NEW MEXICO FOUNDATION

Consolidated Financial Statements
and
Independent Auditors' Report

For the Years Ended
December 31, 2020 and 2019

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SCHLENKER & CANTWELL, P.A.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
New Mexico Foundation
and Consolidated Subsidiary
Albuquerque, New Mexico

We have audited the accompanying consolidated financial statements of the New Mexico Foundation (a nonprofit organization), and its subsidiary NMCF Building, LLC, which comprise the consolidated statements of financial position as of December 31, 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the New Mexico Foundation as of December 31, 2020, 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.

Prior Period Financial Statements

The consolidated financial statements of the New Mexico Foundation as of December 31, 2019, were audited by other auditors whose report, dated August 31, 2020, expressed an unmodified opinion on those statements. The summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Schlenker & Cantwell, P.A.

SCHLENKER & CANTWELL, P.A.
Certified Public Accountants

April 15, 2021
Albuquerque, New Mexico

NEW MEXICO FOUNDATION

Consolidated Statements of Financial Position

December 31, 2020 and 2019

ASSETS

	2020	2019
Current assets		
Cash and cash equivalents	$ 2,675,314	$ 1,938,872
Restricted cash	1,549,868	994,704
Accounts receivable	47,650	47,273
Promises to give	-	200,000
Prepaid expenses	6,166	4,848
Total current assets	4,278,998	3,185,697
Non-current assets		
Investments in marketable securities	24,458,121	22,553,749
Investments in privately held companies	23,150	13,652
Property and equipment, net	546,930	570,608
Right of use leased asset	12,871	18,871
Real estate held for sale	-	8,000
Total non-current assets	25,041,072	23,164,880
Total assets	$ 29,320,070	$ 26,350,577

LIABILITIES AND NET ASSETS

	2020	2019
Current liabilities		
Accounts payable	$ 53,123	$ 62,163
Accrued expenses	26,438	39,929
Refundable contributions	5,588	-
Current portion of lease liabilities	6,900	6,900
Total current liabilities	92,049	108,992
Long-term liabilities		
Lease liabilities	5,971	11,971
Agency funds	4,664,608	4,172,865
Total long-term liabilities	4,670,579	4,184,836
Total liabilities	4,762,628	4,293,828
Net assets		
Without donor restrictions	669,567	444,610
With donor restrictions	23,887,875	21,612,139
Total net assets	24,557,442	22,056,749
Total liabilities and net assets	$ 29,320,070	$ 26,350,577

NEW MEXICO FOUNDATION
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2020
(with comparative totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Totals	2019 Totals
Revenue and support				
Contributions and grants	$ 258,335	$ 5,667,941	$ 5,926,276	$ 4,311,508
Investment income, net	3,578	2,103,904	2,107,482	2,426,791
Management fees	437,428	-	437,428	380,719
Miscellaneous revenue	-	6,487	6,487	37,313
Net assets released from restrictions	5,502,596	(5,502,596)	-	-
Total revenue and support	6,201,937	2,275,736	8,477,673	7,156,331
Expenses				
Program services				
Program and fund	2,639,199	-	2,639,199	2,224,368
Grants	2,930,329	-	2,930,329	1,417,003
Total program services	5,569,528	-	5,569,528	3,641,371
Supporting Services				
Management and General	343,056	-	343,056	404,345
Fundraising	64,396	-	64,396	61,609
Total supporting services	407,452	-	407,452	465,954
Total expenses	5,976,980	-	5,976,980	4,107,325
Changes in net assets	224,957	2,275,736	2,500,693	3,049,006
Net assets, beginning of year	444,610	21,612,139	22,056,749	19,007,743
Net assets, end of year	$ 669,567	$ 23,887,875	$ 24,557,442	$ 22,056,749

NEW MEXICO FOUNDATION
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2020
(with comparative totals for 2019)

	Program Services		Supporting Services			
	Program and Fund	**Grants**	**Management and General**	**Fundraising**	**2020 Totals**	**2019 Totals**
Grants to others	$ -	$ 2,914,129	$ -	$ -	$ 2,914,129	$ 1,401,997
Consulting and professional services	863,201	-	13,168	-	876,369	701,934
Non-NMCF project disbursements	645,945	-	-	-	645,945	381,778
Salaries and wages	284,186	-	146,336	39,188	469,710	489,170
Management fees	381,895	16,200	-	-	398,095	375,147
Rent and utilities	132,813	-	12,084	1,306	146,203	85,930
Service contracts	103,791	-	20,081	2,000	125,872	84,417
Special events	47,277	-	5,247	-	52,524	163,672
Employee benefits	27,705	-	11,845	6,283	45,833	51,052
Office expenses	25,186	-	18,892	1,686	45,764	55,999
Payroll taxes	21,875	-	4,417	11,290	37,582	38,656
Repairs and maintenance	10,220	-	24,614	15	34,849	8,821
Fees and charges	18,239	-	14,011	-	32,250	19,444
Travel and training	28,897	-	3,217	129	32,243	56,259
Accounting and audit	-	-	27,305	-	27,305	24,600
Depreciation	-	-	23,678	-	23,678	20,819
Dues and subscriptions	12,010	-	5,601	1,096	18,707	14,934
Advertising	16,335	-	1,845	-	18,180	14,536
Insurance	9,864	-	3,920	1,403	15,187	24,344
Other	9,760	-	2,923	-	12,683	56,557
Interest	-	-	2,615	-	2,615	26,810
Building expenses	-	-	1,257	-	1,257	10,449
Total expenses	$ 2,639,199	$ 2,930,329	$ 343,056	$ 64,396	$ 5,976,980	$ 4,107,325

NEW MEXICO FOUNDATION
Consolidated Statements of Cash Flows
December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Changes in net assets	$ 2,500,693	$ 3,049,006
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	23,678	20,819
Loss on sale of property and equipment	-	4,100
Realized and unrealized gain on investments	(2,294,225)	(1,895,662)
Donated investments	(191,325)	(116,682)
(Increase) decrease in operating assets:		
Accounts receivable	(377)	(352)
Promises to give	200,000	(200,000)
Prepaid expenses	(1,318)	8,696
Right of use leased asset	6,000	129,645
Increase (decrease) in operating liabilities:		
Accounts payable	(9,040)	4,152
Accrued expenses	(13,491)	2,886
Refundable contributions	5,588	-
Lease liabilities	(6,000)	(129,645)
Agency funds	491,743	(1,290,024)
Net cash provided (used) by operating activities	711,926	(413,061)
Cash flows from investing activities		
Purchases of investments	(898,976)	(1,824,351)
Proceeds from sale of investments	1,470,656	2,921,846
Proceeds from sale of land	8,000	-
Purchases of property and equipment	-	(580,696)
Net cash provided by investing activities	579,680	516,799
Net increase in cash	1,291,606	103,738
Cash and cash equivalents and restricted cash, beginning of year	2,933,576	2,829,838
Cash and cash equivalents and restricted cash, end of year	$ 4,225,182	$ 2,933,576
Cash and cash equivalents, end of year	$ 2,675,314	$ 1,938,872
Restricted cash, end of year	1,549,868	994,704
Total Cash, cash equivalents, and restricted cash	$ 4,225,182	$ 2,933,576
Supplemental Disclosures of Cash Flows:		
Cash paid for interest	$ 2,615	$ 26,810

See independent auditors' report and notes to the consolidated financial statements

NOTE 1 - NATURE OF ORGANIZATION

New Mexico Foundation (the Foundation) is a nonprofit organization located in Santa Fe, New Mexico. The Foundation is a statewide philanthropic institution that works to preserve and create resources for communities across New Mexico while supporting a quality of life that reflects and honors their diverse values, traditions, and aspirations. Through its work, the Foundation seeks solutions to complex challenges through the engagement of the people and the communities closest to them, including individuals from diverse backgrounds and all levels of society. To fulfill this mission, the Foundation accepts contributions and grants from individuals, corporations, foundations, and the government.

The Foundation awards grants to organizations through a number of established funds and special program initiatives. The Foundation also serves as a fiscal sponsor for a number of charitable community-based projects.

Activity within the Donor Advised and Designated Funds includes: (1) funds that address a wide range of interests (art, environment, social justice, health, education, economic sustainability) from which the donor makes grant recommendations; (2) community-advised funds, advised by a community group; and, (3) designated funds to support New Mexico nonprofit organizations.

During 2019, the Foundation formed NMCF Building, LLC. The Foundation is the single member of the LLC. In 2019, the LLC purchased the office building, which serves as the headquarters of the Foundation, in Santa Fe, New Mexico.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying consolidated financial statements are as follows:

Principles of Consolidation

The consolidated financial statements include the accounts of the Foundation and NMCF Building, LLC. All material intercompany transactions have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting. Accordingly, certain revenues are recognized when earned rather than when received and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation

The Foundation's consolidated financial statements are presented in accordance with the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 2016-14, *Not-for-Profit Entities, Presenting Financial Statements.* Under ASC 2016-14, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. In addition, the Foundation is required to present a statement of cash flows and statement of functional expenses.

Comparative Financial Statements

The consolidated financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's audited financial statements for the year ended December 31, 2019 from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2019 consolidated financial statements to conform to the 2020 presentation. These reclassifications have no impact on the Foundation's changes in net assets.

Revenue from Contracts with Customers

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. The guidance requires the Foundation to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Foundation expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments, and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract.

ASU 2014-09 requires organizations to exercise more judgment and recognize revenue using a five-step process. The Foundation adopted the requirements of the new guidance retrospectively to all periods presented in this report. Adoption of the new guidance did not result in significant changes to the accounting policies for revenue recognition, receivables, and deferred revenues since most of the Foundation's revenue sources are not included in the scope of ASU 2014-09.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Accounting Pronouncements

Changes in Not-for-Profit Entities

The Organization adopted the FASB's ASU No. 2018-08— *Not for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update provides a more robust framework for determining whether a transaction should be accounted for as a contribution or an exchange transaction. To accomplish this, the ASU clarifies how a not-for-profit organization determines whether a resource provider is receiving value in return for the resources transferred based on the following criteria:

- A resource provider (including a private foundation, a government agency, or other) is not synonymous with the general public. Indirect benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider.
- Execution of a resource provider's mission or the positive sentiment from acting as a donor would not constitute commensurate value received by a resource provider for purposes of determining whether a transfer of assets is a contribution or an exchange.

In addition, this ASU also requires the Foundation to determine whether a contribution is conditional based on whether the agreement includes a barrier that must be overcome or whether a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Actual results could differ from those estimates and assumptions. Major estimates of the Foundation include depreciable lives and estimated residual value of property and equipment.

Concentrations of Credit Risk

The Foundation maintains its cash balances in various financial institutions located in New Mexico. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. At times the Foundation's cash balances have exceeded federally insured limits. The Foundation has not experienced any loss in such accounts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations of Credit Risk (continued)

As of December 31, 2020 and 2019, uninsured balances totaled approximately $3,721,000 and $2,453,000, respectively. In 2020, a sweep account was set up that invested the funds nightly in treasury bills. Management does not consider there to be significant risk from uninsured balances.

Financial Instruments

The carrying amounts of cash, receivables, other assets, payables, and other liabilities approximate fair value due to the short maturity periods of these instruments.

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents include all monies in banks and highly-liquid investments with original maturity dates of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Restricted cash represents the balance separately maintained to be used for fiscal sponsor purposes as specified in agreements.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Foundation provides for losses on accounts receivable using the allowance method. Management reviews the collectability of its receivables and records a reserve for its estimate of uncollectible accounts. Historical bad debts, third-party contracts, and current facts and circumstances are the primary bases for this estimate. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. When an account is deemed uncollectible, it is charged off against the allowance. The allowance for doubtful accounts was zero as of December 31, 2020 and 2019.

Unconditional and Conditional Promises to Give

Contributions received, including unconditional promises to give, are recognized at fair value as revenues in the period received. Additionally, contributions received are recorded as with or without donor restrictions, depending on the existence and nature of any donor restrictions. Conditional promises to give are not included as support until the conditions are substantially met.

Prepaid Expenses

Prepaid expenses consist of service contract expenses paid in advance for operations in the subsequent year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments in equity securities with readily-determinable fair values and all investments in debt securities are measured at fair values in the statements of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. If restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized, the investment income is reported as without donor restrictions.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Purchased or donated property in excess of $500 is capitalized. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets, which range from three to thirty years.

Right of Use Leased Assets

The Foundation adopted FASB ASU 2016-02, *Leases* (Topic 842) during the year ended December 31, 2017. The Foundation recognizes right of use assets at the commencement date of the lease, which is the date the underlying asset is available for use. Right of use assets are measured at the present value of lease payment, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Unless the Foundation is reasonably certain to obtain ownership of the leased asset at the end of the lease term, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease Liabilities

At the commencement date of the lease, the Foundation recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees, if applicable.

Agency Funds

Contributions are not recognized as revenue when the Foundation functions in the capacity of an intermediary, trustee, or agent. In these situations, contributions are recognized as a liability. The related assets of investments in marketable securities are considered restricted by the Foundation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and capital asset reserve.

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 resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Support

Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is received. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

When a restriction expires (that is, when a stipulated restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Management Fee Income

The Foundation received management fees for services provided that range from grant making, gift and fund management, and investment oversight.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Materials and Services

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as without donor restrictions unless the donor has restricted the donated asset to a specified purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated services are recognized as contributions in accordance with FASB ASC 958-605 *Revenue Recognition*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, performed by people with those skills, which would otherwise be purchased by the Foundation. No amounts have been recorded in the financial statements as they do not meet the criteria for recognition.

Functional Expense Allocation

Expenses and support services that can be identified with a specific program are allocated directly according to their natural expenditure classification. Common costs are allocated among the classifications benefited based upon estimated usage. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. Expenses related to maintenance of the facility are allocated across functional areas based on a fixed percentage. Grant and award expenses are tracked individually and specifically assigned to either program or supporting services.

Advertising

The Foundation expenses advertising costs as incurred. Advertising expense was $18,180 and $14,536 for the years ended December 31, 2020 and 2019.

Income Taxes

The Foundation is tax-exempt under section 501(c)(3) of the Internal Revenue Code. The Foundation has adopted accounting principles generally accepted in the United States of America as they relate to uncertain tax positions for the year ended December 31, 2020, and has evaluated its tax positions taken for all open tax years. The Foundation is not currently under audit nor has the Foundation been contacted by this jurisdiction. Management believes that the activities of the Foundation are within their tax-exempt purpose, and that there are no uncertain tax positions.

NOTE 3 - INVESTMENTS

The cost, fair value, and unrealized appreciation of investments in marketable securities as of December 31, 2020 are as follows:

	Cost	Fair Value	Unrealized Appreciation
Equity securities	$ 8,223,151	$ 8,922,500	$ 699,349
Fixed income securities	11,186,727	13,274,507	2,087,780
Money Market Funds	1,209,741	1,209,741	-
Alternative Investments	986,908	1,051,373	64,465
Total investments	$ 21,606,527	$ 24,458,121	$ 2,851,594

Investment income consists of the following for the year ended December 31, 2020:

Dividends and interest income	$ 380,148
Realized gains	27,612
Unrealized gains	1,777,313
Total investment gains	2,185,073
Broker fees	(77,591)
Net investment income	$ 2,107,482

The cost, fair value, and unrealized appreciation of investments as of December 31, 2019 are as follows:

	Cost	Fair Value	Unrealized Appreciation
Mutual Funds and ETFs	$ 19,399,317	$ 20,249,190	$ 849,873
Money Market Funds	1,276,405	1,276,405	-
Alternative Investments	927,860	1,028,154	100,294
Total investments	$ 21,603,582	$ 22,553,749	$ 950,167

NOTE 3 - INVESTMENTS (continued)

Investment income consists of the following for the year ended December 31, 2019:

Dividends and interest income	$ 531,129
Realized gains	1,361,392
Unrealized gains	648,320
Total investment gains	2,540,841
Broker fees	(114,050)
Net investment income	$ 2,426,791

Investment allocation between pooled and non-pooled investments consist of the following as of December 31:

	2020	2019
Pooled investments:		
Equity securities	$ 8,922,500	$ -
Fixed income securities	13,274,507	-
Mutual funds and ETFs	-	20,249,190
Money market funds	1,088,172	1,219,958
Alternative investments	224,718	259,548
Total pooled investments	23,509,897	21,728,696
Non-pooled investments:		
Money market funds	121,569	56,447
Alternative investments	826,655	768,606
Total non-pooled investments	948,224	825,053
Total investments	$ 24,458,121	$ 22,553,749

NOTE 3 - INVESTMENTS (continued)

Investments in privately held companies consist of the following as of December 31:

	2020	2019
Investments, cost		
1.024% interest in NM Community Capital Fund I, LP	$ 23,150	$ 13,652
Total investments in privately held companies	$ 23,150	$ 13,652

NOTE 4 - FAIR VALUE MEASUREMENT

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. The framework provides 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 4 - FAIR VALUE MEASUREMENT (continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2020 and 2019.

Mutual funds and ETFs : Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-ended mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds and ETFs held by the foundation are deemed to be actively traded

Money Market Funds: Valued at the net asset value for shares held by the Foundation as of year-end as determined by quoted market prices.

Equity Securities: Valued at the net asset value for shares held by the Foundation as of year-end as determined by quoted market prices.

Alternative investments: Valued based on value as reported by the fund manager, multiplied by the number of shares or unites held as of the measurement date.

Fixed income securities: Valued at the net asset value for shares held by the Foundation as of year-end as determined by quoted market prices.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 4 - FAIR VALUE MEASUREMENT (continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2020:

Description	Level 1	Level 2	Level 3	Total
Equity securities	$ 8,922,500	$ -	$ -	$ 8,922,500
Fixed income securities	13,274,507	-	-	13,274,507
Money market funds	1,209,741	-	-	1,209,741
Alternative investments	-	-	1,051,373	1,051,373
Total fair market value	$ 23,406,748	$ -	$ 1,051,373	$ 24,458,121

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2019:

Description	Level 1	Level 2	Level 3	Total
Mutual funds and ETFs	$ 20,249,190	$ -	$ -	$ 20,249,190
Money market funds	1,276,405	-	-	1,276,405
Alternative investments	-	-	1,028,154	1,028,154
Total fair market value	$ 21,525,595	$ -	$ 1,028,154	$ 22,553,749

The following presents the Foundation's activities for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31:

	2020	2019
Beginning balance	$ 1,028,154	$ 1,048,057
Cash invested	-	-
Distributions	-	(25,567)
Gain on investments, net	23,219	5,664
Ending balance	$ 1,051,373	$ 1,028,154

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

NOTE 4 - FAIR VALUE MEASUREMENT (continued)

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. There were no significant transfers for the years ended December 31, 2020 and 2019.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

	2020	2019
Buildings and improvements	$ 492,933	$ 492,933
Furniture, fixtures, and equipment	101,060	101,060
Land	65,815	65,815
Total property and equipment	659,808	659,808
Accumulated depreciation	(112,878)	(89,200)
Property and equipment, net	$ 546,930	$ 570,608

Depreciation expense was $23,678 and $20,819 for the years ended December 31, 2020 and 2019, respectively.

NOTE 6 - NOTE PAYABLE TO ENDOWMENT

In 2019, the Foundation borrowed $550,000 through an internal note payable to the Foundation's endowment funds. Net assets with donor restrictions in the amount of $550,000 were internally borrowed to provide funding to purchase the Foundation's headquarters building. The internal principal balance was $553,300 as of December 31, 2019, due to interest accruing prior to first scheduled repayment. Monthly payments, including interest, of $3,613 began on June 15, 2019. Interest is charged on the note based on the current Wall Street Journal prime rate, plus one-half of one percent. The internal note is due in full March 15, 2044. The internal note has been eliminated in these consolidated financial statements.

NOTE 6 - NOTE PAYABLE TO ENDOWMENT (continued)

	2020	2019
Internal note payable, monthly payments of $3,613, plus interest of 3.25% per annum, maturing June 2044.	$ 536,668	$ 553,300
Total note payable	536,668	553,300
Less current portion	(17,710)	(10,442)
Long-term note payable, net	$ 518,958	$ 542,858

Interest expense related to the internal note payable agreement was $26,724 and $24,978 for the years ended December 31, 2020 and 2019, respectively.

Future maturities related to the note payable are as follows as of December 31:

2021	$ 17,710
2022	12,560
2023	13,335
2024	14,157
2025	15,031
Thereafter	463,875
Total	$ 536,668

NOTE 7 - AGENCY FUNDS

Agency funds are those which are held by the Foundation on behalf of unrelated not-for-profit organizations. The following is a summary of the agency funds:

	2020	2019
Agency funds, beginning of year	$ 4,172,865	$ 5,462,889
Contributions	99,165	11,030
Net investment gain	567,417	604,036
Distributions	(116,959)	(1,863,507)
Fees	(57,880)	(41,583)
Agency funds, end of year	$ 4,664,608	$ 4,172,865

NOTE 7 - AGENCY FUNDS (continued)

The financial effects of transactions related to agency funds are recorded as changes in the funds held for agency liability and investments in marketable securities and are not included in the 2020 and 2019 Statement of Activities and Changes in Net Assets.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Nets assets with donor restrictions are restricted for the following as of December 31:

	2020	2019
Purpose restricted		
Donor advised funds	$ 2,069,164	$ 1,980,574
Designated funds	86,285	78,388
Field of interest funds	461,467	687,878
Scholarship funds	1,896,499	2,118,609
Program and other	253,165	19,068
Fiscal sponsorship funds	1,549,868	994,704
Native relief funds	476,422	-
Endowments	17,095,005	15,732,918
Total net assets with donor restrictions	$ 23,887,875	$ 21,612,139

NOTE 9 - ENDOWMENTS

The Foundation's endowment consists of individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 9 - ENDOWMENTS (continued)

Changes in endowment net assets are as follows for the years ended December 31:

	2020	2019
Endowment net assets, beginning of year	$ 15,732,918	$ 13,391,393
Contributions	24,300	751,550
Investment income	1,981,347	2,166,866
Grants issued	(146,264)	(136,365)
Fees	(153,610)	(140,133)
Appropriation of endowment assets for expenditure	(343,686)	(300,393)
Endowment net assets, end of year	$ 17,095,005	$ 15,732,918

Interpretation of Relevant Law

Absent explicit donor stipulations to the contrary, the Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift of date of the donor-restricted endowment funds. As a result of this interpretation, the Foundation retains in perpetuity and classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Foundation considers the following factors in making the determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation/depreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

NOTE 9 - ENDOWMENTS (continued)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while seeking to maintain the purchasing power of the endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters. In 2019, $550,000 of endowment assets were loaned to the Foundation under terms of an interest-bearing note. See details on Note 6. The Foundation expects its endowment assets, over time, to produce an average rate of return of approximately 5.7%- 7.2% annually. Actual returns in any given year may vary from this amount.

Investment risk is measured in terms of the total endowment fund. Investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

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 long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programs supported by its endowments while seeking to maintain the purchasing power of the endowments. In determining the prudent amount to distribute in a given year, the Foundation considers the donor’s intent that the fund continues in perpetuity, the purpose of the fund as stated in the fund agreement, and relevant economic factors. The Foundation’s current spending policy is to distribute an amount as determined each year by the Board of Directors. The Foundation has a policy of appropriating for distribution each year 4% of its endowment fund’s average fair value of the prior 20 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned.

NOTE 9 - ENDOWMENTS (continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy (continued)

In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to grow at an average rate of 2-3% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund in perpetuity. In accordance with accounting principles generally accepted in the United States of America, the deficiencies are reported as unrestricted net assets. There were no such deficiencies as of December 31, 2020 and 2019.

NOTE 10 - COMMITMENTS

Retirement Plan

The Foundation has a 401k retirement plan for its full-time employees who have attained one year of service and 1,000 hours. The plan provides for a matching contribution by the Foundation of up to 3% of the employee's salary. Participants become fully vested immediately upon eligibility. The Foundation's contributions were $9,092 and $11,708 in 2020 and 2019, respectively, and is included in "Employee benefits" on the consolidated statement of functional expenses.

Leases

The Foundation's right of use leased asset and lease liability represents the lease for office equipment used to conduct its business. Lease expense for the years ended December 31, 2020 and 2019 was $12,871 and $26,596, respectively. Imputed interest for the years ended December 31, 2020 and 2019 was $929 and $1,832, respectively.

NOTE 10 - COMMITMENTS (continued)

Leases (continued)

The following table reconciles the undiscounted cash flows from the Foundation's lease as of December 31, 2020 to the lease liability recorded in the consolidated statement of financial position:

2021	$ 6,900
2022	6,900
Undiscounted lease payments	13,800
Less imputed interest at 4.77%	(929)
Present value of lease payments	12,871
Less current portion	(6,900)
Lease liability, net of current portion	$ 5,971

The Foundation also leased office space previously recorded as a right of use leased asset with future lease payments reflected as a lease liability. During March 2019, the Foundation terminated the lease and purchased its own building.

Rent expense on this office space, including termination expenses, totaled zero and $26,596 for the years ended December 31, 2020 and 2019, respectively. Additional rent expense incurred by the Foundation was on behalf of fiscal sponsorship arrangements.

NOTE 11 - FISCAL SPONSORSHIPS (RESTRICTED CASH)

The Foundation acts as fiscal sponsor to a number of groups which engage in activities that are consistent with the Foundation's mission. The Foundation accepts tax-deductible donations on behalf of fiscally sponsored groups and administers the expenditures of those funds for designated tax-exempt charitable purposes. Fiscal sponsorship support is offered on a case by case basis, in situations in which there is no appropriate community-based 501(c)(3) organization that could otherwise act as fiscal sponsor.

The Foundation has variance power over the fiscal sponsorship contributions it receives. As of December 31, 2020 and 2019, net assets with donor restrictions held for fiscal sponsorship were $1,549,868 and $994,704, respectively.

NOTE 12 - LIQUIDITY AND AVAILABILITY

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition, the Foundation receives management fees for services provided and support with and without donor restrictions.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted and board-designated (quasi) endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, fundraising expenses, and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

As part of the Foundation's liquidity management, it ensures its financial assets are available as its general expenditures, liabilities, and other obligations come due. As of December 31, 2020 and 2019, the Foundation had a working capital of approximately $4,186,949 and $3,076,705 and average days cash on hand of 258 days and 261 days, respectively.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and,
- Maintaining sufficient reserves to provide reasonable assurance that obligations and commitments that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

NOTE 12 - LIQUIDITY AND AVAILABILITY (continued)

Financial assets available for general expenditures within one year are as follows:

	2020	2019
Financial assets as of year end:		
Cash and cash equivalents	$ 2,675,314	$ 1,938,872
Restricted cash	1,549,868	994,704
Accounts receivable	47,650	47,273
Promises to give	-	200,000
Invesments in privately held companies	23,150	13,652
Invesments in marketable securities	24,458,121	22,553,749
Total financial assets	28,754,103	25,748,250
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(23,887,875)	(21,612,139)
Total financial assets available for general expenditures within one year	$ 4,866,228	$ 4,136,111

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 15 2021, the date the consolidated financial statements were available for issuance, to determine whether such events should be recorded or disclosed in the financial statements for the year ended December 31, 2020.

In December 2019, the World Health Organization declared the outbreak from the novel strain of coronavirus to constitute a "Public Health Emergency of International Concern". The outbreak has resulted in a disruption of supply chains, production, and sales across a broad range of industries. The extent of the impact on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on customers, donors, employees, and vendors, all of which are uncertain and cannot be predicted. The extent to which the outbreak may impact the Foundation's financial condition and results of operations is uncertain.