The Miami Foundation, Inc.

Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Keefe McCullough
CPAs + Trusted Advisors

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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 statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 opinions.

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; and for 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 August 8, 2023, 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
August 8, 2023

CONSOLIDATED
FINANCIAL STATEMENTS

Keefe McCullough
CPAs + Trusted Advisors

The Miami Foundation, Inc.
Consolidated Statements of Financial Position
For the Years Ended December 31, 2022 and 2021

	2022	2021
Assets:		
Cash and cash equivalents	$ 12,791,544	$ 3,681,692
Accounts receivable, prepaid expenses, and other assets	846,906	1,893,481
Contributions receivable, net	597,138	731,341
Investments	427,975,198	459,168,463
Property and equipment, net	228,779	314,281
Total assets	$ 442,439,565	$ 465,789,258
Liabilities:		
Accounts payable, accrued expenses, and other liabilities	$ 1,924,465	$ 1,988,059
Liabilities under annuity agreements	5,184,032	6,751,681
Funds held on behalf of others	32,364,931	28,501,453
Total liabilities	39,473,428	37,241,193
Net Assets:		
Without donor restrictions	382,630,534	402,481,013
With donor restrictions	20,335,603	26,067,052
Total net assets	402,966,137	428,548,065
Total liabilities and net assets	$ 442,439,565	$ 465,789,258

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, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:						
Contributions of cash and other financial assets	$ 78,681,727	$ 19,199,786	$ 97,881,513	$ 52,028,637	$ 24,634,233	$ 76,662,870
Contributions of nonfinancial assets	-	-	-	33,000,000	-	33,000,000
Forgiveness of debt - Paycheck Protection Program	-	-	-	431,204	-	431,204
Change in value - annuities and remainder trust	398,471	(5,183)	393,288	499,222	12,564	511,786
Administration fees	1,059,510	-	1,059,510	833,704	-	833,704
Fundraising and other revenue	353,756	-	353,756	451,030	-	451,030
Investment returns, net	(45,120,740)	(59,808)	(45,180,548)	42,197,544	222,410	42,419,954
Net assets released from restrictions	24,866,244	(24,866,244)	-	20,316,329	(20,316,329)	-
Total revenues	60,238,968	(5,731,449)	54,507,519	149,757,670	4,552,878	154,310,548
Expenses:						
Program services:						
Grants and services to beneficiaries	75,796,160	-	75,796,160	65,859,423	-	65,859,423
Supporting services:						
Management and general	2,820,080	-	2,820,080	2,379,753	-	2,379,753
Fundraising: Building philanthropy for Miami-Dade	1,568,704	-	1,568,704	1,011,182	-	1,011,182
Total expenses	80,184,944	-	80,184,944	69,250,358	-	69,250,358
Other Gains and (Losses):						
Change in value of pension benefits	79,750	-	79,750	218,798	-	218,798
Change in net assets, before reclassification	(19,866,226)	(5,731,449)	(25,597,675)	80,726,110	4,552,878	85,278,988
Donor fund reclassification	-	-	-	(1,123,989)	-	(1,123,989)
Change in net assets	(19,866,226)	(5,731,449)	(25,597,675)	79,602,121	4,552,878	84,154,999
ASC 842 Adjustment	15,747	-	15,747	-	-	-
Net Assets, Beginning of Year	402,481,013	26,067,052	428,548,065	322,878,892	21,514,174	344,393,066
Net Assets, End of Year	$ 382,630,534	$ 20,335,603	$ 402,966,137	$ 402,481,013	$ 26,067,052	$ 428,548,065

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, 2022 and 2021

	2022				2021			
		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	$ 957,476	$ 1,523,623	$ 755,986	$ 3,237,085	$ 601,804	$ 1,250,404	$ 491,018	$ 2,343,226
Employee benefits and taxes	237,453	369,759	122,685	729,897	182,230	418,778	81,658	682,666
Professional development	8,867	10,363	8,384	27,614	6,771	13,130	6,387	26,288
Total personnel costs	1,203,796	1,903,745	887,055	3,994,596	790,805	1,682,312	579,063	3,052,180
Other Expenses:								
Conferences and travel	20,199	20,177	4,100	44,476	3,273	12,170	-	15,443
Provision for depreciation and amortization	-	111,223	-	111,223	-	112,735	-	112,735
Donor and community relations	53,769	34,085	63,584	151,438	82,225	4,191	71,802	158,218
Grants, scholarships, and awards	73,081,376	10,313	-	73,091,689	64,542,884	-	-	64,542,884
Insurance	-	64,074	-	64,074	-	48,341	-	48,341
Memberships, subscriptions, and dues	2,305	65,027	1,320	68,652	3,535	72,608	687	76,830
Office expenses	118,921	172,524	81,498	372,943	83,729	161,269	49,424	294,422
Other program expenses	417	731	-	1,148	46,735	-	-	46,735
Professional fees	1,161,241	323,653	484,409	1,969,303	255,412	180,462	274,963	710,837
Rent and occupancy	154,136	114,528	46,738	315,402	50,825	105,665	35,243	191,733
Total other expenses	74,592,364	916,335	681,649	76,190,348	65,068,618	697,441	432,119	66,198,178
Total expenses	$ 75,796,160	$ 2,820,080	$ 1,568,704	$ 80,184,944	$ 65,859,423	$ 2,379,753	$ 1,011,182	$ 69,250,358

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

	2022	2021
Cash Flows from Operating Activities:		
Change in net assets	$ (25,597,675)	$ 84,154,999
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Provision for depreciation and amortization	111,223	112,735
Non-cash contribution - investments	(6,413,191)	(4,275,149)
Non-cash contribution - real estate	-	(33,000,000)
Net change in value - annuities and remainder trust	(393,288)	(511,786)
Net realized and unrealized gain on investments	52,825,349	(35,925,426)
Pension adjustment	(79,750)	(218,798)
Amortization of operating lease right-of-use asset	156,605	-
Forgiveness of debt - Paycheck Protection Program	-	(431,204)
Donor fund reclassification	-	(1,123,989)
(Increase) decrease in:		
Accounts receivable, prepaid expenses, and other assets	1,449,002	(1,315,111)
Contributions receivable	129,020	120,312
Increase (decrease) in:		
Accounts payable, accrued expenses, and other liabilities	(527,129)	(97,829)
Funds held on behalf of others	3,863,478	4,626,290
Net cash provided by (used in) operating activities	25,523,644	12,115,044
Cash Flows from Investing Activities:		
Purchases of property and equipment	(25,721)	(31,067)
Purchases of investments	(189,643,378)	(212,513,648)
Proceeds from the sale of investments	171,703,017	197,783,157
Net cash provided by (used in) investing activities	(17,966,082)	(14,761,558)
Cash Flows from Financing Activities:		
Payments received on insurance contracts	2,860,873	2,647,339
Payments to annuitants	(1,308,583)	(1,904,432)
Net cash provided by (used in) financing activities	1,552,290	742,907
Net increase (decrease) in cash and cash equivalents	9,109,852	(1,903,607)
Cash and Cash Equivalents, Beginning of Year	3,681,692	5,585,299
Cash and Cash Equivalents, End of Year	$ 12,791,544	$ 3,681,692

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 has a robust Fiscal Sponsorship portfolio that enables charitable projects to raise tax exempt funds to support their work under the Miami Foundation's umbrella. 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 supporting organization The College Assistance Program ("CAP") of Miami-Dade County, Inc. (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.

Previously, the consolidated financial statements also included the accounts of supporting organization DadeFund, Inc. ("DadeFund"). During the year ended December 31, 2020, DadeFund's Board of Directors approved its dissolution. 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 Foundation. 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 long-term 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, including private equity funds, are primarily measured at net asset value, net of related fees. Investments in alternative investment 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

Leases: The Foundation has entered into an operating lease for office space. The obligations associated with this lease have been recognized as a liability in the consolidated statement of financial position based on the future lease payments, discounted by the ten-year treasury rate at the inception of the lease. The Foundation determines if an arrangement is or contains a lease at inception. Lease terms may include options to extend or terminate certain leases. The value of an option is reflected in the valuation of the lease if it is reasonably certain management will exercise an option to extend or terminate a lease.

In 2022, the Foundation adopted FASB Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842),* as amended. This guidance is intended to improve financial reporting of lease transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than 12 months. Key provisions in this guidance include additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. The Foundation elected the modified retrospective transition method, presenting the impact of ASU 2016 in the current year of adoption only, with the cumulative effect of initially applying the guidance recognized at the beginning of the current year. This resulted in an adjustment to net assets as of January 1, 2022 of approximately $ 15,000. The Foundation also elected the package of practical expedients that permits no reassessment of whether any expired or existing contracts are or contain a lease, the lease classification for any expired or expiring leases, and any initial direct costs for any existing leases as of the effective date.

As a result of implementing the standard, the Foundation recognized (a) operating lease liabilities representing the present value of the remaining lease payments, discounted using the ten-year treasury rate at the inception of the lease of 1.81%, totaling approximately $ 527,000 as of January 1, 2022 and (b) operating right-of-use assets totaling approximately $ 479,000 as of January 1, 2022.

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, 2022 and 2021, the Foundation is unaware of any material conditions on grants that are unlikely to be satisfied during the approved grant period.

Note 2 - Summary of Significant Accounting Policies (continued)

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, 2022 and 2021, the annuities payable are discounted at a rate of 4.50%. 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.

U.S. GAAP requires that a recipient organization recognize the fair value of the agency funds as a liability. Funds held on behalf of others are comprised of cash and investments held at financial institutions and amounted to approximately $ 32,365,000 and $ 28,501,000 as of December 31, 2022 and 2021, 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.

Note 2 - Summary of Significant Accounting Policies (continued)

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 $ 25,991,000 and $ 33,016,000 during the years ended December 31, 2022 and 2021, 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.

The Foundation's revenue from administration services was approximately $ 1,060,000 and $ 834,000 for the years ended December 31, 2022 and 2021, respectively, and is included in the consolidated statements of activities as "Administration fees." Deferred revenue related to administration services was approximately $ 775,000 and $ 902,000 during the years ended December 31, 2022 and 2021, 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 8.00% on fiscal sponsorship funds. The administrative fee is used to support the operations of the Foundation. Administrative fees amounted to approximately $ 4,981,000 and $ 4,772,000 for the years ended December 31, 2022 and 2021, 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.

Note 2 - Summary of Significant Accounting Policies (continued)

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, with the exception of any unrelated business income. Management has evaluated the unrelated business income tax implications and believes that the effects, if any, are immaterial to the Foundation's financial statements. Accordingly, no provision for income taxes has been made. 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.

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. Two donors accounted for 28% and one donor accounted for 30% of contributions during the years ended December 31, 2022 and 2021, respectively. A decrease in the contributions from these, or any other key donors, could have a significant impact on the Foundation's consolidated financial statements.

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

Subsequent Events: The Foundation has evaluated subsequent events through August 8, 2023, 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 are as follows at December 31,:

	2022	2021
Cash and cash equivalents	$ 12,791,544	$ 3,681,692
Accounts receivable, current	61,771	1,471,280
Contributions receivable, net	597,138	731,341
Investments	427,975,198	459,168,463
Total financial assets	441,425,651	465,052,776
Less: Supporting organization funds	4,432,573	4,924,550
Designated funds	199,990,487	196,855,272
Available financial assets	237,002,591	263,272,954
Less: Investments held for others	32,364,931	28,501,453
Contributions receivable, net	597,138	731,341
Assets restricted by donors for general programs	19,973,956	25,576,416
Investments not immediately redeemable	3,048,496	2,247,311
Unfunded commitments on investments	4,018,062	5,435,626
Total financial assets available within one year	$ 177,000,008	$ 200,780,807

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.

Note 4 - Contributions Receivable, net

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

	2022	2021
Charitable remainder trusts	$ 511,965	$ 511,965
Contributions receivable	375,230	509,433
Present value discount	(290,057)	(290,057)
Contributions receivable, net	$ 597,138	$ 731,341

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, 2022 and 2021. 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, 2022 and 2021:

The Long-Term Pool - The Long-Term Pool seeks a more consistent return stream with lower year-to-year volatility and the greatest long-term impact for a donor with a long-term grant horizon. Broadly diversified in traditional asset classes, the Pool also includes less traditional exposures (i.e. less liquid strategies) to help enhance return and manage risk in a variety of market environments. The desired investment objective is a long-term risk-adjusted rate of return on assets that will exceed an amount necessary to meet the typical need for grants of endowed accounts with a long-term objective, administrative expenses and the assumed rate of inflation as measured by the Consumer Price Index (CPI). The Pool has adopted a "total return" investment approach including capital appreciation, dividends and interest income.

Note 5 – Investments (continued)

The Index Pool - The Index Pool is a simplified and traditional portfolio offering broad market asset classes such as U.S. and international equities and investment-grade fixed income. A key component to this Pool is the exclusive use of passive/index strategies to keep costs lower than a traditional actively managed portfolio and in an effort to provide market-like returns. The investment strategy for the Index Pool is to achieve moderate to high risk-adjusted returns with an emphasis on total returns. The desired investment objective is a long-term rate of return on assets that is sufficient to meet the typical need for grants of endowed accounts with a long-term objective, administrative expenses and assumed rate of inflation as measured by the CPI.

The Balanced Pool - The investment strategy for the Balanced Pool is to achieve moderate risk-adjusted returns with an emphasis on total returns. Broadly diversified in traditional asset classes, the Pool may also include less traditional assets (i.e. less liquid strategies) to help enhance return and manage risk in a variety of market environments. The desired investment objective is a moderate-term rate of return on assets that is sufficient to meet the typical need for grants of endowed accounts with a moderate-term objective, administrative expenses and the assumed rate of inflation as measured by the CPI.

The Income Pool - The investment strategy for the Income Pool is to achieve low to moderate risk-adjusted returns with an emphasis on total returns. As such the investment parameters will be limited to the highest quality fixed-income instruments and cash equivalents. The Income Pool may invest in other types of securities, including stock, provided that the corporation is organized under U.S. laws, is listed on a nationally recognized market exchange and conforms to the reporting requirements under the Investment Company Act of 1940. The desired investment objective is to provide stability and income to meet short-term grantmaking needs by donors.

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

The Social Impact Pool - The objective of the Social Impact Pool is to provide sustainable long-term financial return, by investing primarily in equity and fixed income securities of public companies that effectively and prudently govern with respect to their impact on the environment, business practices, contribution to local communities and promotion of diversity and equality in the workplace. Investments in the Social Impact Pool are designed to encourage long-term and meaningful change by influencing corporate behavior as well as promote positive socioeconomic impact. The desired investment objective is a long-term, risk-adjusted rate of return on assets that is sufficient to meet the typical need for grants of endowed accounts with a long-term objective, administrative expenses and the assumed rate of inflation as measured by the CPI.

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, 2022 and 2021, 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.

Note 5 - Investments (continued)

Investments consist of the following as of December 31,:

Investment Type	2022	2021
Fixed income	$ 63,427,579	$ 76,909,708
Domestic equity	103,845,105	116,085,238
International equity	100,816,036	108,243,267
Alternative investments	44,810,682	50,003,676
Cash equivalents	69,538,923	57,155,611
Diversified mutual funds	30,531,240	32,908,692
Private equity	278,651	413,821
Investments, at fair value	413,248,216	441,720,013
Insurance contracts, at contract value	14,726,982	17,448,450
Total investments	$ 427,975,198	$ 459,168,463

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

	2022	2021
Dividends and interest	$ 9,181,488	$ 7,965,803
Realized and unrealized gain (loss) on investments	(52,825,349)	35,925,426
Investment management and consulting fees	(1,536,687)	(1,471,275)
	$ (45,180,548)	$ 42,419,954

Investment earnings from annuity assets of approximately $ 175,000 and $ 339,000 during the years ended December 31, 2022 and 2021, 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 ASC established a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The 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.

Note 6 - Fair Value Measurements (continued)

- 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, 2022 and 2021.

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.

Note 6 - Fair Value Measurements (continued)

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 12/31/2022	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	$ 63,427,579	$ 63,427,579	$ -	$ -
Domestic equity	103,845,105	103,845,105	-	-
International equity	100,816,036	100,816,036	-	-
Cash equivalents	69,538,923	69,538,923	-	-
Diversified mutual funds	30,531,240	30,531,240	-	-
Total assets in the fair value hierarchy	368,158,883	368,158,883	-	-
Assets measured at NAV	45,089,333	-	-	-
	$ 413,248,216	$ 368,158,883	$ -	$ -
Insurance contracts, at contract value	$ 14,726,982	$ -	$ -	$ 14,726,982

		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)

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, 2022:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
SEI Structured Credit (a)	$ 11,459,313	$ -	Quarterly	65 days
SEI Core Property Fund (b)	13,908,906	-	Quarterly	95 days
Portfolio Advisors Private Equity Fund IV (c)	42,501	32,655	Illiquid	None
Portfolio Advisors Private Equity Fund VI (c)	236,150	68,720	Illiquid	None
Vintage European Opportunity Fund (d)	250,648	74,787	Illiquid	None
SEI Energy Fund (e)	2,617,546	-	Semi-annual	95 days
SEI Hedge Fund (f)	14,055,072	-	Quarterly	95 days
SEI Global Private Assets V, L.P. (g)	2,519,197	3,841,900	Illiquid	None
Total	$ 45,089,333	$ 4,018,062		

(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.

Note 7 – Annuities (Continued)

During the years ended December 31, 2022 and 2021, the net change in value of annuity assets and liabilities was approximately $ 398,000 and $ 499,000, 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,:

	2022	2021
Cash and cash equivalents	$ 354,410	$ 325,241
Investments, including insurance contracts and other assets	17,960,667	19,557,232
Total assets	$ 18,315,077	$ 19,882,473
Payments due to annuitants	$ 5,184,032	$ 6,751,681
Total liabilities	$ 5,184,032	$ 6,751,681
Net assets	$ 13,131,045	$ 13,130,792

Note 8 - Property and Equipment

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

	2022	2021
Computer and office equipment	$ 126,366	$ 298,250
Furniture	189,577	174,276
Leasehold improvements	708,039	705,975
	1,023,982	1,178,501
Accumulated depreciation and amortization	(795,203)	(864,220)
	$ 228,779	$ 314,281

Depreciation and amortization expense for the years ended December 31, 2022 and 2021 totaled approximately $ 111,000 and $ 113,000, 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 during the year ended December 31, 2021.

Note 10 - Net Assets

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

	2022	2021
Administration	$ 14,290,783	$ 11,667,274
Supporting organization	4,432,573	4,924,550
Undesignated	163,916,691	189,033,917
Designated funds	199,990,487	196,855,272
	$ 382,630,534	$ 402,481,013

The major fund categories are as follows:

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

Supporting organization: Component funds for CAP 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.

Note 10 - Net Assets (Continued)

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

	2022	2021
Restricted by donors with specific purpose/time restrictions:		
General programs	$ 19,973,956	$ 25,576,416
Charitable remainder and lead trusts	361,647	490,636
	$ 20,335,603	$ 26,067,052

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,:

	2022	2021
General programs	$ 24,866,244	$ 20,316,329

Note 11 – Contributed Nonfinancial Assets

The Foundation received the following contributions of nonfinancial assets for the years ended December 31,:

	2022	2021
Real Estate	$ -	$ 33,000,000

A number of unpaid volunteers have made contributions of their time to develop and continue the programs of the Foundation. Contributed services are recognized as contributions if the services: (a) create or enhance nonfinancial assets and (b) require specialized skills, are performed by people with those skills, and would otherwise have been purchased. The Foundation has not disclosed the value of these services in the accompanying financial statements since it is not susceptible to objective measurement and valuation. Contributed facilities and goods/equipment are recorded at their estimated fair market value when received. From time to time, the Foundation receives contributed real estate that is reported at its appraised value.

Note 12 - 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 the year ended December 31, 2021, the Foundation contributed $ 50,000. No employer contributions were made during 2022. The Foundation's best estimate of contribution for the next fiscal year is $ 50,000.

Note 12 - Retirement Plans (continued)

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

	2022	2021
Fair value of plan assets	$ 1,096,792	$ 1,340,846
Projected benefit obligation*	(817,477)	(1,141,281)
Funded status	$ 279,315	$ 199,565

*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 $ 61,000 and $ 43,000 for the years ended December 31, 2022 and 2021, respectively. The components of the net periodic pension benefit are as follows for the years ended December 31,:

	2022	2021
Service cost	$ -	$ (6,771)
Interest cost	(31,055)	(28,557)
Expected return on plan assets	92,993	82,995
Amount of recognized actuarial loss	(805)	(4,836)
Net periodic pension benefit	$ 61,133	$ 42,831

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

	2022	2021
Fair value of plan assets, beginning of year	$ 1,340,846	$ 1,180,855
Actual return on plan assets	(219,316)	137,186
Contributions	-	50,000
Benefits paid, including expense charges	(24,738)	(27,195)
Fair value of plan assets, end of year	$ 1,096,792	$ 1,340,846

Note 12 - Retirement Plans (continued)

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

		2022		2021
Benefit obligation, beginning of year	$	1,141,281	$	1,200,088
Service cost		-		6,771
Interest cost		31,055		28,557
Assumption changes		(72,313)		(72,313)
Actuarial loss (gain)		(257,808)		5,373
Expense charges		-		(6,771)
Benefits paid		(24,738)		(20,424)
Benefit obligation, end of year	$	817,477	$	1,141,281

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

	2022	2021
Weighted-average assumptions used to determine benefit obligations:		
Discount rate	5.00%	2.75%
Weighted-average assumptions used to determine net periodic benefit cost:		
Discount rate	5.00%	2.75%
Expected return on plan assets	4.00%	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,:

		2022			2021	
		Amount	Percent		Amount	Percent
Equity	$	-	0.0%	$	787,501	58.7%
Fixed income and other		1,360	0.1%		523,181	39.0%
Cash and equivalents		1,095,432	99.9%		30,164	2.2%
Plan assets	$	1,096,792	100.0%	$	1,340,846	100.0%

In March 2023, the Foundation terminated the pension plan and paid a total of $1,122,000 in lump sum payments and annuity purchases to the final eleven participants in the plan.

Note 12 - Retirement Plans (continued)

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 $ 90,000 and $ 106,000 for the years ended December 31, 2022 and 2021, respectively.

Note 13 - 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 $ 15,000, subject to an annual 3% increase.

The right-of-use asset and corresponding liability associated with the future lease payments at December 31, 2022 are approximately as follows:

		Operating
Right-of-use asset	$	323,000
Lease liability	$	360,000
Weighted Average:		
Discount Rate		1.81%
Remaining lease term (years)		2.0

The operating lease right-of-use asset is included in accounts receivable, prepaid expenses and other assets, and the lease liability is included in accounts payable, accrued expenses, and other liabilities on the accompanying consolidated statements of financial position.

Total lease cost reported in rent and occupancy on the consolidated statements of functional expenses, was approximately $ 116,000 and $ 111,000 for the years ended December 31, 2022 and 2021, respectively.

Note 13 - Operating Lease (continued)

Estimated future operating lease payments are expected to be paid approximately as follows:

Year Ending December 31,		Operating
2023	$	181,000
2024		186,000
		367,000
Less: Present Value Discount		(7,000)
	$	360,000

Note 14 - 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. (a nonprofit organization) (the "Foundation"), which comprise the consolidated statement of financial position as of December 31, 2022, 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 August 8, 2023.

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 or significant deficiencies may exist that were not 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
August 8, 2023