

UNIVERSITY OF CAPE TOWN FUND, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021 (Audited) AND 2020 (Unaudited)



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
University of Cape Town Fund, Inc.

Opinion

We have audited the accompanying financial statements of University of Cape Town Fund, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University of Cape Town Fund, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of University of Cape Town Fund, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of University of Cape Town Fund, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about University of Cape Town Fund, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on 2020 Financial Statements

The December 31, 2020 financial statements were reviewed by us and our report thereon, dated November 10, 2021, stated we are not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. A review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

Lotz + Carr, LLP

UNIVERSITY OF CAPE TOWN FUND, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	<u>2021</u> <u>(Audited)</u>	<u>2020</u> <u>(Unaudited)</u>
Assets		
Cash and cash equivalents (Notes 1c and 4)	\$699,467	\$ 348,729
Unconditional promises to give - with donor restrictions (Notes 1d and 5)	103,240	103,813
Prepaid expenses and other assets	<u>5,136</u>	<u>5,132</u>
Total Assets	<u><u>\$807,843</u></u>	<u><u>\$ 457,674</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 32,703</u>	<u>\$ 14,378</u>
Net Assets		
Without donor restrictions	290,811	265,236
With donor restrictions (Note 3)	<u>484,329</u>	<u>178,060</u>
Total Net Assets	<u><u>775,140</u></u>	<u><u>443,296</u></u>
Total Liabilities and Net Assets	<u><u>\$807,843</u></u>	<u><u>\$ 457,674</u></u>

See accompanying notes to financial statements.

UNIVERSITY OF CAPE TOWN FUND, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u> <u>(Audited)</u>	<u>2020</u> <u>(Unaudited)</u>
Changes in Net Assets Without Donor Restrictions		
Revenue and Other Support		
Contributions (Note 1a)	\$2,340,841	\$ 227,026
Operating grant (Note 6)	175,000	144,601
Interest income	675	639
	<u>2,516,516</u>	<u>372,266</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	<u>74,248</u>	<u>67,368</u>
	<u>2,590,764</u>	<u>439,634</u>
Total Revenue and Other Support		
Expenses		
Program Services		
Grantmaking program	2,369,668	265,668
Alumni and communications program	84,605	35,107
Total Program Services	<u>2,454,273</u>	<u>300,775</u>
Supporting Services		
Management and general	<u>110,916</u>	<u>89,554</u>
	<u>2,565,189</u>	<u>390,329</u>
Total Expenses		
	<u>25,575</u>	<u>49,305</u>
Increase in Net Assets Without Donor Restrictions		
Changes in Net Assets With Donor Restrictions		
Contributions (Note 1a)	380,517	32,514
Net assets released from restrictions	<u>(74,248)</u>	<u>(67,368)</u>
	<u>306,269</u>	<u>(34,854)</u>
Increase (Decrease) in Net Assets With Donor Restrictions		
	<u>331,844</u>	<u>14,451</u>
Increase in net assets		
Net assets, beginning of year	<u>443,296</u>	<u>428,845</u>
	<u>\$ 775,140</u>	<u>\$ 443,296</u>
Net Assets, End of Year		

See accompanying notes to financial statements.

UNIVERSITY OF CAPE TOWN FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021 WITH COMPARATIVE TOTALS FOR 2020

	2021			2020	
	Program Services		Supporting Services	Total Expenses (Audited)	Total Expenses (Unaudited)
	Grantmaking	Alumni and Communications	Management and General		
Grant distributions	\$ 2,369,668	\$ -	\$2,369,668	\$2,369,668	\$ 265,668
Professional fees	-	79,722	79,722	135,176	84,623
Printing, production and postage	-	3,181	3,181	3,181	3,126
Bank and transaction fees	-	1,500	1,500	6,763	2,982
Business insurance	-	-	-	1,100	1,079
Travel and meetings	-	-	-	-	33
Equipment and supplies	-	41	41	522	363
Bad debt expense	-	-	-	46,000	28,725
Other expenses	-	161	161	2,779	3,730
Total Expenses, 2021	<u>\$ 2,369,668</u>	<u>\$ 84,605</u>	<u>\$2,454,273</u>	<u>\$2,565,189</u>	
Total Expenses, 2020	<u>\$ 265,668</u>	<u>\$ 35,107</u>	<u>\$ 300,775</u>		<u>\$ 390,329</u>

See accompanying notes to financial statements.

UNIVERSITY OF CAPE TOWN FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Program Services			Supporting Services	Total Expenses (Unaudited)
	Grantmaking	Alumni and Communications	Total	Management and General	
Grant distributions	\$ 265,668	\$ -	\$265,668	\$ -	\$ 265,668
Professional fees	-	30,594	30,594	54,029	84,623
Printing, production and postage	-	2,993	2,993	133	3,126
Bank and transaction fees	-	1,375	1,375	1,607	2,982
Business insurance	-	-	-	1,079	1,079
Travel and meetings	-	-	-	33	33
Equipment and supplies	-	95	95	268	363
Bad debt expense	-	-	-	28,725	28,725
Other expenses	-	50	50	3,680	3,730
Total Expenses	<u>\$ 265,668</u>	<u>\$ 35,107</u>	<u>\$300,775</u>	<u>\$ 89,554</u>	<u>\$ 390,329</u>

See accompanying notes to financial statements.

UNIVERSITY OF CAPE TOWN FUND, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u> <u>(Audited)</u>	<u>2020</u> <u>(Unaudited)</u>
Cash Flows From Operating Activities		
Increase in net assets	\$331,844	\$ 14,451
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Bad debt expense	46,000	28,725
(Increase) decrease in:		
Unconditional promises to give	(45,427)	13,008
Prepaid expenses and other assets	(4)	(1,857)
Increase (decrease) in accounts payable and accrued expenses	<u>18,325</u>	<u>(11,665)</u>
Net Cash Provided By Operating Activities - Net Increase in Cash and Cash Equivalents	350,738	42,662
Cash and cash equivalents, beginning of year	<u>348,729</u>	<u>306,067</u>
 Cash and Cash Equivalents, End of Year	 <u><u>\$699,467</u></u>	 <u><u>\$ 348,729</u></u>

See accompanying notes to financial statements.

UNIVERSITY OF CAPE TOWN FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 (Audited) AND 2020 (Unaudited)

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization

University of Cape Town Fund, Inc. ("the Fund") is a not-for-profit organization incorporated in 1984 under the laws of New York State. The purposes of the Fund are to promote, further and advance the interests of The University of Cape Town, South Africa, its students and its faculty in providing university education on a racially non-discriminatory basis in South Africa.

During 2021, the Fund received approximately 69% of its contributions from one donor. During 2020, the Fund received approximately 22% of its contributions from one foundation.

b - Financial Statement Presentation

The financial statements of the Fund have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the Fund to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Fund. These net assets may be used at the discretion of the Fund's management and Board of Directors.

Net Assets With Donor Restrictions

Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Fund or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

c - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Fund considers all highly liquid debt instruments, purchased with a maturity of three months or less, including money market accounts, to be cash equivalents.

d - Contributions and Promises to Give

The Fund recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend have been met.

UNIVERSITY OF CAPE TOWN FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 (Audited) AND 2020 (Unaudited)

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

d - Contributions and Promises to Give (continued)

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are received. All other donor-restricted contributions are reported as increases in net assets with donor 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.

The Fund uses the allowance method to determine uncollectible promises to give. Such allowance, if any, is based on prior years' experience and management's analysis of specific promises made.

e - Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

f - Tax Status

The Fund is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

g - Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses are applied directly to programs where applicable or allocated on a reasonable and consistent basis. A substantial portion of the Fund's expenses are directly related to program activities, which are made up of the grantmaking and alumni and communications programs.

h - Subsequent Events

The Fund has evaluated subsequent events through November 11, 2022, the date that the financial statements are considered available to be issued.

UNIVERSITY OF CAPE TOWN FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 (Audited) AND 2020 (Unaudited)

Note 2 - Information Regarding Liquidity and Availability

The Fund operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. A substantial portion of annual revenue is comprised of contribution revenue raised during the current year, and an operating grant from the University of Cape Town (Note 6). The Fund considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to general and administrative activities undertaken to support those services.

The Fund's budget for alumni and communications program services and management and general expenses ("Operating Expenses") is funded by its operating grant. There is no formal agreement between the Fund and the University of Cape Town which guarantees award of the operating grant each year. The Fund regularly monitors the balance of the University of Cape Town grant to ensure sufficient liquidity to meet its operating needs and other commitments and obligations, and maintains liquid financial assets on an ongoing basis sufficient to cover at least 365 days of Operating Expenses. As a supporting organization, financial assets raised from donors (excluding the University of Cape Town annual operating grant) are distributed to the University of Cape Town quarterly. The resulting short time frame for which the Fund holds amounts raised from donors, reduces the Fund's scope to invest those funds.

The Fund's financial assets as of December 31, 2021 and 2020 available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2021</u>	<u>2020</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$699,467	\$348,729
Unconditional promises to give	<u>103,240</u>	<u>103,813</u>
Total Financial Assets	802,707	452,542
Less: Amounts not Available to be Used Within One Year:		
Net assets with donor restrictions, subject to expenditure for specific purposes or passage of time	(484,329)	(178,060)
Plus: Net assets with donor restrictions expected to be met in less than one year	<u>193,810</u>	<u>111,748</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$512,188</u>	<u>\$386,230</u>

UNIVERSITY OF CAPE TOWN FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 (Audited) AND 2020 (Unaudited)

Note 3 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted to the following future programs and periods at December 31:

	<u>2021</u>	<u>2020</u>
University of Cape Town bursary fund	\$ 8,300	\$ 21,790
University of Cape Town endowment fund	14,769	8,037
Other University of Cape Town purposes	358,020	44,420
Future periods	<u>103,240</u>	<u>103,813</u>
	<u>\$484,329</u>	<u>\$178,060</u>

Note 4 - Concentration of Credit Risk

The Fund maintains its cash and cash equivalents in a financial institution in New York City. The cash balances, at times, may exceed federally insured limits.

Note 5 - Unconditional Promises to Give

Unconditional promises to give as of December 31 consist of the following:

	<u>With Donor Restrictions</u>	
	<u>2021</u>	<u>2020</u>
Due within one year	\$110,500	\$ 60,500
Due within two to five years	<u>80,000</u>	<u>87,500</u>
	190,500	148,000
Less: Allowance for uncollectible promises to give	(83,000)	(37,000)
Less: Discount to present value	<u>(4,260)</u>	<u>(7,187)</u>
	<u>\$103,240</u>	<u>\$103,813</u>

UNIVERSITY OF CAPE TOWN FUND, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2021 (Audited) AND 2020 (Unaudited)****Note 5 - Unconditional Promises to Give (continued)**

Unconditional promises to give for periods due after one year are discounted to present value using a discount rate of 3%. Uncollectible promises were estimated based on prior years' experience.

Note 6 - Operating Grant

The Fund obtained grants during 2021 and 2020 from the University of Cape Town, South Africa in the amount of \$175,000 and \$144,601, respectively. The purpose of these grants is to reimburse the Fund for the cost of its daily operations.