



FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2018 AND 2017  
AND REPORT ON COMPLIANCE  
MARCH 31, 2018

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## **INDEPENDENT AUDITORS' REPORT**

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Miami Dade College Foundation, Inc.  
Miami, Florida

We have audited the accompanying financial statements of Miami Dade College Foundation, Inc., which comprise the statements of financial position as of March 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Miami Dade College Foundation, Inc. as of March 31, 2018 and 2017, 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.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2018, on our consideration of Miami Dade College Foundation Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is 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 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 Miami Dade College Foundation Inc.'s internal control over financial reporting and compliance.



Kaufman, Rossin & Co., P.A.

September 7, 2018  
Miami, Florida

**MIAMI DADE COLLEGE FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2018 AND 2017**

<b>ASSETS</b>	<b>2018</b>	<b>2017</b>
Cash and cash equivalents	\$ 10,693,087	\$ 5,220,994
Pledges receivable, net (Note 4)	5,535,171	5,372,187
Due from the College (Note 5)	718,053	593,813
Investments (Note 2)	138,915,404	130,663,578
Securities lending invested collateral	4,291,349	4,721,015
Other assets	434,767	379,283
	<b>\$ 160,587,831</b>	<b>\$ 146,950,870</b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 586,112	\$ 678,995
Due to the College (Note 5)	11,690,271	8,129,343
Securities lending payable	4,291,349	4,721,015
Total liabilities	16,567,732	13,529,353
<b>COMMITMENTS AND CONTINGENCIES (NOTE 8)</b>		
<b>NET ASSETS (NOTE 7)</b>		
Unrestricted	4,721,076	4,704,468
Temporarily restricted	88,282,387	78,088,408
Permanently restricted	51,016,636	50,628,641
Total net assets	144,020,099	133,421,517
	<b>\$ 160,587,831</b>	<b>\$ 146,950,870</b>

See accompanying notes to financial statements.

**MIAMI DADE COLLEGE FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED MARCH 31, 2018**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT, REVENUE AND INVESTMENT RETURN</b>				
Contributions	\$ 142,271	\$ 9,843,006	\$ 195,995	\$ 10,181,272
Contributed services	110,536	-	-	110,536
Investment return (Note 3)	73,233	11,159,890	-	11,233,123
Special events proceeds	11,666	1,302,603	-	1,314,269
Other income	16,483	166,987	-	183,470
Transfers and adjustments (Note 6)	2,372,174	( 2,564,174)	192,000	-
Net assets released from restrictions	9,714,333	( 9,714,333)	-	-
Total support, revenue and investment return	12,440,696	10,193,979	387,995	23,022,670
<b>EXPENSES</b>				
Program services:				
Scholarships and student aid	5,273,835	-	-	5,273,835
Program support for the College	4,482,529	-	-	4,482,529
Total program services	9,756,364	-	-	9,756,364
Supporting services:				
Fund raising	225,321	-	-	225,321
Administrative and general	2,442,403	-	-	2,442,403
Total supporting services	2,667,724	-	-	2,667,724
Total expenses	12,424,088	-	-	12,424,088
<b>CHANGE IN NET ASSETS</b>	16,608	10,193,979	387,995	10,598,582
<b>NET ASSETS - BEGINNING</b>	4,704,468	78,088,408	50,628,641	133,421,517
<b>NET ASSETS - ENDING</b>	\$ 4,721,076	\$ 88,282,387	\$ 51,016,636	\$ 144,020,099

See accompanying notes to financial statements.

**MIAMI DADE COLLEGE FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED MARCH 31, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT, REVENUE AND INVESTMENT RETURN</b>				
Contributions	\$ 216,939	\$ 8,888,769	\$ 2,438,248	\$ 11,543,956
Contributed services	100,423	-	-	100,423
Investment return (Note 3)	13,749	12,722,175	-	12,735,924
Special events proceeds	9,178	2,075,638	-	2,084,816
Other income	59,587	202,555	2,571	264,713
Transfers and adjustments (Note 6)	2,292,375	( 2,292,375)	-	-
Net assets released from restrictions	10,589,006	( 10,589,006)	-	-
Total support, revenue and investment return	13,281,257	11,007,756	2,440,819	26,729,832
<b>EXPENSES</b>				
Program services:				
Scholarships and student aid	5,192,242	-	-	5,192,242
Program support for the College	5,164,781	-	-	5,164,781
Total program services	10,357,023	-	-	10,357,023
Supporting services:				
Fund raising	235,983	-	-	235,983
Administrative and general	2,478,823	-	-	2,478,823
Total supporting services	2,714,806	-	-	2,714,806
Total expenses	13,071,829	-	-	13,071,829
<b>CHANGE IN NET ASSETS</b>	209,428	11,007,756	2,440,819	13,658,003
<b>NET ASSETS - BEGINNING</b>	4,495,040	67,080,652	48,187,822	119,763,514
<b>NET ASSETS - ENDING</b>	\$ 4,704,468	\$ 78,088,408	\$ 50,628,641	\$ 133,421,517

See accompanying notes to financial statements.

**MIAMI DADE COLLEGE FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED MARCH 31, 2018 AND 2017**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 10,598,582	\$ 13,658,003
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense	-	83,154
Net unrealized gain on investments	( 3,164,838)	( 7,574,608)
Net realized gain on investments	( 6,265,181)	( 4,145,557)
Contributions restricted for long-term investment	( 195,995)	( 2,440,819)
Donation of investment securities	-	( 2,415,210)
Changes in operating assets and liabilities:		
Pledges receivable	( 162,984)	1,758,724
Restricted cash	-	3,910
Due from the College	( 124,240)	( 44,266)
Other assets	( 55,484)	( 63,894)
Accounts payable and accrued liabilities	( 92,883)	233,334
Due to the College	3,560,928	4,747,036
Unearned revenue	-	( 1,000,000)
Total adjustments	( 6,500,677)	( 10,858,196)
Net cash provided by operating activities	4,097,905	2,799,807
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds on sales of investments	30,565,001	45,792,320
Purchases of investments	( 29,386,808)	( 48,378,740)
Change in securities lending collateral	429,666	14,410,655
Net cash provided by investing activities	1,607,859	11,824,235
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Contributions restricted for investment in endowment	195,995	2,440,819
Change in securities lending payable	( 429,666)	( 14,410,655)
Net cash used in financing activities	( 233,671)	( 11,969,836)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>5,472,093</b>	<b>2,654,206</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b>5,220,994</b>	<b>2,566,788</b>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b>\$ 10,693,087</b>	<b>\$ 5,220,994</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

See accompanying notes to financial statements.



**MIAMI DADE COLLEGE FOUNDATION, INC.**  
NOTES TO FINANCIAL STATEMENTS

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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*Nature of Activities*

Miami Dade College Foundation, Inc. (the “Foundation”) is a Florida not-for-profit corporation formed to serve as a direct-support organization, as defined in Section 1004.70 of the Florida Statutes, of Miami Dade College (the “College”), which is legally separate but financially accountable to the College. The Foundation was organized and operates exclusively to receive, hold, invest, and administer property and to make expenditures to, or for the benefit of the College including educational and cultural events. The change in net assets and financial position of the Foundation may differ from those which might be obtained if the Foundation was not a direct-support organization of the College. The effect of those differences may be material.

The Foundation strives to continue to build a permanent endowment to support the College, maintain an “open-door” policy that ensures no student is denied access for financial reasons, and develop a broad-based constituent support at the local, state, national and international levels to enhance and to continue growth of the College.

*Financial Statement Presentation*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

- *Unrestricted* - Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- *Temporarily Restricted* - Net assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Foundation pursuant to those stipulations.
- *Permanently Restricted* - Net assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Foundation. Interest, dividends and unrealized appreciation or depreciation on such assets are temporarily restricted net assets.

When both restricted and unrestricted resources are available to fund specific programs, it is the Foundation’s policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

***Cash and Cash Equivalents***

The Foundation considers all highly liquid instruments with a purchased maturity of three months or less to be cash equivalents, including the Foundation's investment in the Florida State Board of Administration Local Government Surplus Trust Fund Investment Pool ("SBA"). The Foundation's investments in the SBA, a Securities and Exchange Commission Rule 2a-7 like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments, which have weighted average maturities of 60 days or less. The Foundation's investment in the SBA at March 31, 2018 and 2017 amounted to \$547,493 and \$539,942, respectively.

***Concentrations of Credit Risk***

The Foundation maintains cash deposits at certain financial institutions, which at times, may exceed federally insured limits. The Foundation maintains a portion of their investment portfolio with the State Board of Administration of Florida and the Florida Treasury Investment Pool. The Foundation's remaining investment portfolio is managed by a trust department within one of the financial institutions.

***Investments***

The Foundation's investments are reported at their fair values in the statements of financial position. Investment income, including realized and unrealized gains and losses, interest and dividend income and investment expenses are included in the statements of activities as changes in unrestricted or temporarily restricted net assets. Market risk is inherent and is dependent on the future changes in market prices of the various investments held.

***Securities Lending***

The Foundation participates in a securities lending program to optimize investment income. The Foundation loans certain investment securities for short periods of time in exchange for collateral initially equal to at least 102% of the fair value of the investment securities on loan. The fair value of the loaned investment securities is monitored on a daily basis, with additional collateral obtained or refunded as the fair value of the loaned investment securities fluctuate. The collateral, which may be in the form of cash, letters of credit, or U.S. government securities, is deposited by the borrower with an independent lending agent. The collateral is recorded as an asset on the Foundation's statements of financial position, along with a liability to reflect the Foundation's obligation to return the collateral. The collateral is invested by the lending agent according to the Foundation's investment guidelines. The Foundation does not have access to the collateral unless there is default by the borrower. Loaned securities continue to be carried as investments on the statements of financial position. Earnings on the invested collateral, net of expense, are recorded as other income in the accompanying statements of activities.

***Change in Accounting Principle***

As of March 31, 2018, the Foundation has retrospectively adopted the Accounting Standards Update (“ASU”) 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)* that removed the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using net asset value per share as a practical expedient. Accordingly, investments for which fair value is measured using net asset value per share as a practical expedient have not been categorized within the fair value hierarchy. The effects of the retrospective adoption on the fiscal year 2017 financial statements includes the elimination of the fair value hierarchy disclosure for the investments in funds and the government investment pool. These investments are valued under the net asset value per share practical expedient to estimate fair value.

***Valuation of Investments at Fair Value - Definition and Hierarchy***

Fair value is defined as the price that the Foundation would receive to sell an asset or pay to transfer a liability in an orderly transaction with an independent counter-party in the principal market or in the absence of a principal market, the most advantageous market for the asset or liability. Fair value measurements establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish a classification of fair value measurements for disclosure purposes. The inputs are summarized in the three broad levels listed below.

**Level 1** - Quoted prices in active markets for identical assets and liabilities

**Level 2** - Other significant observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.)

**Level 3** - Significant unobservable inputs (including the Foundation’s own assumptions in determining the fair value of investments)

In applying the provisions of fair value measurements to the Foundation’s investment activities during the year, the following valuation techniques have been employed:

***Short-term Investments***

Short-term investments consists primarily of cash and cash equivalents held at an investment broker. The transaction price of the short-term investments is typically the Foundation’s best estimate of fair value. The Foundation’s short-term investments are categorized in Level 1 of the fair value hierarchy.

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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*Federal Agency Debt Securities*

The fair value of federal agency debt securities is generally based on quoted prices in active markets. When quoted prices are not available, fair value is determined based on a valuation model that uses inputs that include interest-rate yield curves, cross-currency-basis index spreads, and country credit spreads similar to the bond in terms of issuer, maturity and seniority. The Foundation's investments in federal agency debt securities are categorized in Level 1 of the fair value hierarchy.

*Equity Securities*

Securities and other investments traded on a national exchange or on the national market system of NASDAQ are valued at their last reported sale price or, if there has been no sale on that date, at the closing "bid" price if long, or closing "ask" price if short. Other securities or investments for which over-the-counter market quotations are available are valued at their last reported sale price or, if there had been no sale on that date, at closing "bid" price if long, or closing "ask" price if short as reported by a reputable source selected by the Foundation. The Foundation has sole and absolute discretion in valuing any positions for which market quotations are not readily available or in adjusting the valuation of any other positions. The Foundation's investments in equity securities are categorized in Level 1 and Level 2 of the fair value hierarchy.

*Mutual Funds*

Mutual funds are valued at their net asset values, which are determined daily and are quoted on a national exchange. The Foundation's investments in mutual funds are categorized in Level 1 of the fair value hierarchy.

*Debt Securities*

The fair value of debt securities is estimated using recently executed transactions, market price quotations (where observable), bond spreads or credit default swap spreads. The spread data used are for the same maturity as the bond. If the spread data does not reference the issuer, then data that references a comparable issuer is used. When observable price quotations are not available, fair value is determined based on cash flow models with yield curves, bond, or single-name credit default swap spreads and recovery rates based on collateral values as key inputs. The Foundation's investments in debt securities are categorized in Level 2 of the fair value hierarchy.

*Government Investment Pool*

The Foundation invests in a government investment pool that is primarily invested in a combination of short-term liquid instruments and intermediate term fixed income securities. The Foundation records the fair value of its investment in the government investment pool based on the Foundation's proportionate share of the underlying fair value of the government investment pool's net asset value as a practical expedient to estimate fair value. The net asset value is provided by the government investment pool. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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*Investments in Funds*

Investments in investment funds (the “investee funds”), are valued, as a practical expedient, utilizing the net asset valuations provided by the underlying investee funds without adjustment, when the net asset valuations of the investments are calculated (or adjusted by the Foundation if necessary) in a manner consistent with accounting principles generally accepted in the United States of America (“GAAP”) for investment companies. The Foundation applies the practical expedient to its investments in investee funds on an investment-by-investment basis, and consistently with the Foundation’s entire position in a particular investment, unless it is probable that the Foundation will sell a portion of an investment at an amount different from the net asset valuation. If it is probable that the Foundation will sell an investment at an amount different from the net asset valuation or in other situations where practical expedient is not available, the Foundation considers other factors in addition to the net asset valuation, such as features of the investment, including subscription and redemption rights, expected discounted cash flows, transactions in secondary market, bids received from potential buyers, and overall market conditions in its determination of fair value.

The underlying investee funds value securities and other financial instruments on a mark-to-market or other estimated fair value basis. The estimated fair values of substantially all of the investments of the underlying investee funds, which may include securities for which prices are not readily available, are determined by the general partner or management of the respective underlying investee funds and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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***Pledges Receivable***

Pledges receivable are donor obligations due under normal pledge terms. The Foundation receives pledges primarily from donors who have pledged wills, unconditional promises, and endowments as a result of the Foundation's fundraising efforts. Pledges receivable due in the next year are recorded at their net realizable value. Pledges receivable due in subsequent years are reported at their net realizable value using risk-free interest rates applicable to the maturity of the pledges receivable, which approximates fair value. Management reviews pledges receivable on a regular basis to determine collectibility and includes any pledge receivable balances that are determined to be uncollectible, along with a general reserve, in its overall allowance for doubtful accounts. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. At March 31, 2018 and 2017, net pledges receivable from two and three donors amounted for approximately 63% and 78%, respectively, of total net pledges receivable.

***Due from the College***

Amounts due from the College are stated at the outstanding balance of funds due. The carrying amount may be reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. As management believes that the amounts are fully collectible and are therefore stated at net realizable value, management has not recorded an allowance for doubtful accounts.

***Collections of Art Work***

The Foundation has adopted a policy of not capitalizing collections of art work in its financial statements. Accordingly, no collection items are recognized as assets when they are received as a donation. The Foundation does acknowledge its donors and the items are administered and inventoried by the College.

***Contributions***

Contributions, including unconditional promises are recognized as revenue when the donor's commitment is received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances, which approximates fair value. Promises made and collected in the same accounting period are recorded when received in the appropriate net asset category. Promises of non-cash assets are recorded at their fair value. Conditional promises are recorded when donor stipulations are substantially met. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. For the years ended March 31, 2018 and 2017, net revenue from one and two donors accounted for approximately 19% and 50%, respectively, of total revenue and support.

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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***Contributed Services***

The College provides certain services to the Foundation, primarily the use of office space and employees. For the years ended March 31, 2018 and 2017, the value of such services amounted to approximately \$111,000 and \$100,000, respectively, including rent expense of approximately \$15,000 for both years. These services have been recognized as contributed services revenue and administrative and general expenses in the accompanying statements of activities.

***Advertising and Promotion***

Advertising and promotion costs are primarily related to cultural and educational events held by the College. These costs are expensed as incurred. For the years ended March 31, 2018 and 2017, advertising expense amounted to approximately \$160,000 and \$162,000, respectively, which is included as components of program support for the College and administrative and general in the accompanying statements of activities.

***Fair Value of Financial Instruments***

The Foundation is required to disclose estimated fair values for their financial instruments. The following methods and assumptions were used by the Foundation in estimating the fair values of each class of financial instruments disclosed herein:

*Cash and cash equivalents, and securities lending invested collateral* – Based on their short-term nature, the carrying amounts reported in the statements of financial position are reasonable estimates of their fair value.

*Pledges receivable* – Pledges receivable are recorded at the present value of the discounted future cash flow, based on current market interest rates. The carrying value of pledges receivable, therefore approximates their fair value.

*Due from the College* – Based on its short-term nature, the carrying amount reported in the statements of financial position is a reasonable estimate of its fair value.

*Securities lending payable* – Based on their short-term nature, the carrying amounts reported in the statements of financial position are reasonable estimates of their fair value.

*Due to the College* – Based on their short-term nature, the carrying amounts reported in the statements of financial position are reasonable estimates of their fair value.

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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***Income Taxes***

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code and is not a private foundation. Gifts to the Foundation are tax deductible. Certain activities not directly related to the Foundation's tax-exempt purpose could be subject to taxation as unrelated business income.

The Foundation assesses its tax position in accordance with "Accounting for Uncertainties in Income Taxes" as prescribed by the *Accounting Standards Codification*, which provides guidance for financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in a tax return for open tax years (generally a period of three years from the later of each return's due date or the date filed) that remain subject to examination by the Foundation's major tax jurisdictions.

The Foundation assesses its tax positions and determines whether it has material unrecognized liabilities for uncertain tax positions. The Foundation records these liabilities to the extent that it deems them more likely than not to be incurred. Interest and penalties related to uncertain tax positions, if any, would be classified as a component of income tax expense.

The Foundation believes that it does not have any significant uncertain tax positions requiring recognition or measurement in the accompanying financial statements.

***Use of Estimates in the Preparation of Financial Statements***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the statement of financial position dates and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

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**NOTE 2. INVESTMENTS AND FAIR VALUE MEASUREMENTS**

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The Foundation's investments recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the fair value measurements and the Foundation's accounting policies as disclosed in Note 1. The following tables present information about the Foundation's investments measured at fair value as of March 31st:



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**NOTE 2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**


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INVESTMENTS, at fair value	2018			Total
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Short-term investments	\$ 11,514,115	\$ -	\$ -	\$ 11,514,115
Equity securities:				
Consumer industry:				
Domestic	5,977,391	-	-	5,977,391
International	1,305,397	412,360	-	1,717,757
Financial industry:				
Domestic	5,611,210	-	-	5,611,210
International	120,685	180,540	-	301,225
Other industries:				
Domestic	9,347,540	260,600	-	9,608,140
International	1,008,676	256,870	-	1,265,546
Total equity securities	23,370,899	1,110,370	-	24,481,269
Mutual funds:				
International equity funds	23,407,218	-	-	23,407,218
International bond fund	4,256,102	-	-	4,256,102
Small cap growth fund	16,019,336	-	-	16,019,336
Large cap growth fund	16,133,474	-	-	16,133,474
Other funds	6,219,849	-	-	6,219,849
Total mutual funds	66,035,979	-	-	66,035,979
Debt securities:				
Domestic	-	7,920,358	-	7,920,358
International	-	427,104	-	427,104
Total debt securities	-	8,347,462	-	8,347,462
Federal agency debt securities	1,328,339	-	-	1,328,339
Total investments in the fair value hierarchy	\$ 102,249,332	\$ 9,457,832	\$ -	\$ 111,707,164
Investments in funds, measured at NAV (a)				\$ 22,452,352
Government investment pool, measured at NAV (a)				\$ 4,755,888
Total investments measured at fair value				\$ 138,915,404

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**NOTE 2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**


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INVESTMENTS, at fair value	2017			Total
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Short-term investments	\$ 6,205,443	\$ -	\$ -	\$ 6,205,443
Equity securities:				
Consumer industry:				
Domestic	5,593,814	-	-	5,593,814
International	1,681,744	-	-	1,681,744
Financial industry:				
Domestic	4,397,809	-	-	4,397,809
International	332,700	-	-	332,700
Other industries:				
Domestic	9,805,776	-	-	9,805,776
International	1,649,965	-	-	1,649,965
Total equity securities	23,461,808	-	-	23,461,808
Mutual funds:				
International equity funds	18,012,965	-	-	18,012,965
International bond fund	4,281,904	-	-	4,281,904
Small cap bond fund	14,003,911	-	-	14,003,911
Large cap bond fund	13,673,374	-	-	13,673,374
Other funds	6,554,939	-	-	6,554,939
Total mutual funds	56,527,093	-	-	56,527,093
Debt securities:				
Domestic	-	6,108,932	-	6,108,932
International	-	962,975	-	962,975
Total debt securities	-	7,071,907	-	7,071,907
Federal agency debt securities	1,848,468	-	-	1,848,468
Total investments in the fair value hierarchy	\$ 88,042,812	\$ 7,071,907	\$ -	\$ 95,114,719
Investments in funds, measured at NAV (a)				<u>\$ 29,858,844</u>
Government investment pool, measured at NAV (a)				<u>\$ 5,690,015</u>
Total investments measured at fair value				<u>\$ 130,663,578</u>

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**NOTE 2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**


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(a) In accordance with ASU 2015-07, certain investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The following table presents information about the Foundation's investments measured at fair value based on net asset value per share as of March 31, 2018 and 2017:

<b>2018</b>					
<b>Investments, measured at NAV</b>	Fair Value	Unfunded Commitments	Redemptions permitted	Redemptions notice period	Liquidity restrictions *
<b>Investment in funds</b>					
Archstone Offshore Fund, LTD (1)	\$ 100,626	N/A	Quarterly	90 Days	None
Ironwood International Ltd. - Class A (2)	10,702,791	N/A	Quarterly	95 Days	None
Ironwood International Ltd. - Class A4 (2)	2,229,272	N/A	Semi-annual	95 Days	None
American Strategic Value Realty Fund, LP (3)	2,280,336	\$ 3,000,000	Fund's discretion	90 Days	One year December 31, 2018
DTC Private Equity II-Q, LP (4)	1,128,198	\$ 300,000	Not permitted	N/A	October 5, 2025
Highbrook Property Fund III, LP (5)	256,141	\$ 4,694,722	Not permitted	N/A	October 5, 2025
Renaissance Institutional Equities Fund LLC (6)	5,754,988	N/A	Quarterly	45 Days	None
	<b>\$ 22,452,352</b>				
<b>Government investment pool</b>					
Special Purpose Investment Account in the Florida Treasury Investment Pool (7)	\$ 4,755,888	N/A	Daily	N/A	None

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**NOTE 2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**


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2017

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<b>Investments, measured at NAV</b>	Fair Value	Unfunded Commitments	Redemptions permitted	Redemptions notice period	Liquidity restrictions *
<b>Investment in funds</b>					
Archstone Offshore Fund, LTD (1)	\$ 6,176,281	N/A	Quarterly	90 Days	None
Ironwood International Ltd. - Class A (2)	10,074,620	N/A	Quarterly	95 Days	None
Ironwood International Ltd. - Class A4 (2)	2,098,431	N/A	Semi-annual	95 Days	None
American Strategic Value Realty Fund, LP (3)	1,858,263	\$ 3,250,000	Fund's discretion	90 Days	One year December 31,
DTC Private Equity II-Q, LP (4)	1,564,246	\$ 300,000	Not permitted	N/A	2018
Titan Masters International Fund, LTD (8)	8,087,003	N/A	Quarterly	45 Days	None
	<b>\$ 29,858,844</b>				
<b>Government investment pool</b>					
Special Purpose Investment Account in the Florida Treasury Investment Pool (7)	\$ 5,690,015	N/A	Daily	N/A	None

\* Liquidity restrictions indicate lock-up period for open-end funds and fund termination date for closed-end funds

- (1) Investment Objective: Long-term growth of capital with reduced volatility
- (2) Investment Objective: Capital appreciation with limited variability of returns
- (3) Investment Objective: Value added real estate opportunities
- (4) Investment Objective: Private equity investments in venture capital, buy-out, mezzanine financing, and distressed securities
- (5) Investment Objective: Value oriented real estate
- (6) Investment Objective: Diversified portfolio of listed global equity securities that are publicly traded on US securities exchanges
- (7) Investment Objective: Seeks to preserve principal while providing monthly earnings, it is not a guaranteed investment
- (8) Investment Objective: Pursue a variety of investment strategies among alternative investment managers and/or the investment funds they operate

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**NOTE 2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

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***Endowment***

The Foundation follows the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) and its own governing documents. FUPMIFA requires the Foundation to prudently manage its funds. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under FUPMIFA. The majority of the Foundation's donors have placed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds.

Management has determined that the majority of the Foundation's contributions are subject to the terms of its governing documents. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Foundation.

The Foundation's investment guidelines and policies are overseen by members of the investment committee reporting to the Foundation's board of directors. The Foundation has adopted investment and endowment spending policies, approved by the board of directors, to achieve, at a minimum, a real (inflation adjusted) total return, net of investment management fees, that is consistent with endowment spending policy requirements. The Foundation's investment and endowment spending policies work together to achieve this objective.

The strategic (long-term) asset allocation strategy of the Foundation is to maximize total return within acceptable risk parameters. The strategic asset allocation targets and the accompanying tolerance ranges are recommended by the investment committee and approved by the board of directors, in an effort to reflect the financial needs of the Foundation as outlined in the endowment spending policy.

The endowment spending policy calculates the amount of money annually distributed from the Foundation's endowment fund, primarily for scholarships and program support. The current endowment spending policy distributes an amount at least equal to 5% (net of investment and management fees) of a moving three-year average of the endowment's fair value. Additionally, 2% of the moving three-year average of the endowment's fair value is distributed to the Foundation's unrestricted net assets as an administration fee. All excess earnings and spending appropriations not distributed will remain as part of the endowment fund to hedge against inflation and other threats to loss of purchasing power. Earnings from accounts established during the fiscal year will not be available for distribution until the beginning of the following fiscal year.

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**NOTE 2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

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***Endowment (continued)***

The Foundation's budget and finance committee, may, at its discretion, have the flexibility to allow additional sums of reinvested corpus earnings to be transferred to expenditure and/or interest earning accounts for unexpected or infrequent circumstances on a case by case basis. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

Endowment net asset composition by type of fund is as follows as of March 31st:

	2018			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	\$ -	\$ 40,592,189	\$ 51,016,636	\$ 91,608,825
Unrestricted endowment funds	1,005,473	-	-	1,005,473
Total endowment	\$ 1,005,473	\$ 40,592,189	\$ 51,016,636	\$ 92,614,298

  

	2017			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	\$ -	\$ 36,108,032	\$ 50,628,641	\$ 86,736,673
Unrestricted endowment funds	645,815	-	-	645,815
Total endowment	\$ 645,815	\$ 36,108,032	\$ 50,628,641	\$ 87,382,488

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**NOTE 2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

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***Endowment (continued)***

Changes in endowment net assets are as follows for the years ended March 31st:

	<b>2018</b>			
	Unrestricted	Temporarily restricted	Permanently restricted	Total net endowment assets
Endowment net assets, beginning of year	\$ 645,815	\$ 36,108,032	\$ 50,628,641	\$ 87,382,488
Contributions	-	-	387,995	387,995
Net interest and realized gains	487,613	7,580,672	-	8,068,285
Unrealized gains	217,269	2,947,568	-	3,164,837
Amounts appropriated for expenditure	( 345,224)	( 6,044,083)	-	( 6,389,307)
Endowment net assets, end of year	\$ 1,005,473	\$ 40,592,189	\$ 51,016,636	\$ 92,614,298

	<b>2017</b>			
	Unrestricted	Temporarily restricted	Permanently restricted	Total net endowment assets
Endowment net assets, beginning of year	\$ 236,101	\$ 29,404,920	\$ 48,187,822	\$ 77,828,843
Contributions	-	-	2,440,819	2,440,819
Net interest and realized gains	264,844	4,896,472	-	5,161,316
Unrealized gains	309,878	7,264,730	-	7,574,608
Amounts appropriated for expenditure	( 165,008)	( 5,458,090)	-	( 5,623,098)
Endowment net assets, end of year	\$ 645,815	\$ 36,108,032	\$ 50,628,641	\$ 87,382,488

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**NOTE 3. INVESTMENT RETURN**

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The following schedules summarize the investment return and its classification in the statements of activities for the years ended March 31st:

	2018		
	Unrestricted	Temporarily restricted	Total
Net realized gains	\$ -	\$ 6,265,181	\$ 6,265,181
Net unrealized gains (losses)	( 29,852)	3,194,690	3,164,838
Interest and dividend income	103,085	2,059,763	2,162,848
Investment expenses	-	( 359,744)	( 359,744)
Total investment return	\$ 73,233	\$ 11,159,890	\$ 11,233,123

  

	2017		
	Unrestricted	Temporarily restricted	Total
Net realized gains	\$ -	\$ 4,145,557	\$ 4,145,557
Net unrealized gains (losses)	( 37,466)	7,612,074	7,574,608
Interest and dividend income	51,215	1,421,872	1,473,087
Investment expenses	-	( 457,328)	( 457,328)
Total investment return	\$ 13,749	\$ 12,722,175	\$ 12,735,924

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**NOTE 4. PLEDGES RECEIVABLE**

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The following schedule summarizes the Foundation's permanently and temporarily restricted pledges receivable as of March 31st:

	2018	2017
Receivable in less than one year	\$ 2,726,875	\$ 2,720,016
Receivable in one to five years	3,068,903	3,117,173
Receivable in more than five years	100,000	600,000
	5,895,778	6,437,189
Less: allowance for uncollectible pledges receivable	( 217,623)	( 867,805)
Less: amount representing interest	( 142,984)	( 197,197)
	\$ 5,535,171	\$ 5,372,187

The interest rate used in computing discounts on the present value of estimated future cash flow is 1.5%.



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**NOTE 5. DUE FROM (TO) THE COLLEGE**

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In connection with an arrangement between the College and Foundation, certain amounts are held at the College to facilitate purchases and other transactions on behalf of the Foundation. Additionally, from time to time, the College owes the Foundation for certain other reimbursable amounts. Amounts due from the College were \$718,053 and \$593,813 as of March 31, 2018 and 2017, respectively.

Amounts due to the College totaled \$11,690,271 and \$8,129,343 as of March 31, 2018 and 2017, respectively. These balances relate to monies due to the College for scholarships and student aid, endowed teaching chair commitments and other program enhancement support and are settled in the ordinary course of activities.

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**NOTE 6. TRANSFERS AND ADJUSTMENTS**

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In accordance with their endowment spending policy (Note 2), the Foundation annually records a transfer from temporarily restricted net assets to unrestricted net assets for the payment of administrative expenses. Additionally, on occasion donors modify the original restrictions imposed on their contributions, which can result in transfers from either permanently or temporarily restricted net assets.

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**NOTE 7. NET ASSETS RESTRICTIONS**

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Permanently restricted net assets represent assets that have been contributed by donors with stipulations that they be invested in perpetuity (endowments). The earnings generated by the endowments are temporarily restricted as determined by the donors.

At March 31st, temporarily restricted net assets were available for the following purposes:

	<b>2018</b>		<b>2017</b>
Scholarships and student aid	\$ 43,541,033	\$	38,865,386
Program support for the College	44,741,354		39,223,022
	\$ 88,282,387	\$	78,088,408

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**NOTE 8. COMMITMENTS AND CONTINGENCIES**

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***Economic Conditions***

The Foundation depends substantially on contributions and contributed services for its revenues. The ability of certain Foundation contributors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions and the continued deductibility for income tax purposes of contributions to the Foundation. While the Foundation's board of directors believes the organization has the resources to continue its programs, its ability to do so and the extent to which it continues, may be dependent on the above factors.

***Granting Agencies***

In the normal course of activities, the Foundation receives grants and other forms of reimbursement from various government agencies. These activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. The Foundation believes that the liability, if any, for any reimbursement which may arise as the result of audits would not be material.

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**NOTE 9. SUBSEQUENT EVENTS**

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The Foundation has evaluated subsequent events through September 7, 2018, which is the date the accompanying financial statements were available to be issued.

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**REPORT ON COMPLIANCE**

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

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Miami Dade College Foundation, Inc.  
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Miami Dade College Foundation, Inc. (the "Foundation") which comprise the statement of financial position as of March 31, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 7, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

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

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

Compliance

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. 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.



Kaufman, Rossin & Co., P.A.

Miami, Florida  
September 7, 2018