

EARTH UNIVERSITY FOUNDATION, INC.

**FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
and
SUPPLEMENTARY INFORMATION**

**with
INDEPENDENT AUDITORS' REPORT**

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
EARTH University Foundation, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of EARTH University Foundation Inc. (a nonprofit organization) (the "Foundation"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023, and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in Government Auditing Standards ("GAS") issued by the Comptroller General of the United States. 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 the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the Foundation's ability to continue as a going concern within one year after the date of this report.

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 GAAS and GAS 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 GAAS and GAS, 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 the Foundation'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 the Foundation'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations ("CFR") Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with GAS, we have also issued our report dated March 15, 2024 on our consideration of the Foundation'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 Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with GAS in considering the Foundation's internal control over financial reporting and compliance.

Smith and Howard

Atlanta, GA
March 15, 2024

EARTH UNIVERSITY FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents (Note C)	\$ 2,658,531	\$ 2,864,627
Prepaid expenses, deposits and other receivables	33,022	43,344
Receivables from EARTH (Note I)	264,501	282,573
Pledges receivable, net (Note D)	2,791,656	2,610,723
Endowment pledges receivable, net (Note D)	100,268	130,236
Endowment and other investments (Note B)	75,033,187	68,873,417
Cash surrender value of life insurance (Note E)	550,131	557,342
Property and equipment, net	29,211	28,491
	<u><u>\$ 81,460,507</u></u>	<u><u>\$ 75,390,753</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 62,808	\$ 107,760
Advance from EARTH (Note I)	100,000	100,000
Scholarships payable to EARTH (Notes F and I)	130,079	213,275
Payable to EARTH Trust (Note I)	-	841
	<u>292,887</u>	<u>421,876</u>

Net Assets

Without Donor Restrictions	965,643	987,598
With Donor Restrictions	<u>80,201,977</u>	<u>73,981,279</u>
	<u>81,167,620</u>	<u>74,968,877</u>
	<u><u>\$ 81,460,507</u></u>	<u><u>\$ 75,390,753</u></u>

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

EARTH UNIVERSITY FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains and support:			
Funding from EARTH (Note I)	\$ 1,568,746	\$ -	\$ 1,568,746
Funding from EARTH Trust (Note I)	1,135	-	1,135
Contributions and pledges	401,809	3,885,757	4,287,566
Change in cash surrender value	(7,211)	-	(7,211)
Investment gain, net	-	9,761,724	9,761,724
Net assets released from restrictions (Note H)	<u>7,426,783</u>	<u>(7,426,783)</u>	<u>-</u>
 Total revenues, gains and support	 <u>9,391,262</u>	 <u>6,220,698</u>	 <u>15,611,960</u>
Expenses:			
Scholarships and grants	8,159,097	-	8,159,097
Administrative	550,788	-	550,788
Fundraising	<u>703,332</u>	<u>-</u>	<u>703,332</u>
 Total expenses	 <u>9,413,217</u>	 <u>-</u>	 <u>9,413,217</u>
 Change in net assets	 (21,955)	 6,220,698	 6,198,743
Net assets, beginning of year	<u>987,598</u>	<u>73,981,279</u>	<u>74,968,877</u>
Net assets, end of year	<u>\$ 965,643</u>	<u>\$ 80,201,977</u>	<u>\$ 81,167,620</u>

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

EARTH UNIVERSITY FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains and support:			
Funding from EARTH (Note I)	\$ 1,422,065	\$ -	\$ 1,422,065
Funding from EARTH Trust (Note I)	1,934	-	1,934
Contributions and pledges	382,802	3,134,393	3,517,195
Change in cash surrender value	55,315	-	55,315
Investment loss, net	-	(9,835,623)	(9,835,623)
Net assets released from restrictions (Note H)	<u>7,286,264</u>	<u>(7,286,264)</u>	<u>-</u>
 Total revenues, gains and support	 <u>9,148,380</u>	 <u>(13,987,494)</u>	 <u>(4,839,114)</u>
Expenses:			
Scholarships and grants	8,798,572	-	8,798,572
Administrative	511,660	-	511,660
Fundraising	<u>681,899</u>	<u>-</u>	<u>681,899</u>
 Total expenses	 <u>9,992,131</u>	 <u>-</u>	 <u>9,992,131</u>
 Change in net assets	 (843,751)	 (13,987,494)	 (14,831,245)
Net assets, beginning of year	<u>1,831,349</u>	<u>87,968,773</u>	<u>89,800,122</u>
Net assets, end of year	<u>\$ 987,598</u>	<u>\$ 73,981,279</u>	<u>\$ 74,968,877</u>

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

EARTH UNIVERSITY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	<u>Scholarships and Grants</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and benefits	\$ 265,279	\$ 375,624	\$ 646,667	\$ 1,287,570
Consulting	-	20,501	200	20,701
Professional services	-	62,135	-	62,135
Office expenses	13,144	44,662	34,563	92,369
Events	-	-	3,703	3,703
Travel and board meetings	1,565	41,009	18,199	60,773
Scholarships	4,995,720	-	-	4,995,720
Project and program expense	<u>2,883,389</u>	<u>6,857</u>	<u>-</u>	<u>2,890,246</u>
	<u>\$ 8,159,097</u>	<u>\$ 550,788</u>	<u>\$ 703,332</u>	<u>\$ 9,413,217</u>

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

EARTH UNIVERSITY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	<u>Scholarships and Grants</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and benefits	\$ 239,631	\$ 359,160	\$ 624,200	\$ 1,222,991
Consulting	-	10,873	-	10,873
Professional services	684	42,758	1,691	45,133
Office expenses	11,937	73,875	33,723	119,535
Events	-	15	9,067	9,082
Travel and board meetings	-	24,979	13,218	38,197
Scholarships	4,989,255	-	-	4,989,255
Project and program expense	<u>3,557,065</u>	<u>-</u>	<u>-</u>	<u>3,557,065</u>
	<u>\$ 8,798,572</u>	<u>\$ 511,660</u>	<u>\$ 681,899</u>	<u>\$ 9,992,131</u>

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

EARTH UNIVERSITY FOUNDATION, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 6,198,743	\$ (14,831,245)
Adjustments to reconcile change in net assets to net cash required by operating activities:		
Depreciation and amortization	14,158	6,016
Endowment fund contributions and pledges	(52,032)	(63,718)
Realized and unrealized (gain) loss on investments	(8,114,378)	12,256,958
Change in cash surrender value	7,211	(55,315)
Changes in assets and liabilities		
Increase (decrease) in:		
Prepaid expenses, deposits and other receivables	10,322	(9,788)
Receivables from EARTH	18,072	(156,103)
Pledges receivable, net	(180,933)	454,021
Increase (decrease) in:		
Accounts payable and accrued expenses	(44,952)	42,385
Scholarships payable to EARTH	(83,196)	64,057
Payable to EARTH Trust	(841)	(2,113)
Total Adjustments	<u>(8,426,569)</u>	<u>12,536,400</u>
Net Cash Required by Operating Activities	<u>(2,227,826)</u>	<u>(2,294,845)</u>
Cash Flows From Investing Activities:		
Net sales of long-term investments	1,954,608	1,212,259
Purchases of property and equipment	<u>(14,878)</u>	<u>(28,814)</u>
Net Cash Provided by Investing Activities	<u>1,939,730</u>	<u>1,183,445</u>
Cash Flows From Financing Activities:		
Endowment contributions and pledges received	<u>82,000</u>	<u>172,200</u>
Net Cash Provided by Financing Activities	<u>82,000</u>	<u>172,200</u>
Net Change in Cash and Cash Equivalents	(206,096)	(939,200)
Cash and Cash Equivalents at Beginning of Year	<u>2,864,627</u>	<u>3,803,827</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,658,531</u>	<u>\$ 2,864,627</u>

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

EARTH UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE A - NATURE OF FOUNDATION

Organizational Purpose

EARTH University Foundation, Inc. (the "Foundation") was incorporated in the state of Delaware in 1989 and relocated to Atlanta, Georgia in 1997. The Foundation is a nonprofit corporation whose purpose is to foster educational programs in teaching, research, and dissemination of knowledge about agriculture and conservation and in furtherance of the foregoing purpose, to raise and provide financial and other support for the programs of the Escuela de Agriculatural de la Region Tropical Humeda (EARTH). EARTH's stated mission is to prepare leaders with ethical values to contribute to the sustainable development and to construct a prosperous and just society. EARTH's vision is that its actions are mission-driven to alleviate poverty, promote social justice and build a future where our communities achieve sustainable and shared prosperity. EARTH accomplishes its mission and vision by implementing a value structure which includes human development, academic excellence, ethical behavior, sustainable development, social consciousness, the search for knowledge, and biodiversity conservation.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Foundation follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("GAAP").

Presentation

Net assets, along with revenues, expenses, gains and losses, are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

- 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 Foundation.
- Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity.

EARTH UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risks and Uncertainties

The Foundation's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, endowment and other investments and pledges receivable. At times, cash and cash equivalent balances may exceed federally insured amounts. Management believes that cash and other investments are maintained at financial institutions with high credit ratings that would, accordingly, carry a low risk of potential loss. Management continually monitors receivable balances and believes that its exposure to credit risk is limited. Endowment and other investments are exposed to various risks, such as interest rate risk, market risk and credit risk. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying financial statements.

Pledges Receivable

Contributions are recognized when the donor makes a pledge to give to the Foundation. Contributions restricted by the donor for the benefit of EARTH are recorded as donor restricted net assets. Pledges receivable consist of these uncollected pledges, net of an allowance for uncollectible pledges and a present value discount. The Foundation uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific pledges made.

The Foundation had two major donors that comprised 38% of pledges receivable at December 31, 2023 and one major donor that comprised of 100% of endowment pledges receivable. At December 31, 2022 the Foundation had one major donor that comprised 31% of pledges receivable at December 31, 2022 and two major donors that comprised of 100% of endowment pledges receivable.

Endowment Fund

GAAP requires the following financial statement disclosures for the Foundation:

- Classification of net assets

Endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

EARTH UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Fund (Continued)

- Interpretation of Relevant Law

The Foundation has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulation to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditures by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purposes of the Foundation and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The possible effect of inflation and deflation.
- (5) The expected total return from income and the appreciation of investments.
- (6) Other resources of the Foundation.
- (7) The investment policies of the Foundation.

- Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Foundation, the endowment assets are invested in a manner to attain an average annual real total return, net of investment management fees, of at least 5% over the long term.

- Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

**EARTH UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Fund (Continued)

- Spending Policy

The Foundation has a spending policy approved by the Foundation's Board of Trustees that is designed to ensure that the real value of both the funds and of the spending stream is maintained over time. The Foundation's spending policy states that annuities from endowed scholarship gifts are approved by the Chairman of the Board of Trustees on behalf of the board every four years as the funds become available for a new incoming student. Annuities from other endowed gifts, such as Professorships and Programs are approved by the Chairman of the Board of Trustees annually, depending on the nature of the gift. The maximum base to which the 5% rule is applied, is calculated using a rolling average of the market during the previous 36 months. The value of endowment using the average month-end values of the fund cumulatively.

- Underwater Endowment Funds

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. The Foundation's policy is to refrain from disbursement from individual endowment funds if the fund's value is 95% or less of the corpus. At December 31, 2023, the Foundation had one underwater endowment. The endowment fund underwater at December 31, 2023 had a fair value of \$505,225 and had a corpus of \$520,314, resulting in the fund being underwater by \$15,092. At December 31, 2022, the Foundation had 13 underwater endowments. The fair value of the endowment funds underwater at December 31, 2022 was \$45,246,694 and had a corpus of \$45,792,419, resulting in the 13 funds being underwater by \$545,725.

EARTH UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Fund (Continued)

Changes in endowment net assets for the years ended December 31, 2023 and 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets			
December 31, 2021	\$ -	\$ 82,342,634	\$ 82,342,634
Cash contributions	-	172,200	172,200
Earnings used for scholarship and programs	-	(3,805,794)	(3,805,794)
Investment return:			
Investment income	-	2,421,335	2,421,335
Net depreciation	-	(12,256,958)	(12,256,958)
Endowment net assets			
December 31, 2022	-	68,873,417	68,873,417
Cash contributions	-	82,000	82,000
Earnings used for scholarship and programs	-	(3,683,954)	(3,683,954)
Investment return:			
Investment income	-	1,647,346	1,647,346
Net appreciation	-	8,114,378	8,114,378
Endowment net assets			
December 31, 2023	<u>\$ -</u>	<u>\$ 75,033,187</u>	<u>\$ 75,033,187</u>

Investments

Investments are carried at fair market value in accordance with GAAP. Fair value is determined from quoted market prices or market prices of similar instruments. Realized and unrealized gains and losses from investments are reflected as investment return within the Statement of Activities and Changes in Net Assets.

**EARTH UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Values Measured on Recurring Basis

The FASB issued a pronouncement on fair value measurement defining fair value, establishing a framework for measuring fair value and expanding disclosures about fair value measurements.

FASB establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs in which little or no market data exists (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Basis of Fair Value Measurement

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The table below represents fair value measurement hierarchy of the Foundation's assets at fair value as of December 31:

			<u>2023</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV (a)</u>	
Government obligations	\$ 5,137,123	\$ -	\$ 5,137,123	\$ -	\$ -	
Equity mutual funds	46,060,906	46,060,906	-	-	-	
mutual funds	15,842,305	15,842,305	-	-	-	
Alternative investments (a)	<u>7,992,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,992,853</u>	
	<u>\$ 75,033,187</u>	<u>\$ 61,903,211</u>	<u>\$ 5,137,123</u>	<u>\$ -</u>	<u>\$ 7,992,853</u>	

**EARTH UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Values Measured on Recurring Basis (Continued)

			<u>2022</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV (a)</u>	
Government obligations	\$ 5,360,666	\$ -	\$ 5,360,666	\$ -	\$ -	
Equity mutual funds	41,762,253	41,762,253	-	-	-	
mutual funds	14,116,259	14,116,259	-	-	-	
Certificates of deposit	1,578,638	-	1,578,638	-	-	
Alternative investments (a)	<u>6,055,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,055,601</u>	
	<u>\$ 68,873,417</u>	<u>\$ 55,878,512</u>	<u>\$ 6,939,304</u>	<u>\$ -</u>	<u>\$ 6,055,601</u>	

Fair values for investments are determined by reference to quoted market prices, market transactions and other relevant information.

(a) In accordance with GAAP, certain investments that are measured using the net asset value ("NAV") per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the carrying values disclosed in the "Endowment Fund" section of Note B.

Investments Measured at NAV per Share or Equivalent

The Foundation's investment advisor performs ongoing due diligence of the funds which includes benchmarking and comparing the results of the fund to certain applicable indices. The Foundation's investment advisor also has regular calls with management of the funds and meets periodically with the Foundation's Board of Trustees and reports the performance of funds. There were no changes in valuation techniques noted for these funds during 2023 and 2022.

Property and Equipment

Property and equipment are recorded at cost or fair value at the date of gift and is depreciated on a straight-line basis over estimated useful lives ranging from three to seven years. The Foundation follows the practice of capitalizing all equipment expenditures in excess of \$1,000.

Contributions

Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. The Foundation had conditional promises to give totaling \$100,000 and \$200,000 at December 31, 2023 and 2022, respectively.

EARTH UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)

The Foundation records gifts of property and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, as well as gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Marketable securities, and other assets, are recorded at their fair market value on the date of receipt. If donated services received either create or enhance non-financial assets or require specialized skills which would need to be purchased if not donated, the value of those donated services would be recorded in accordance with GAAP. No donated services were received during the years ended December 31, 2023 and 2022.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. The Statement of Functional Expenses present the natural classification detail of expenses by function. Costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting activities benefited, based on either financial or nonfinancial data, such as headcount or estimates of time and effort incurred by personnel.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore, no provision for income taxes is required. In addition, the Foundation has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. In 2007, the Foundation received approval from the IRS that it was considered to be a public charity under Section 509(a)(1) and 170 (b)(1)(a)(vi) of the Internal Revenue Code, since it receives a substantial part of its support from governmental grants and the general public. The Foundation annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Foundation takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification. In the normal course of business, the Foundation is subject to examination by the federal and state taxing authorities. In general, the Foundation is no longer subject to tax examinations for the tax years ending before December 31, 2020.

EARTH UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 reported period. Actual results could differ from those estimates.

NOTE C - CASH AND CASH EQUIVALENTS

For the purpose of the Statement of Cash Flows, the Foundation considers all short-term liquid investments with maturities of three months or less to be cash equivalents. Cash and cash equivalents consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Cash without donor restrictions	\$ 328,165	\$ 463,725
Cash with donor restrictions	<u>2,330,366</u>	<u>2,400,902</u>
	<u><u>\$ 2,658,531</u></u>	<u><u>\$ 2,864,627</u></u>

NOTE D - PLEDGES RECEIVABLE, NET

The Foundation receives donor restricted pledges for scholarships, projects and programs that are temporarily in nature and pledges without donor restrictions, some of which are to be received over several years. The Foundation records these multi-year pledges net of a present value discount. These discounts are amortized between the date the promise to give is initially recognized and the date the cash or other contributed assets are to be received. As of December 31, 2023 and 2022, the fair value of contributions receivable is estimated by discounting the future cash flows using a rate between 2.10% and 7.47%.

EARTH UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE D - PLEDGES RECEIVABLE, NET (Continued)

As of December 31, pledges receivable are as follows:

	<u>2023</u>	<u>2022</u>
Amounts receivable in less than 1 year	\$ 297,248	\$ 191,336
Amounts receivable in 1 to 5 years	3,307,904	2,925,647
Thereafter	<u>-</u>	<u>114,438</u>
	3,605,152	3,231,421
Unamortized present value of discount	(793,817)	(602,294)
Allowance for uncollectible pledges	<u>(19,679)</u>	<u>(18,404)</u>
	<u><u>\$ 2,791,656</u></u>	<u><u>\$ 2,610,723</u></u>

The Foundation has outstanding pledges related to its endowment with payments receivable over several years. The receivables are recorded net of a present value discount rate ranging between 2.10% and 7.47%.

As of December 31, pledges receivable relating to the endowment are as follows:

	<u>2023</u>	<u>2022</u>
Amounts receivable in less than 1 year	\$ 112,456	\$ 46,536
Amounts receivable in 1 to 5 years	<u>12,500</u>	<u>116,420</u>
	124,956	162,956
Unamortized present value of discount	(23,980)	(31,802)
Allowance for uncollectible pledges	<u>(708)</u>	<u>(918)</u>
	<u><u>\$ 100,268</u></u>	<u><u>\$ 130,236</u></u>

NOTE E - CASH SURRENDER VALUE OF LIFE INSURANCE

Cash surrender value of life insurance at December 31, 2023 and 2022 is \$550,131 and \$557,342, respectively. The Foundation is the owner, applicant, payer and beneficiary of two life insurance policies. The insured are two board members that made a donation to purchase the life insurance. The face value of each life insurance policy is \$1,000,000.

**EARTH UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE F - SCHOLARSHIPS PAYABLE TO EARTH

The Foundation receives requests from EARTH for scholarship funds in order to pay students' tuition. When the donations are received and the Foundation's Chairman of the Board approves these requests on behalf of the board, they are recorded as a liability in the accompanying statement of financial position.

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purpose at December 31:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Scholarships	\$ 2,197,053	\$ 2,068,441
Programs	115,313	280,461
Pledges receivable, which have been restricted by donors for:		
Scholarships	2,360,969	2,338,406
Programs	<u>377,187</u>	<u>238,318</u>
	<u>5,050,522</u>	<u>4,925,626</u>
 Subject to spending policy and appropriation:		
Endowment pledge receivable, which the corpus has been restricted by the donor for:		
Scholarships	100,268	130,236
Endowment cash	18,000	52,000
Investment in perpetuity (including accumulated amounts of \$6,493,823 in 2023 and \$416,052 in 2022), which once appropriated, is expendable to support:		
Scholarships	67,139,217	61,624,842
Programs	6,806,806	6,248,283
General support	<u>1,087,164</u>	<u>1,000,292</u>
	<u>75,151,455</u>	<u>69,055,653</u>
 Total net assets with donor restrictions	 <u><u>\$ 80,201,977</u></u>	 <u><u>\$ 73,981,279</u></u>

EARTH UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE H - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenditures satisfying the restricted purpose. Donor restricted net assets released consisted of the following during the years ended December 31:

	<u>2023</u>	<u>2022</u>
EARTH scholarships	\$ 4,995,721	\$ 4,989,255
EARTH projects and programs	<u>2,431,062</u>	<u>2,297,009</u>
	<u>\$ 7,426,783</u>	<u>\$ 7,286,264</u>

NOTE I - RELATED PARTY TRANSACTIONS

EARTH University and EARTH Trust reimburses the Foundation for various operating expenses and at December 31, 2023 and 2022, the Foundation was due \$264,501 and \$282,573, respectively, for such expenses. The Foundation had a payable to EARTH for scholarships as of December 31, 2023 and 2022 of \$130,079 and \$213,275, respectively. The Foundation also has a liability to EARTH for a working capital advance as of December 31, 2023 and 2022 of \$100,000 respectively. The Foundation has a payable to EARTH Trust as of December 31, 2023 and 2022 in the amount of \$0 and \$841, respectively. The Foundation received funding from EARTH University of \$1,568,746 and \$1,422,065 during the years ended December 31, 2023 and 2022, respectively. The Foundation received funding from EARTH Trust of \$1,135 and \$1,934 during the years ended December 31, 2023 and 2022, respectively.

In 2023 and 2022, certain trustees serving on the Foundation board and other trustees who were affiliated with foundations donated \$587,886 and \$45,772, respectively. At December 31, 2023 and 2022, these foundations had discounted pledges receivable totaling \$442,824 and \$433,822 respectively.

A trustee of the Foundation is the chief executive officer/owner of one of the Foundation's vendors. This vendor provided services to the Foundation in the total amount of \$15,370 and \$15,394 for 2023 and 2022, respectively.

NOTE J - RETIREMENT PLAN AND TAX DEFERRED ANNUITY PLAN

The Foundation sponsors a defined contribution retirement plan that operates under Section 403(b) of the Internal Revenue Code. Benefits are provided through the Teachers Insurance and Annuity Association (TIAA). An employee may make contributions to this plan immediately. An employee becomes eligible for matching contributions after one year of employment with the Foundation. The Foundation matches employee traditional 403(b) contributions to the defined contribution retirement plan up to 5% of annual gross salary.

The Foundation's portion of this contribution for the years ended December 31, 2023 and 2022 totaled \$40,176 and \$41,160, respectively.

EARTH UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE K - LIQUIDITY AND AVAILABILITY OF RESOURCES

For purposes of analyzing resources available to meet general expenditures for 2023, the Foundation considers cash, pledge receivables without donor restrictions and pledges receivable with donor restrictions (scholarships and programs) that will be collected and available in 2023 for activities that are ongoing and major to the Foundation. The Foundation does not include appropriated earnings from donor-restricted endowments as these funds have not been appropriated by the Board of Trustees as of December 31. Financial assets available for general expenditures, within one year as of December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,658,531	\$ 2,864,627
Receivables from EARTH	264,501	282,572
Pledges and endowment pledges receivable, net	2,891,924	2,740,959
Endowment and other investments	<u>75,033,187</u>	<u>68,873,417</u>
Financial assets, at year end	<u>80,848,143</u>	<u>74,761,575</u>
Less those unavailable for general expenditures within one year, due to :		
Pledges restricted by donor due to time	(2,738,156)	(2,576,723)
Endowment pledge receivable restricted by donor	(100,268)	(130,236)
Investments not appropriated for spending	<u>(75,033,187)</u>	<u>(68,873,417)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,976,532</u>	<u>\$ 3,181,199</u>

The Foundation is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation maintains sufficient resources to meet those responsibilities to its donors. Thus, certain financial assets may not be available for general expenditures within one year. As part of Foundation's liquidity management, the Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Board of Trustees could vote to make investments available for general expenditures.

NOTE L – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 15, 2024, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**REPORTS AND OTHER SCHEDULES AND INFORMATION
AS REQUIRED BY THE UNIFORM GUIDANCE**

YEAR ENDED DECEMBER 31, 2023

EARTH UNIVERSITY FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023

<u>Federal Grantor/Program Title</u>	<u>Federal Client Assistance Number</u>	<u>Contract Number</u>	<u>Federal Expenditures</u>
U.S. Agency for International Development:			
American Schools and Hospitals Abroad (ASHA) XIII	98.006	AID-ASHA-A-16-00010	\$ 18,822
American Schools and Hospitals Abroad (ASHA) XIV	98.006	AID-ASHA-A-17-00016	403,989
American Schools and Hospitals Abroad (ASHA) XV	98.006	72ASHA18CA00022	325,779
American Schools and Hospitals Abroad (ASHA) XVI	98.006	72ASHA19CA00019	<u>345,354</u>
Total U.S. Agency for International Development			<u>1,093,944</u>
Total Federal Expenditures			<u>\$ 1,093,944</u>

EARTH UNIVERSITY FOUNDATION, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards summarizes the expenditures of EARTH University Foundation, Inc. under programs of the federal government for the year ended December 31, 2023 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the “Uniform Guidance”). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – ACCOUNTING PRINCIPLES

Expenditures for direct costs are recognized as incurred using the accrual method of accounting and the cost accounting principles contained in the Uniform Guidance. Under these cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The Foundation has elected not to use the 10-percent de minimis indirect cost rate under *Title 2 U.S. CFR part 200*, Subpart E, Cost Principles.



**INDEPENDENT AUDITORS' 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 Trustees of
EARTH University Foundation, 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* ("GAS") issued by the Comptroller General of the United States, the financial statements of EARTH University Foundation, Inc. (the "Foundation"), which comprise the statement of financial position as of December 31, 2023 and the related statements of activities and changes in net assets, 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 as of the date of this letter.

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 Foundation'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 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 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 GAS.

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 GAS in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Smith and Howard

Atlanta, GA
March 15, 2024



SMITH+HOWARD PC

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**The Board of Trustees of
EARTH University Foundation, Inc.**

Report on Compliance for Each Major Federal Program

Opinion

We have audited EARTH University Foundation, Inc. (the "Foundation") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Foundation's major federal programs for the year ended December 31, 2023. The Foundation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in Government Auditing Standards ("GAS") issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Foundation's compliance with the types of compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Foundation's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the types of compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. 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 GAAS, GAS, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the types of compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of the federal program as a whole.

In performing an audit in accordance with GAAS, GAS, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Foundation's compliance with the types of compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Smith and Howard

Atlanta, GA
March 15, 2024

**EARTH UNIVERSITY FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

Section I - Summary of Auditors' Results

Financial Statements

Type of report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiencies identified that are not considered to be material weakness(es)? ☐ Yes ☒ None Reported

Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

Type of report issued: Unqualified

Internal control over major programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiencies identified that are not considered to be material weakness(es)? ☐ Yes ☒ None Reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of major programs:

Client Assistance Number
98.006

Name of Federal Program
American Schools and Hospitals Abroad

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

**EARTH UNIVERSITY FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.

Section IV - Summary Schedule of Prior Audit Findings and Questioned Costs

None noted.