

# **The Hyde and Watson Foundation**

Financial Statements  
(Modified Cash Basis)

December 31, 2021 and 2020

## Independent Auditors' Report

### Board of Directors The Hyde and Watson Foundation

#### *Opinion*

We have audited the accompanying financial statements (modified cash basis) of The Hyde and Watson Foundation (the "Foundation") which comprise the statement of assets and net assets (modified cash basis) as of December 31, 2021 and the related statements of revenue, expenses and change in net assets (modified cash basis), functional expenses (modified cash basis) and cash flows (modified cash basis) for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

#### *Basis for Opinion*

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

#### *Basis of Accounting*

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

***Prior Period Financial Statements***

The financial statements of The Hyde and Watson Foundation as of December 31, 2020 were audited by other auditors whose report dated May 12, 2021, expressed an unmodified opinion on those statements. As part of our audit of the 2021 financial statements, we also audited the adjustments described in Note 8 that were applied to restate the 2020 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any additional procedures to the 2020 financial statements of the Foundation other than with respect to these adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2020 financial statements as a whole.

*PKF O'Connor Davies, LLP*

October 5, 2022

## The Hyde and Watson Foundation

### Statements of Assets and Net Assets (Modified Cash Basis)

|                                       | December 31          |                      |
|---------------------------------------|----------------------|----------------------|
|                                       | <u>2021</u>          | <u>2020</u>          |
| <b>ASSETS</b>                         |                      |                      |
| Cash and cash equivalents             | \$ 3,610,088         | \$ 3,761,805         |
| Due from funds                        | 1,000,000            | 1,060,995            |
| Investments                           | 151,305,058          | 148,696,384          |
| Property, net                         | <u>638,909</u>       | <u>669,109</u>       |
|                                       | <u>\$156,554,055</u> | <u>\$154,188,293</u> |
| <b>NET ASSETS</b>                     |                      |                      |
| Net assets without donor restrictions | <u>\$156,554,055</u> | <u>\$154,188,293</u> |

See notes to financial statements

## The Hyde and Watson Foundation

### Statements of Revenue, Expenses and Change in Net Assets (Modified Cash Basis)

|  | Year Ended December 31, |                |
|--|-------------------------|----------------|
|  | 2021                    | 2020           |
| <b>INVESTMENT RETURN</b>                     |                         |                |
| Dividends and interest                       | \$ 1,088,381            | \$ 1,180,827   |
| Realized gains of investments                | 13,139,798              | 5,925,463      |
| Unrealized (loss) gains on investments       | (3,087,837)             | 30,668,958     |
| Other partnership income                     | 251,270                 | 284,149        |
|  | 11,391,612              | 38,059,397     |
| Less   |                         |                |
| Direct investment expenses                   | 1,100,729               | 980,257        |
| Federal excise tax expense                   | 99,989                  | 55,445         |
| Total Investment Return                      | 10,190,894              | 37,023,695     |
| <b>EXPENSES</b>                              |                         |                |
| Grants                                       | 6,654,800               | 6,025,300      |
| Foundation operations and governance         | 1,170,332               | 1,170,352      |
| Total Expenses                               | 7,825,132               | 7,195,652      |
| Change in Net Assets                         | 2,365,762               | 29,828,043     |
| <b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b> |                         |                |
| Beginning of year, as restated               | 154,188,293             | 124,360,250    |
| End of year                                  | \$ 156,554,055          | \$ 154,188,293 |

See notes to financial statements

## The Hyde and Watson Foundation

### Statements of Functional Expenses (Modified Cash Basis)

|  | Year Ended December 31, 2021 |  |                    | Year Ended December 31, 2020 |  |                    |
|--|------------------------------|--|--------------------|------------------------------|--|--------------------|
|  | Grants                       | Foundation<br>Operations and<br>Governance | Total              | Grants                       | Foundation<br>Operations and<br>Governance | Total              |
| Grants, net of refund of \$7,600 in 2020 | \$6,654,800                  | \$ -                                       | \$6,654,800        | \$6,025,300                  | \$ -                                       | \$6,025,300        |
| Salaries and benefits                    | -                            | 958,692                                    | 958,692            | -                            | 969,014                                    | 969,014            |
| Professional fees                        | -                            | 41,311                                     | 41,311             | -                            | 42,835                                     | 42,835             |
| Directors fees                           | -                            | 11,000                                     | 11,000             | -                            | 9,800                                      | 9,800              |
| Facilities expense                       | -                            | 59,371                                     | 59,371             | -                            | 38,438                                     | 38,438             |
| General office expense                   | -                            | 42,843                                     | 42,843             | -                            | 37,249                                     | 37,249             |
| Dues and subscriptions                   | -                            | 4,614                                      | 4,614              | -                            | 3,938                                      | 3,938              |
| Insurance                                | -                            | 20,608                                     | 20,608             | -                            | 37,699                                     | 37,699             |
| Conferences and meetings                 | -                            | 1,693                                      | 1,693              | -                            | 1,179                                      | 1,179              |
| Depreciation                             | -                            | 30,200                                     | 30,200             | -                            | 30,200                                     | 30,200             |
| Total                                    | <u>\$6,654,800</u>           | <u>\$ 1,170,332</u>                        | <u>\$7,825,132</u> | <u>\$6,025,300</u>           | <u>\$ 1,170,352</u>                        | <u>\$7,195,652</u> |

See notes to financial statements

## The Hyde and Watson Foundation

### Statements of Cash Flows (Modified Cash Basis)

|  | Year Ended<br>December 31 |               |
|--|---------------------------|---------------|
|  | 2021                      | 2020          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                           |               |
| Change in net assets   | \$ 2,365,762              | \$ 29,828,043 |
| Adjustments to reconcile change in net assets<br>to net cash from operating activities |                           |               |
| Depreciation   | 30,200                    | 30,200        |
| Realized gain on investments   | (13,139,798)              | (5,925,463)   |
| Unrealized loss (gain) on investments  | 3,087,837                 | (30,668,958)  |
| Changes in operating assets and liabilities  |                           |               |
| Due from funds   | 60,995                    | 939,005       |
| Net Cash from Operating Activities   | (7,595,004)               | (5,797,173)   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                           |               |
| Proceeds from sale of investments  | 23,589,723                | 13,544,560    |
| Purchases of investments   | (16,146,436)              | (7,853,913)   |
| Net Cash from Investing Activities   | 7,443,287                 | 5,690,647     |
| Net Change in Cash and Cash Equivalents  | (151,717)                 | (106,526)     |
| <b>CASH AND CASH EQUIVALENTS</b>   |                           |               |
| Beginning of year  | 3,761,805                 | 3,868,331     |
| End of year  | \$ 3,610,088              | \$ 3,761,805  |
| <b>SUPPLEMENTAL CASH FLOW INFORMATION</b>  |                           |               |
| Cash paid for Federal excise taxes   | \$ 99,989                 | \$ 55,445     |

See notes to financial statements

# The Hyde and Watson Foundation

Notes to Financial Statements  
(Modified Cash Basis)  
December 31, 2021 and 2020

## 1. Organization

The Hyde and Watson Foundation (the "Foundation") is a tax exempt, not-for-profit private foundation organized under section 501(c)(3) of the Internal Revenue Code (the "Code"). The Foundation is a private foundation which provides grants to support capital projects in the broad fields of health, education, religion, social services, arts and humanities.

## 2. Summary of Significant Accounting Policies

### ***Basis of Accounting and Use of Estimates***

The financial statements are prepared in accordance with the modified cash basis of accounting. Under this basis, revenue and the related assets are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligations are incurred. The modification relates to the valuation of investments at fair value with unrealized gains and losses reported as a component of change in net asset and recording of receivables due from funds and the capitalization and subsequent depreciation of the office condominium units. Management has determined that the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America ("US GAAP"), is an acceptable basis for the preparation of the financial statements in the circumstances.

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

### ***Net Asset Presentation***

Net assets without donor restrictions include funds having no restrictions as to use or purpose imposed by donors. Net assets with donor restrictions are those whose use is limited by donors to a specific time period or purpose or are limited by donors for investments in perpetuity. At December 31, 2021 and 2020, all net assets of the Foundation are considered without donor restrictions.

### ***Cash and Cash Equivalents***

The Foundation considers all highly liquid investments with a maturity of three months or less at the time of purchase, except for those short-term investments managed by the Foundation's investment managers as part of their long-term investment strategies, to be cash equivalents.



## The Hyde and Watson Foundation

Notes to Financial Statements  
(Modified Cash Basis)  
December 31, 2021 and 2020

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Fair Value Measurements***

The Foundation follows US GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Pursuant to US GAAP guidance, alternative investments where fair value is measured using the Net Asset Value (“NAV”) per share as a practical expedient are not categorized within the fair value hierarchy.

#### ***Investment Valuation and Investment Income Recognition***

Investments are carried at fair value in the statements of assets and net assets. The fair value of alternative investments has been estimated using the NAV as reported by the management of the respective alternative investment fund.

Purchases and sales of securities are recorded on a settlement-date basis. Interest and dividend income is recorded when received. Realized and unrealized gains and losses are included in the determination of changes in net assets.

#### ***Investment Risks and Uncertainties***

Alternative investments consist of non-traditional, not readily marketable investments, some of which may be structured as limited partnerships, venture capital funds, hedge funds, and private equity funds. The underlying investments of such funds, whether invested in stock or other securities, are generally not currently traded in a public market and typically are subject to restrictions on resale. Values determined by investment managers and general partners of underlying securities that are thinly traded or not traded in an active market may be based on historical cost, appraisals, a review of the investees’ financial results, financial condition and prospects, together with comparisons to similar companies for which quoted market prices are available or other estimates that require varying degrees of judgment.

Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material.

#### ***Property***

Property is stated at cost. Depreciation is provided on the straight-line method based on the estimated useful lives of the related assets, which is 39 years.

## The Hyde and Watson Foundation

Notes to Financial Statements  
(Modified Cash Basis)  
December 31, 2021 and 2020

### 2. Summary of Significant Accounting Policies *(continued)*

#### **Grants**

Grants are recorded as an expense at the time the grants are paid.

#### **Tax Status**

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Code and, accordingly, is not subject to Federal income tax. However, the Foundation is classified as a private foundation and as such, is subject to an excise tax of 1.39% on net investment income which includes realized gains, as defined in the Code. The Foundation was taxed at the 1.39% rate in 2021 and 2020.

In addition, the Code requires that certain minimum distributions be made in accordance with a specified formula. As of December 31, 2021 and 2020, the Foundation has met its minimum distribution requirement.

#### **Functional Allocation of Expenses**

The cost of providing various programs and other activities has been summarized on a functional basis in the statements of revenue, expenses and change in net assets. All costs are direct expenses to each functional category. Grants comprise the Foundation's program related expenses and operations and governance comprises the supporting activity expenses. Operations and governance expenses include salaries and benefits, professional fees, directors fees, facilities expenses, general office expenses, dues and subscriptions, conferences and meetings, insurance and depreciation expenses.

#### **Accounting for Uncertainty in Income Taxes**

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Foundation had no uncertain tax positions that would require financial statement recognition or disclosure. The Foundation is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2018.

#### **Reclassifications**

Certain amounts contained in the 2020 financial statements have been reclassified to conform to the 2021 presentation. These reclassifications had no impact on the change in net assets.

#### **Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 5, 2022.

## The Hyde and Watson Foundation

Notes to Financial Statements  
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### 3. Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist principally of cash and investments. The Foundation maintains its cash and cash equivalents at financial institutions which at times during the year may exceed federally insured limits. To date, the Foundation has not experienced any losses. Investments are managed by professional investment management firms and are monitored by the Board of Directors and an investment advisor engaged by the Foundation.

### 4. Investments

The following are major categories of investments measured at fair value on a recurring basis at December 31, grouped by the fair value hierarchy, for those investments subject to categorization within such hierarchy:

|  | 2021                 |  |                       |                      |
|--|----------------------|--|-----------------------|----------------------|
|  | Level 1              | Investments<br>Valued Using<br>NAV (*) | Total                 | Total Cost           |
| Common Stocks                          |                      |  |                       |                      |
| Communication services                 | \$ 2,835,688         | \$ -                                   | \$ 2,835,688          | \$ 1,600,608         |
| Consumer                               | 2,046,737            | -                                      | 2,046,737             | 1,062,994            |
| Financial                              | 5,654,062            | -                                      | 5,654,062             | 2,798,664            |
| Health care                            | 4,714,906            | -                                      | 4,714,906             | 3,922,806            |
| Industrial                             | 11,214,781           | -                                      | 11,214,781            | 6,167,221            |
| Information technology                 | 8,284,876            | -                                      | 8,284,876             | 6,087,147            |
| Other                                  | 1,829,485            | -                                      | 1,829,485             | 1,129,990            |
| International mutual fund              | 6,520,847            | -                                      | 6,520,847             | 5,039,982            |
| Hedge Funds and Other Commingled Funds |                      |  |                       |                      |
| US large cap                           | -                    | 55,633,626                             | 55,633,626            | 26,274,496           |
| International                          | -                    | 12,593,611                             | 12,593,611            | 10,453,384           |
| Hedged equity                          | -                    | 23,923,110                             | 23,923,110            | 12,457,548           |
| Absolute return                        | -                    | 14,847,469                             | 14,847,469            | 13,639,965           |
| Total Investments at Fair Value        | <u>\$ 43,101,382</u> | <u>\$ 106,997,816</u>                  | 150,099,198           | 90,634,805           |
| Temporary cash investments, at cost    |                      |  | 1,205,860             | 1,205,860            |
| Total Investments                      |                      |  | <u>\$ 151,305,058</u> | <u>\$ 91,840,665</u> |

## The Hyde and Watson Foundation

### Notes to Financial Statements (Modified Cash Basis) December 31, 2021 and 2020

#### 4. Investments (continued)

|  | 2020                 |  |                       |                      |
|--|----------------------|--|-----------------------|----------------------|
|  | Level 1              | Investments<br>Valued Using<br>NAV (*) | Total                 | Total Cost           |
| Common Stocks                          |                      |  |                       |                      |
| Communication services                 | \$ 2,277,334         | \$ -                                   | \$ 2,277,334          | \$ 1,394,419         |
| Consumer                               | 2,894,835            | -                                      | 2,894,835             | 1,354,132            |
| Financial                              | 5,274,777            | -                                      | 5,274,777             | 2,702,048            |
| Health care                            | 4,910,321            | -                                      | 4,910,321             | 3,379,060            |
| Industrial                             | 13,553,624           | -                                      | 13,553,624            | 6,893,906            |
| Information technology                 | 6,364,973            | -                                      | 6,364,973             | 3,449,700            |
| Other                                  | 2,377,998            | -                                      | 2,377,998             | 867,865              |
| International mutual fund              | 6,821,919            | -                                      | 6,821,919             | 3,895,813            |
| Hedge Funds and Other Commingled Funds |                      |  |                       |                      |
| US large cap                           | -                    | 54,641,743                             | 54,641,743            | 25,211,807           |
| International                          | -                    | 12,233,274                             | 12,233,274            | 9,437,353            |
| Hedged equity                          | -                    | 22,007,318                             | 22,007,318            | 12,957,547           |
| Absolute return                        | -                    | 14,515,849                             | 14,515,849            | 13,778,084           |
| Total Investments at Fair Value        | <u>\$ 44,475,781</u> | <u>\$ 103,398,184</u>                  | 147,873,965           | 85,321,734           |
| Temporary cash investments, at cost    |                      |  | 822,420               | 822,420              |
| Total Investments                      |                      |  | <u>\$ 148,696,384</u> | <u>\$ 86,144,154</u> |

(\*) As discussed in Note 2, investments that are measured using the practical expedient are not classified within the fair value hierarchy.

Two hedge funds and other commingled funds represented 27% and 29% of the Foundation's total investment portfolio as of December 31, 2021 and 2020.

Information regarding alternative investments measured at NAV using the practical expedient at December 31, 2021 is as follows:

|  | Fair Value            | Unfunded<br>Commitments | Redemption<br>Frequency | Redemption<br>Notice Period |
|--|-----------------------|-------------------------|-------------------------|-----------------------------|
| Hedge Funds and Other Commingled Funds |                       |                         |                         |                             |
| US large cap (see "a" below)           | \$ 55,633,626         | \$ -                    | Daily - Quarterly       | 10 - 60 days                |
| International (see "b" below)          | 12,593,611            | -                       | Daily - Annually        | 1 - 60 days                 |
| Hedged equity (see "c" below)          | 23,923,110            | -                       | Quarterly - Annually    | 60 - 90 days                |
| Absolute return (see "d" below)        | 14,847,469            | -                       | Quarterly - Annually    | 65 - 90 days                |
| Total                                  | <u>\$ 106,997,816</u> | <u>\$ -</u>             |                         |                             |

a) This category includes investments in hedge funds and other commingled investments with a focus on US large cap investments. The objectives are to invest in companies with above-average earnings growth that are trading at a discount to intrinsic value in the healthcare, biotech and technology sectors among others. The underlying investments consist of public and private companies of various sizes.

## The Hyde and Watson Foundation

Notes to Financial Statements  
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### 4. Investments (continued)

- b) This category includes investments in hedge funds and other commingled investments with a focus on international investments. The funds have a focus on securities in China and other foreign countries. The objective is to achieve long-term capital appreciation while minimizing risk of permanent loss by investing in a portfolio of securities that are purchased at a deep discount to intrinsic value.
- c) This category includes investments in hedge funds and other commingled investments with a focus on hedged equity investments. The strategy is to make long and short investments in publicly traded securities and private companies in the US and internationally. The funds are invested across sectors with a focus on healthcare, consumer, financial services, business services, industrials among others.
- d) This category includes investments in hedge funds and other commingled investments with a focus on absolute return investments. These are multi-strategy funds with an event-driven focus investing in securities and other financial instruments. The funds invest in companies in financial distress, merger and acquisition arbitrage situations as well as bonds and other debt in the US and internationally.

### 5. Property

Property is as follows at December 31:

|  | <u>2021</u>       | <u>2020</u>       |
|--|-------------------|-------------------|
| Office condominium units               | \$ 1,107,772      | \$ 1,107,772      |
| Less accumulated depreciation          | <u>468,863</u>    | <u>438,663</u>    |
| Furniture, fixtures and equipment, net | <u>\$ 638,909</u> | <u>\$ 669,109</u> |

### 6. Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets and resources available as of December 31, to meet cash needs for expenditures within one year of the date of the statements of assets and net assets:

|  | <u>2021</u>           | <u>2020</u>           |
|--|-----------------------|-----------------------|
| Financial Assets:  |                       |                       |
| Cash and cash equivalents  | \$ 3,610,088          | \$ 3,761,805          |
| Due from funds   | 1,000,000             | 1,060,995             |
| Investments  | <u>151,305,058</u>    | <u>148,696,384</u>    |
| Financial assets available to meet general expenditures<br>Over the next twelve months | <u>\$ 155,915,146</u> | <u>\$ 153,519,184</u> |

## The Hyde and Watson Foundation

Notes to Financial Statements  
(Modified Cash Basis)  
December 31, 2021 and 2020

### 6. Liquidity and Availability of Financial Assets *(continued)*

The Foundation's working capital and cash flows are driven by its investment portfolio and investment return. The Foundation manages its liquidity and cash by establishing a budget for each fiscal year based on its spending policy on the net investment return from investments to provide the necessary funds to cover the grants and operating expenses. Liquid investments are redeemed to meet cash needs during the year.

### 7. Retirement Plan

The Foundation currently provides a 403(b) plan for the benefit of eligible employees. The Foundation contributes, under certain conditions, a percentage of the employees' wages to the plan. Employer discretionary contributions for 2021 and 2020, were \$111,474 and \$126,577.

### 8. Restatement of Prior Period Financial Statements

During the preparation of the 2021 financial statements, an error was identified in the accounting for the fair value of investments. In addition, the Foundation made certain other adjustments related to federal excise taxes payable and furniture, fixtures and equipment.

The Foundation restated its 2020 financial statements in order to properly reflect the assets and change in net assets related to these errors. The impact of the corrections on the Foundation's 2020 financial statements are as follows:

|  | Previously<br>Reported | Prior Period<br>Adjustment | Restated<br>Amount |
|--|------------------------|----------------------------|--------------------|
| <u>Statement of Assets and Net Assets</u>                      |                        |                            |                    |
| Investments  | \$ 149,696,384         | \$(1,000,000)              | \$ 148,696,384     |
| Furniture, fixtures and equipment                              | 7,396                  | (7,396)                    | -                  |
| Excise tax payable   | 3,714                  | (3,714)                    | -                  |
| <u>Statement of Revenue, Expenses and Change in Net Assets</u> |                        |                            |                    |
| Unrealized gain on investment                                  | 31,668,958             | (1,000,000)                | 30,668,958         |
| Federal excise tax expense                                     | 86,274                 | (30,829)                   | 55,445             |
| Net assets - January 1, 2020                                   | 155,191,975            | (1,003,682)                | 154,188,293        |
| <u>Overall Change in Net Assets</u>                            |                        |                            |                    |
| Change in Net Assets   | 30,796,250             | (968,207)                  | 29,828,043         |
| <u>Statement of Functional Expenses</u>                        |                        |                            |                    |
| General office expense   | 32,882                 | 4,367                      | 37,249             |

\* \* \* \* \*