

# BC Eduventures, Inc.

Financial Statements  
For the Year Ended June 30, 2018

# BCEduventures, Inc.

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For the Year Ended June 30, 2018

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
BCEduventures, Inc.  
Fort Lauderdale, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of BCEduventures, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 the Organization, as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2018, on our consideration of the Organization’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 effectiveness of the Organization’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 Organization’s internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
August 28, 2018

# BASIC FINANCIAL STATEMENTS

**BCEduventures, Inc.**  
**Statement of Financial Position**  
**June 30, 2018**

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**Assets:**

Cash and cash equivalents	\$	683,225
Accounts receivable		115,090
Pledges receivable, net		113,103
Prepaid expenses and other		<u>2,113</u>
Total assets	\$	<u><u>913,531</u></u>

**Liabilities:**

Accounts payable and accrued expenses	\$	158,236
Deferred revenue		<u>13,256</u>
Total liabilities		<u>171,492</u>

**Net Assets:**

Unrestricted		408,336
Temporarily restricted		<u>333,703</u>
Total net assets		<u>742,039</u>
Total liabilities and net assets	\$	<u><u>913,531</u></u>

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

**BCEduventures, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

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**Unrestricted Net Assets:**

Support and Revenues:

Rentals	\$ 810,252
Events	299,853
Sponsorships	162,637
In-kind contributions	72,559
Access Broward	50,196
Royalties	8,775
Other	329

Total support and revenues	<u>1,404,601</u>
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Expenses:

Program services	812,522
Supporting services:	
Management and general	47,968
Fundraising	<u>135,775</u>

Total expenses	<u>996,265</u>
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Increase (decrease) in unrestricted net assets	<u>408,336</u>
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**Temporarily Restricted Net Assets:**

Contributions	<u>333,703</u>
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Increase (decrease) in temporarily restricted net assets	<u>333,703</u>
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Change in net assets	<u>742,039</u>
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<b>Net Assets, beginning of year (inception)</b>	<u>-</u>
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<b>Net Assets, end of year</b>	<u>\$ 742,039</u>
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The accompanying notes to financial statements are an integral part of these statements.

**BCEduventures, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2018**

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	<u>Supporting Services</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Revenue share (Note 8):				
Rental revenue share	\$ 653,135	\$ -	\$ -	\$ 653,135
Student success initiatives	16,200	-	-	16,200
Commissions	-	-	8,744	8,744
Entrepreneurial activities	<u>5,300</u>	<u>-</u>	<u>-</u>	<u>5,300</u>
Total revenue share	674,635	-	8,744	683,379
Payroll expense	85,394	22,472	116,855	224,721
In-kind goods	42,493	5,821	9,895	58,209
In-kind services	10,000	4,350	-	14,350
Legal fees	-	5,316	-	5,316
Merchant and bank fees	-	4,057	-	4,057
Accounting fees	-	3,152	-	3,152
Outside contract services	-	2,800	-	2,800
Telephone	<u>-</u>	<u>-</u>	<u>281</u>	<u>281</u>
Totals	<u>\$ 812,522</u>	<u>\$ 47,968</u>	<u>\$ 135,775</u>	<u>\$ 996,265</u>

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



**BCEduventures, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2018**

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<b>Cash Flows from Operating Activities:</b>	
Change in net assets	\$ 742,039
Change in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	(115,090)
Pledges receivable, net	(113,103)
Prepaid expenses and other	(2,113)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	158,236
Deferred revenue	<u>13,256</u>
Net cash provided by (used in) operating activities	683,225
<b>Cash and cash equivalents, beginning of year (inception)</b>	<u>-</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 683,225</u></u>

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

## **Note 1 - Organization and Operations**

BCEduventures, Inc. (the "Organization") began operations on July 1, 2017 to serve as a Type 1 supporting organization to The District Board of Trustees of Broward College, Florida ("Broward College"), a tax-exempt public charity under section 501 (c)(3). The Organization was established to receive, hold, invest, administer gifts, and other sources of revenue; and to make expenditures to, or for the benefit of the College.

The College, through the Organization, has launched the J. David Armstrong, Jr. Student Venture Fund, led by President Emeritus Armstrong for the benefit of Broward College students who aspire to be successful entrepreneurs. The goal is to help student entrepreneurs convert their ideas into successful businesses by graduating from the "Startup Now" Accelerator Program. The Student Venture Fund will provide venture funding to these student-led startups. The Broward College Startup Now Accelerator is a joint partnership with CareerSource Broward and offers participants a 6-month, four-stage program that challenges entrepreneurs to test their ideas for a potential product-market fit. Students can earn up to 12 college credits toward an Entrepreneurship certificate with Broward College.

## **Note 2 - Summary of Significant Accounting Policies**

**Basis of presentation:** Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Codification (FASB ASC) No. 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC No. 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Restricted and unrestricted revenue and support:** Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

**Cash and cash equivalents:** Cash and cash equivalents consist of all highly liquid investments with an original maturity of three months or less. The Organization routinely maintains balances with financial institutions in excess of federally insured amounts (Note 3).

**Accounts receivable:** Receivables consist of charges to customers for rent of facilities. No allowance for doubtful accounts is considered necessary.

**Pledges receivable:** Unconditional pledges are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. These amounts, less an allowance for potentially uncollectible pledges, if applicable, are reported on a net present value basis using an appropriate discount rate. Conditional pledges are recognized when the conditions on which they depend are substantially met. As of June 30, 2018, there are no conditional pledges.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Deferred revenue:** Deferred revenue represents resources received before revenue has been earned, which included sponsorships collected in advance.

**Functional expenses:** Program and supporting services are charged with their direct expenses. Other expenses are allocated based on management's estimate of each activity's share of total expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Use of estimates:** The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. It is at least reasonably possible that the significant estimates used will change within the next year.

**Date of management review:** Subsequent events have been evaluated by management through August 28, 2018, which is the date the financial statements were issued.

**Note 3 - Concentrations of Credit Risk**

Financial instruments, which potentially subject the Organization to concentrations of credit risk are primarily cash and cash equivalents. The Organization maintains its cash and cash equivalents with high credit quality financial institutions. Cash balances may exceed the depositor's insurance provided by the applicable guarantee agency during the year. At June 30, 2018, demand deposits in financial institutions exceeded the insured amount by the applicable guaranty agency by approximately \$ 365,000. The Organization has not experienced any losses in such accounts.

**Note 4 - Pledges Receivable**

Pledges receivable include unconditional promises to give from individuals and corporations, which are summarized as follows as of June 30, 2018:

Receivable in less than one year	\$	54,500
Receivable in one to five years		<u>61,750</u>
Total unconditional pledges at face value		116,250
Less: unamortized discount		<u>(3,147)</u>
	\$	<u><u>113,103</u></u>

Pledges are recorded at their net present value. The discount rate was 2.50%.

**Note 5 - Income Taxes**

The Organization is a nonprofit corporation exempt from federal income taxes under Internal Revenue Code Section 501(a) as an organization described in Section 501(c)(3), 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 Organization's financial statements. Accordingly, no provision for income taxes has been made.

**Note 6 - Restricted Net Assets**

Temporarily restricted net assets, consisting of cash and cash equivalents and pledges receivable, of approximately \$ 334,000 at June 30, 2018 were available for program support.

**Note 7 – In-kind Contributions**

The Organization's policy is to recognize in-kind goods when donated as revenue at fair value in the period such contributions are received. Contributed professional services, at fair value, are recognized if the services create or enhance nonfinancial assets or require specialized skills, and are provided by individuals possessing those skills. For the year ended June 30, 2018, the Organization recorded approximately \$ 14,000 in donated services and approximately \$ 58,000 in donated goods.

**Note 8 - Related Party Transactions**

The Organization is a direct-support organization of the College (Note 1). The following is a schedule of balances and transactions with the College as of and for the year ended June 30, 2018, which are included in the statements of activities and functional expenses:

Revenue share	\$	683,379
Salaries		224,721
Other expenses		5,597
In-kind goods and services (Note 7)		<u>72,559</u>
Total	\$	<u><u>986,256</u></u>

As of June 30, 2018, there were accounts payable and accrued expenses due to the College of approximately \$ 120,000.

In addition, the Organization receives financial support from various members of the Board of Directors.

OTHER REPORTS OF  
INDEPENDENT AUDITORS

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 Directors  
BCEduventures, Inc.  
Fort Lauderdale, 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 BCEduventures, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 28, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 and Other Matters**

As part of obtaining reasonable assurance about whether the Organization’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 statement 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 Organization’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 Organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
August 28, 2018