

# BC Eduventures, Inc.

Financial Statements  
For the Year Ended June 30, 2019

# BCEduventures, Inc.

Financial Statements  
For the Year Ended June 30, 2019

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
BCEduventures, Inc.

### 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, 2019, 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, 2019, 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 September 10, 2019, 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  
September 10, 2019

# FINANCIAL STATEMENTS

**BCEduventures, Inc.**  
**Statement of Financial Position**  
**June 30, 2019**

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**Assets:**

Cash and cash equivalents	\$	1,022,704
Accounts receivable		57,216
Promises to give, net		<u>210,000</u>
Total assets	\$	<u><u>1,289,920</u></u>

**Liabilities:**

Accounts payable and accrued expenses	\$	177,395
Deferred revenue		<u>22,904</u>
Total liabilities		<u>200,299</u>

**Net Assets:**

Without donor restrictions:		
Undesignated		618,771
With donor restrictions:		
Purpose and time restrictions		<u>470,850</u>
Total net assets		<u><u>1,089,621</u></u>
Total liabilities and net assets	\$	<u><u>1,289,920</u></u>

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

**BC Eduventures, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenues:</b>			
Rentals	\$ 1,093,950	\$ -	\$ 1,093,950
Tickets	221,352	-	221,352
Sponsorships	63,300	-	63,300
Contributions	-	166,897	166,897
In-kind contributions	15,225	-	15,225
Royalties	6,863	-	6,863
Other revenues	18,285	-	18,285
Net assets released from restrictions	<u>29,750</u>	<u>(29,750)</u>	<u>-</u>
Total support and revenues	<u>1,448,725</u>	<u>137,147</u>	<u>1,585,872</u>
<b>Expenses:</b>			
Program services	<u>915,760</u>	<u>-</u>	<u>915,760</u>
Supporting services:			
Management and general	158,555	-	158,555
Fundraising and development	<u>163,975</u>	<u>-</u>	<u>163,975</u>
Total supporting services	<u>322,530</u>	<u>-</u>	<u>322,530</u>
Total expenses	<u>1,238,290</u>	<u>-</u>	<u>1,238,290</u>
Change in net assets	<u>210,435</u>	<u>137,147</u>	<u>347,582</u>
<b>Net Assets, beginning of year</b>	<u>408,336</u>	<u>333,703</u>	<u>742,039</u>
<b>Net Assets, end of year</b>	<u>\$ 618,771</u>	<u>\$ 470,850</u>	<u>\$ 1,089,621</u>

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

**BC Eduventures, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2019**

	<u>Program Services</u>	<u>Supporting Services</u>			<u>Total Expenses</u>
		<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total Supporting Services</u>	
Rental revenue share	\$ 764,115	\$ -	\$ -	\$ -	\$ 764,115
Payroll expense	104,866	27,596	143,501	171,097	275,963
Outside contract services	-	59,055	-	59,055	59,055
Legal fees	-	33,223	-	33,223	33,223
Event operations	23,207	-	-	-	23,207
In-kind facility use	7,464	1,023	1,738	2,761	10,225
Accounting fees	-	21,500	-	21,500	21,500
Travel and entertainment	3,808	1,002	5,212	6,214	10,022
Provision for doubtful accounts	-	9,750	-	9,750	9,750
Advertising and marketing	-	-	9,541	9,541	9,541
Entrepreneurial activities	5,300	-	-	-	5,300
In-kind services	3,500	1,500	-	1,500	5,000
Commissions	-	-	3,983	3,983	3,983
Dues and subscriptions	3,500	-	-	-	3,500
Merchant and bank fees	-	2,739	-	2,739	2,739
Office, postage, and printing	-	1,167	-	1,167	1,167
	<u>-</u>	<u>1,167</u>	<u>-</u>	<u>1,167</u>	<u>1,167</u>
Total expenses by function	\$ <u>915,760</u>	\$ <u>158,555</u>	\$ <u>163,975</u>	\$ <u>322,530</u>	\$ <u>1,238,290</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, 2019**

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**Cash Flows from Operating Activities:**

Change in net assets	\$	347,582
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Provision for doubtful accounts		9,750
Change in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable		57,874
Promises to give, net		(106,647)
Prepaid expenses and other		2,113
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses		19,159
Deferred revenue		9,648
		<hr/>
Net cash provided by (used in) operating activities		339,479
<b>Cash and cash equivalents, beginning of year</b>		<hr/> <b>683,225</b>
<b>Cash and cash equivalents, end of year</b>	\$	<hr/> <b>1,022,704</b>

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. During 2019, the Organization formed a single member limited liability company to operate the fund.

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:** The financial statement presentation follows the guidance of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASU No. 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Net assets:** Net assets, revenues, gains, and losses are classified 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 Restriction* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some 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.

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 statement 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.

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

**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 4).

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

**Promises to give:** 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, 2019, there are no conditional pledges.

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

**Functional allocation of expenses:** The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by functions. Expenses that can be directly identified with a program or supporting service are charged accordingly. The 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. The expenses, including payroll, travel and entertainment, and others, are allocated on the basis of estimates of time and effort and other methods as determined by management.

**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 September 10, 2019, which is the date the financial statements were issued.

## Note 3 - Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date ending June 30, 2019, comprise the following:

Financial Assets:		
Cash and cash equivalents	\$	1,022,704
Accounts receivable		57,216
Promises to give, net		<u>210,000</u>
Financial assets, at year-end		1,289,920

**Note 3 - Liquidity and Availability (continued)**

Less those unavailable for general expenditures within one year, due to: Contractual or donor-imposed restrictions	<u>470,850</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>819,070</u></u>

**Note 4 - Concentrations of Credit Risk**

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, 2019, demand deposits in financial institutions exceeded the insured amount by the applicable guaranty agency by approximately \$ 765,000. The Organization has not experienced any losses in such accounts.

Credit risk with respect to contributions and accounts receivable is limited due to the number and credit worthiness of the entities and individuals who comprise the contributor/customer base. Contributions and accounts receivable are stated at the amount management expects to collect from outstanding balances. The Organization establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific donors/customers, historical trends and other information.

**Note 5 - Promises to Give**

Promises to give include unconditional promises to give from individuals and corporations, which are summarized as follows as of June 30, 2019:

Receivable in less than one year	\$ 73,000
Receivable in one to five years	138,000
Receivable in greater than five years	<u>21,000</u>
Total unconditional pledges at face value	232,000
Less: allowance for doubtful accounts	(9,750)
Less: unamortized discount	<u>(12,250)</u>
	\$ <u><u>210,000</u></u>

Promises are recorded at their net present value. The discount rates ranged from 2.50% to 3.00%.

**Note 6 - 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 7 - Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30, 2019:

Subject to expenditure for specified purpose:		
Student Venture Fund	\$	260,850
Unconditional promises to give, net that are restricted by donors for:		
Student Venture Fund		<u>210,000</u>
	\$	<u><u>470,850</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2019:

Satisfaction of purpose restrictions or time restrictions:		
Student Venture Fund	\$	<u><u>29,750</u></u>

**Note 8 - In-kind Contributions**

The Organization’s policy is to recognize in-kind services and facility use when donated as revenue at estimated fair value, in the period such contributions are received. Contributed professional services, 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, 2019, the Organization recorded approximately \$ 5,000 in donated services and approximately \$ 10,000 related to the use of donated facilities.

**Note 9 - 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, 2019, which are included in the statement of activities and functional expenses:

Revenue share	\$	694,307
Salaries		275,963
In-kind facility use (Note 8)		<u>10,225</u>
Total	\$	<u><u>980,495</u></u>

As of June 30, 2019, there were accounts payable and accrued expenses due to the College of approximately \$ 173,000.

**Note 9 - Related Party Transactions (continued)**

For the year ended June 30, 2019, the Organization provided approximately \$ 992,100, including \$ 22,100 paid directly to other parties, in support of the College. Approximately \$ 19,600 was paid to a member of the Board of Director for consulting services.

In addition, the Organization receives financial support from various members of the Board of Directors or their affiliated organizations.

# 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 Directors  
BCEduventures, 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 financial statements of BCEduventures, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2019, 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 September 10, 2019.

**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  
September 10, 2019