

UNIVERSITY OF CAPE TOWN FUND, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022 (Unaudited) AND 2021 (Audited)



INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed 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, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

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 related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2022 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Report on 2021 Financial Statements

The 2021 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated November 11, 2022. We have not performed any auditing procedures since that date.

Lutz + Carr, LLP

New York, New York
October 11, 2023

UNIVERSITY OF CAPE TOWN FUND, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	<u>2022</u> <u>(Unaudited)</u>	<u>2021</u> <u>(Audited)</u>
Assets		
Cash and cash equivalents (Notes 1c and 4)	\$ 386,748	\$699,467
Unconditional promises to give - with donor restrictions (Notes 1d and 5)	88,036	103,240
Prepaid expenses and other assets	<u>5,536</u>	<u>5,136</u>
Total Assets	<u><u>\$ 480,320</u></u>	<u><u>\$807,843</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 43,086</u>	<u>\$32,703</u>
Net Assets		
Without donor restrictions	297,385	290,811
With donor restrictions (Note 3)	<u>139,849</u>	<u>484,329</u>
Total Net Assets	<u><u>437,234</u></u>	<u><u>775,140</u></u>
Total Liabilities and Net Assets	<u><u>\$ 480,320</u></u>	<u><u>\$807,843</u></u>

See accompanying notes independent accountants' review report.

UNIVERSITY OF CAPE TOWN FUND, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u> <u>(Unaudited)</u>	<u>2021</u> <u>(Audited)</u>
Changes in Net Assets Without Donor Restrictions		
Revenue and Other Support		
Contributions (Note 1a)	\$ 328,677	\$2,340,841
Operating grant (Note 6)	170,500	175,000
Interest income	597	675
	<u>499,774</u>	<u>2,516,516</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	<u>381,090</u>	<u>74,248</u>
 Total Revenue and Other Support	 <u>880,864</u>	 <u>2,590,764</u>
Expenses		
Program Services		
Grantmaking program	709,968	2,369,668
Alumni and communications program	96,705	84,605
Total Program Services	<u>806,673</u>	<u>2,454,273</u>
Supporting Services		
Management and general	<u>67,616</u>	<u>110,916</u>
 Total Expenses	 <u>874,289</u>	 <u>2,565,189</u>
 Increase in Net Assets Without Donor Restrictions	 <u>6,575</u>	 <u>25,575</u>
Changes in Net Assets With Donor Restrictions		
Contributions (Note 1a)	36,609	380,517
Net assets released from restrictions	<u>(381,090)</u>	<u>(74,248)</u>
 Increase (Decrease) in Net Assets With Donor Restrictions	 <u>(344,481)</u>	 <u>306,269</u>
 Increase (decrease) in net assets	 <u>(337,906)</u>	 <u>331,844</u>
Net assets, beginning of year	<u>775,140</u>	<u>443,296</u>
 Net Assets, End of Year	 <u><u>\$ 437,234</u></u>	 <u><u>\$ 775,140</u></u>

See accompanying notes and independent accountants' review report.

UNIVERSITY OF CAPE TOWN FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022 WITH COMPARATIVE TOTALS FOR 2021

	2022				2021	
	Program Services			Supporting Services		
	Grantmaking	Alumni and Communications	Total	Management and General	Total Expenses (Unaudited)	Total Expenses (Audited)
Grant distributions	\$ 709,968	\$ -	\$ 709,968	\$ -	\$ 709,968	\$2,369,668
Professional fees	-	76,050	76,050	55,814	131,864	135,176
Printing, production and postage	-	3,388	3,388	346	3,734	3,181
Bank and transaction fees	-	565	565	5,404	5,969	6,763
Business insurance	-	-	-	1,240	1,240	1,100
Travel and meetings	-	3,066	3,066	-	3,066	-
Equipment and supplies	-	54	54	938	992	522
Alumni events	-	12525	12,525	-	12,525	-
Bad debt expense	-	-	-	-	-	46,000
Other expenses	-	1,057	1,057	3,874	4,931	2,779
Total Expenses, 2022	<u>\$ 709,968</u>	<u>\$ 96,705</u>	<u>\$ 806,673</u>	<u>\$ 67,616</u>	<u>\$ 874,289</u>	
Total Expenses, 2021	<u>\$ 2,369,668</u>	<u>\$ 84,605</u>	<u>\$2,454,273</u>	<u>\$ 110,916</u>		<u>\$2,565,189</u>

See accompanying notes and independent accountants' review report.

UNIVERSITY OF CAPE TOWN FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Program Services			Supporting Services	Total Expenses (Audited)
	Grantmaking	Alumni and Communications	Total	Management and General	
Grant distributions	\$ 2,369,668	\$ -	\$2,369,668	\$ -	\$2,369,668
Professional fees	-	79,722	79,722	55,454	135,176
Printing, production and postage	-	3,181	3,181	-	3,181
Bank and transaction fees	-	1,500	1,500	5,263	6,763
Business insurance	-	-	-	1,100	1,100
Travel and meetings	-	-	-	-	-
Equipment and supplies	-	41	41	481	522
Bad debt expense	-	-	-	46,000	46,000
Other expenses	-	161	161	2,618	2,779
Total Expenses	<u>\$ 2,369,668</u>	<u>\$ 84,605</u>	<u>\$2,454,273</u>	<u>\$ 110,916</u>	<u>\$2,565,189</u>

See accompanying notes and independent accountants' review report.

UNIVERSITY OF CAPE TOWN FUND, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u> <u>(Unaudited)</u>	<u>2021</u> <u>(Audited)</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (337,906)	\$331,844
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Bad debt expense	-	46,000
(Increase) decrease in:		
Unconditional promises to give	15,204	(45,427)
Prepaid expenses and other assets	(400)	(4)
Increase in accounts payable and accrued expenses	<u>10,383</u>	<u>18,325</u>
Net Cash Provided (Used) By Operating Activities - Net		
Increase (Decrease) in Cash and Cash Equivalents	(312,719)	350,738
Cash and cash equivalents, beginning of year	<u>699,467</u>	<u>348,729</u>
 Cash and Cash Equivalents, End of Year	 <u><u>\$ 386,748</u></u>	 <u><u>\$699,467</u></u>

See accompanying notes and independent accountants' review report.

UNIVERSITY OF CAPE TOWN FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 (Unaudited) AND 2021 (Audited)

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 2022, the Fund received approximately 46% of its contributions from two donors. During 2021, the Fund received approximately 69% of its contributions from one donor.

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, 2022 (Unaudited) AND 2021 (Audited)

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 October 11, 2023, the date the financial statements are considered available to be issued.

UNIVERSITY OF CAPE TOWN FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 (Unaudited) AND 2021 (Audited)

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, 2022 and 2021 available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2022</u>	<u>2021</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$386,748	\$699,467
Unconditional promises to give	<u>88,036</u>	<u>103,240</u>
Total Financial Assets	474,784	802,707
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	(139,848)	(484,329)
Plus: Net assets with donor restrictions expected to be met in less than one year	<u>139,848</u>	<u>193,810</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$474,784</u>	<u>\$512,188</u>

UNIVERSITY OF CAPE TOWN FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 (Unaudited) AND 2021 (Audited)

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>2022</u>	<u>2021</u>
University of Cape Town bursary fund	\$ 1,250	\$ 8,300
University of Cape Town endowment fund	22,562	14,769
Other University of Cape Town purposes	28,000	358,020
Future periods	<u>88,036</u>	<u>103,240</u>
	<u>\$139,848</u>	<u>\$484,329</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>2022</u>	<u>2021</u>
	<u>With Donor Restrictions</u>	
Due within one year	\$153,000	\$110,500
Due within two to five years	<u>20,000</u>	<u>80,000</u>
	173,000	190,500
Less: Allowance for uncollectible promises to give	(83,000)	(83,000)
Less: Discount to present value	<u>(1,964)</u>	<u>(4,260)</u>
	<u>\$ 88,036</u>	<u>\$103,240</u>

UNIVERSITY OF CAPE TOWN FUND, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2022 (Unaudited) AND 2021 (Audited)****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 2022 and 2021 from the University of Cape Town, South Africa in the amount of \$170,500. The purpose of these grants is to reimburse the Fund for the cost of its daily operations.