	$ 21,514,174

Net assets with donor restrictions consist of the fiscal sponsorship funds, three 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,:

	2021	2020
General programs	$ 20,316,329	$ 27,789,089

Note 11 - Retirement Plans

Defined Benefit 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 each of the years ended December 31, 2021 and 2020, the Foundation contributed $ 50,000. The Foundation's best estimate of contribution for the next fiscal year is $ 50,000.

Note 11 - Retirement Plans (continued)

Information related to the Foundation's funded status, which is included within "Accounts receivable, prepaid expenses, and other assets" as of December 31 2021 and "Accounts payable, accrued expenses and other liabilities" as of December 31, 2020 in the consolidated statements of financial position is as follows as of December 31,:

	2021	2020
Fair value of plan assets	$ 1,340,846	$ 1,180,855
Projected benefit obligation*	(1,141,281)	(1,200,088)
Funded status	$ 199,565	$ (19,233)

*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 approximately ($ 43,000) and ($ 29,000) for the years ended December 31, 2021 and 2020, respectively. The components of the net periodic pension benefit are as follows for the years ended December 31,:

	2021	2020
Service cost	$ 6,771	$ 5,878
Interest cost	28,557	33,283
Expected return on plan assets	(82,995)	(71,649)
Amount of recognized actuarial loss	4,836	3,088
Net periodic pension benefit	$ (42,831)	$ (29,400)

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

	2021	2020
Fair value of plan assets, at beginning of the year	$ 1,180,855	$ 1,023,552
Actual return on plan assets	137,186	129,908
Contributions	50,000	50,000
Benefits paid, including expense charges	(27,195)	(22,605)
Fair value of plan assets, at the end of the year	$ 1,340,846	$ 1,180,855

Note 11 - Retirement Plans (continued)

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

	2021	2020
Benefit obligation, at the beginning of the year	$ 1,200,088	$ 1,050,968
Service cost	6,771	5,878
Interest cost	28,557	33,283
Assumption changes	(72,313)	132,084
Actuarial loss (gain)	5,373	480
Expense charges	(6,771)	(5,878)
Benefits paid	(20,424)	(16,727)
Benefit obligation, at the end of the year	$ 1,141,281	$ 1,200,088

The following assumptions were used in accounting for the defined benefit plan for the years ended December 31,:

	2021	2020
Weighted-average assumptions used to determine benefit obligations:		
Discount rate	2.75%	2.40%
Weighted-average assumptions used to determine net periodic benefit cost::		
Discount rate	2.75%	2.40%
Expected return on plan assets	7.00%	7.00%

The expected rate of return on the plan assets is determined by those assets' historical long-term investment performance, current asset allocation, and estimates of future long-term returns by asset class.

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

	2021		2020	
	Amount	Percent	Amount	Percent
Equity	$ 787,501	59%	$ 719,974	61%
Fixed income and other	523,181	39%	444,235	38%
Cash and equivalents	30,164	2%	16,646	1%
Plan assets	$ 1,340,846	100%	$ 1,180,855	100%

Note 11 - Retirement Plans (continued)

As of December 31, 2021, the expected payout of pension benefits is approximately as follows for the years ending December 31,:

2022	$	24,000
2023	$	24,000
2024	$	24,000
2025	$	23,000
2026	$	23,000
2027-2031	$	816,000

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.

Defined Contribution Plan: In January 2009, the Foundation started a 403(b) contributory retirement plan. The Foundation provides a match of 100% of the employee's first 3% elective contributions and 50% of the next 2% elective contributions, of qualified compensation. The Plan also provides for additional discretionary contributions. The Foundation contributes 1% of an employee's salary once the employee has completed one year of service with the Foundation. Total employer contributions to this plan were approximately $ 106,000 and $ 95,000 for the years ended December 31, 2021 and 2020, respectively.

Note 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, 2021 and 2020, the deferred rent liability balance was approximately $ 207,000 and $ 269,000, 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 approximately $ 111,000 and $ 149,000 during the years ended December 31, 2021 and 2020, respectively.

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

2022	$	175,000
2023		181,000
2024		186,000
	$	542,000

Note 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.

INTERNAL CONTROLS AND COMPLIANCE

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

To the Board of Trustees
The Miami Foundation, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of The Miami Foundation, Inc. and affiliates (a nonprofit organization) (the "Foundation"), which comprise the consolidated statement of financial position as of December 31, 2021, 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 31, 2022.

Report on 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on 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.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
May 31, 2022