Consolidated Financial Statements
December 31, 2019

Community Foundation of Western Nevada, Incorporated and Subsidiaries

Independent Auditor's Report

To the Board of Directors
Community Foundation of Western Nevada, Incorporated and Subsidiaries
Reno, Nevada

Report on the Consolidated Financial Statements

We have audited the accompanying financial statements of the Community Foundation of Western Nevada, Incorporated (a nonprofit organization) and Subsidiaries which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 from 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 auditor's 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 Community Foundation of Western Nevada, Incorporated and Subsidiaries as of December 31, 2019 and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the 2018 financial statements of Community Foundation of Western Nevada, Incorporated and Subsidiaries, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 18, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Eide Bailly LLP

Reno, Nevada
November 2, 2020

Community Foundation of Western Nevada, Incorporated and Subsidiaries
Consolidated Statement of Financial Position
December 31, 2019
(with comparative totals for December 31, 2018)

	2019	2018 (Memorandum Only)
Assets		
Cash and cash equivalents	$ 6,468,387	$ 7,256,764
Investments		
Current	61,619,296	56,015,125
Long-term	44,940,193	42,659,930
Other assets	27,625	24,750
Contributions and pledges receivable	1,321,855	1,431,000
Property and equipment, net	4,692,543	6,575,608
Investments held for split-interest agreements	9,620,041	6,324,048
Total assets	$ 128,689,940	$ 120,287,225
Liabilities		
Accounts payable	735,876	504,438
Split-interest agreements	4,550,618	3,012,336
Accrued payroll	29,679	27,514
Grants payable	3,462,854	6,588,900
Funds held for others	35,783	435,666
Notes payable	2,001,164	3,023,719
Total liabilities	10,815,974	13,592,573
Net Assets		
Without donor restrictions		
Designated	38,026,287	33,081,625
Designated endowment	1,216,654	1,050,007
Undesignated	478,063	679,497
With donor restrictions		
Specified program	59,141,094	55,593,298
Endowment	19,014,281	16,420,887
Underwater Endowment	(2,413)	(130,662)
Total net assets	117,873,966	106,694,652
Total Liabilities and Net Assets	$ 128,689,940	$ 120,287,225

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Memorandum Only)
Public Support, Revenue and Transfers				
Contributions	$ 1,581,526	$ 10,283,436	$ 11,864,962	$ 14,436,466
Rental income	337,020	-	337,020	283,202
Investment income, net	4,239,575	7,005,672	11,245,247	10,106,504
Change in the value of split-interest agreements	1,757,130	-	1,757,130	147,941
Administrative fee income	90,153	-	90,153	86,204
Miscellaneous income	800,750	-	800,750	518,082
Total public support and revenue	8,806,154	17,289,108	26,095,262	25,578,399
Net assets released from restrictions and reclassifications	11,019,669	(11,019,669)	-	-
Total public support, revenue, and transfer	19,825,823	6,269,439	26,095,262	25,578,399
Expenses				
Program services and grants	14,070,074	-	14,070,074	13,230,922
General and administrative	598,418	-	598,418	502,090
Fundraising	247,456	-	247,456	342,810
Total expenses	14,915,948	-	14,915,948	14,075,822
Change in Net Assets	4,909,875	6,269,439	11,179,314	11,502,577
Net Assets at Beginning of Year	34,811,129	71,883,523	106,694,652	95,192,075
Net Assets at End of Year	$ 39,721,004	$ 78,152,962	$ 117,873,966	$ 106,694,652

	2019				2018
	Program Services and Grants	General and Administrative Expenses	Fundraising Expenses	Total	Total (Memorandum Only)
Grant Expenses					
Grants voted	$ 12,553,761	$ -	$ -	$ 12,553,761	$ 12,247,054
Grants to individuals	495,998	-	-	495,998	71,983
Grants international	-	-	-	-	21,491
Total grant expenses	13,049,759	-	-	13,049,759	12,340,528
Other Expenses					
Salaries	325,255	325,255	162,628	813,138	749,217
Employee benefits	34,913	34,913	17,457	87,283	59,638
Payroll taxes	27,212	27,212	13,606	68,030	62,695
Consulting services	-	76,067	-	76,067	141,850
Accounting services	-	27,442	-	27,442	35,365
Advertising	18,581	-	-	18,581	28,338
Office	11,660	11,660	5,830	29,150	31,707
Information technology	29,135	29,135	14,568	72,838	65,700
Occupancy	22,805	22,805	11,403	57,013	53,497
Travel	10,903	-	-	10,903	14,143
Conference fees	9,979	-	-	9,979	2,276
Interest	1,006	1,006	503	2,515	1,256
Depreciation	39,683	39,683	19,841	99,207	81,346
Insurance	3,240	3,240	1,620	8,100	7,752
Initiative expenses	21,085	-	-	21,085	20,606
Direct fund expenses for specific funds	414,292	-	-	414,292	327,229
All other expenses	50,566	-	-	50,566	52,679
Total other expenses	1,020,315	598,418	247,456	1,866,189	1,735,294
Total functional expenses	$ 14,070,074	$ 598,418	$ 247,456	$ 14,915,948	$ 14,075,822

	2019	2018 (Memorandum Only)
Reconciliation of Change in Net Assets to Net Cash from Operating Activities		
Change in net assets	$ 11,179,314	$ 11,502,577
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	99,207	81,346
Noncash contributions, net	(5,368,234)	(3,696,100)
Net realized and unrealized loss (gain) on investments	(8,364,449)	(6,869,605)
Contributions received for capital projects	(1,415,419)	(1,482,726)
Contributions received for endowment	(904,423)	(56,574)
Contribution of fixed asset, net of related transferred debt	6,130,710	-
Change in:		
Other assets	(2,875)	1,979
Contributions and pledges receivable	109,145	2,720,002
Accounts payable	231,438	462,695
Accrued payroll	2,165	5,135
Grants payable	(3,126,046)	2,660,460
Net Cash from (used for) Operating Activities	(1,429,467)	5,329,189
Investing Activities		
Purchase of property and equipment	(5,236,317)	(2,493,331)
Purchase of investments	(11,591,802)	(25,675,886)
Proceeds from sale of investments	15,282,457	20,109,026
Net Cash used for Investing Activities	(1,545,662)	(8,060,191)
Financing Activities		
Contributions received for capital projects	1,415,419	1,482,726
Contributions received for endowment	904,423	56,574
Principal payments notes payable	(133,090)	(82,405)
Net Cash from Investing Activities	2,186,752	1,456,895
Change in Cash and Cash Equivalents	(788,377)	(1,274,107)
Cash and Cash Equivalents at Beginning of Year	7,256,764	8,530,871
Cash and Cash Equivalents at End of Year	$ 6,468,387	$ 7,256,764
Supplemental Disclosure		
Noncash investing activities		
Donation of real estate and stock held for investment	$ 5,368,234	$ 3,696,100
Cash paid for interest	2,516	1,256
Issuance of debt for purchse of construction in progress	821,356	3,078,644

Note 1 - Principle Activity and Significant Accounting Policies

A summary of the Community Foundation of Western Nevada, Incorporated and Subsidiaries, (Foundation) activities and significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

Organization

The Foundation is organized as a nonprofit corporation under the laws of the State of Nevada to complement and enhance the existing philanthropic efforts of nonprofit organizations.

During 2000, the Foundation received a contribution of a limited liability company, CFX, LLC. This wholly-owned subsidiary has partial ownership in a leasehold, which is a building leased out to grocery stores in Tennessee.

During 2003, the Foundation established CFCP, LLC. This wholly-owned subsidiary was created for the purpose of receiving donated property.

During 2011, the Foundation established CFRSO, LLC. This wholly-owned subsidiary received varying fractional memberships of five separate LLCs. The memberships were created from the voluntary conversion of fractional ownership positions in direct investment loans as notes receivables secured by real estate. Currently they have all been converted to fractional interest in LLC's.

During 2018, the Foundation established the Community Housing Land Trust, LLC (CHLT). This wholly-owned subsidiary was created for the purpose of receiving donated land and related buildings to be constructed.

The Raymond C. Rude Supporting Foundation is a supporting organization for the Foundation.

Principles of Consolidation

The consolidated financial statements include the accounts of the Foundation and its wholly-owned subsidiaries, CFX, LLC; CFCP, LLC; CFRSO, LLC; CHLT, LLC and the Raymond C. Rude Supporting Foundation. All material intercompany accounts and transactions have been eliminated.

Memorandum Only – Total Columns

Total columns in the consolidated financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, changes in net assets or cash flows in conformity with generally accepted accounting principles.

Cash Equivalents

For financial reporting purposes, the Foundation considers all money market and highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The Foundation maintains cash and money market balances in financial institutions which may, at times, exceed federally insured limits as established by FDIC or SPIC Insurance. Although balances held in cash and cash equivalents at December 31, 2019 exceed the insurance limits by $2,616,374, the Foundation has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk on cash funds.

Concentration of Credit Risk

Deposit concentration risk is managed by placing cash with financial institutions believed by the Foundation to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, no losses have been experienced in any of these accounts.

The Foundation receives a substantial portion of its revenue from contracts and grants. The Foundation's operations are significantly dependent upon this revenue. Any reductions in funding amounts could have an adverse effect on the Foundation's ability to continue to provide the services currently offered. Contributions receivable are due from parties supportive of the Foundation's mission and credit risk from these assets are considered limited.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statement of financial position. Net investment return/(loss) is reported in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. The Foundation has elected the fair value option on investments considered to be other investments.

Contributions and Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at their face value, which approximates the estimated realizable value in the year made. Unconditional promises to give that are expected to be collected in future years are recorded as pledges receivable. The contribution receivables are considered fully collectible by management; therefore, no allowance for doubtful accounts is included in the consolidated financial statements.

Property and Equipment

The Foundation capitalizes all expenditures of property and equipment in excess of $1,000.

Purchased property and equipment are recorded at cost. Contributed property and equipment are recorded at fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets of three to thirty-nine years.

The Foundation evaluates the recoverability of its long-lived assets based on whether a particular asset is impaired. An asset is considered impaired if the net book value of such assets exceeds the future undiscounted cash flows attributable to such assets. Accordingly, the Foundation evaluates asset recoverability at each consolidated statement of financial position date or when an event occurs that may impair recoverability of the asset.

Assets Held and Liabilities under Split-Interest Agreements

Charitable Trusts

The Foundation acts as trustee for various irrevocable trusts. These trusts are governed by the respective trust agreements, which generally provide for either an income stream or a future distribution of cash or other assets, in whole or in part, for a specified period or upon the occurrence of a specific event, respectively. The irrevocable trust assets are recorded at fair value, and a related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the trust liability is recorded as a contribution with donor restrictions until such amount is received via trust distribution or is expended in satisfaction of the donor-restricted purpose stipulated by the trust agreement, or both, if any. At that time, net assets with donor-imposed time or purpose restrictions are released to net assets without restrictions, and net assets with donor restrictions that are perpetual in nature are transferred to the endowment. In subsequent years, the liability for future trust payments to the donor is reduced by payments made to the donor and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year.

Charitable Gift Annuities

Under charitable gift annuity contracts, the Foundation receives immediate and unrestricted title to contributed assets and agree to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the annuity liability is recorded as a contribution without donor restrictions. In subsequent years, the liability for future annuity payments is reduced by payments made to the specified beneficiaries and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year.

Contributions received for split-interest agreements were $3,117,500 and $1,122,319 for the years ended December 31, 2019 and 2018, respectively.

Grants Payable

Grants and scholarships are made from available principal and income in accordance with the designations of donors. Grants are recorded at the date of approval by the Board or when a donor-advised grant award is communicated to the grantee.

Funds Held for Others

Funds held for others represent agency funds in which the donor is a qualified nonprofit organization and names themselves as the sole beneficiary of the fund, thus the contribution does not meet the criteria for recognition as a net asset transaction and is carried as a liability to the contributing organization. Investment income, net of investment expenses and a management fee, are allocated directly to the associated funds.

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 donor advised grants and net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor restrictions. Some donor 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

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

Donor-advised funds are gifts to the Foundation which are held and administered by the Foundation pursuant to written agreements with the donors. These agreements include the consideration of grants advised or recommended by the donor. While ultimate responsibility for disposition of these funds rests with the Foundation, every effort is made to seek the ongoing advice of the donor in order to effectuate the donor's intentions most closely. Donor-advised funds are subject to a variance power which provides the Foundation a way to administer funds that are no longer able to continue being used as originally intended. The Foundation plans to follow the intentions of the donor requests, except when the purpose for which the funds were created has become obsolete, without donor restrictions or incapable of fulfillment. Most of the Foundation's donor-advised funds are classified as without donor restrictions because they do not have specific restrictions on purpose or time. Current year contributions of donor-advised funds are reflected in the consolidated statement of activities in the accompanying financial statements.

The Board of Directors has set aside a portion of the net assets without donor restrictions as a reserve fund for potential cash flow shortages. The Board may change the designation of these net assets in the future.

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.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee benefits, payroll taxes, office, information technology, occupancy, interest, depreciation, and insurance which are allocated on the basis of estimates of time and effort.

Income Taxes

The Foundation is a nonprofit corporation exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3); therefore, no provision for income tax is provided. The Foundation has been classified as an organization that is not a private foundation and has been designated as a publicly-supported organization. CFX, LLC; CFCP, LLC; CFRSO, LLC, and CHLT, LLC are all considered single member LLC's and are disregarded entities for tax purposes. They are included in the information return of the Foundation. Tax positions to consider include, but are not limited to:

- It has not engaged in activities that would jeopardize its tax-exempt status
- It has not engaged in any activities that would result in unrelated business income tax
- It has determined that there are no material uncertain tax positions that require recognition in the consolidated financial statements

Accordingly, no provision for income taxes has been made. In addition, the Foundation does not expect any material change in uncertain tax positions within the next twelve months.

Contributions and Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as without donor restrictions.

Contributed securities are recorded at averaged fair value at the date of donation.

Revenue from rental income and administrative fee income is considered earned as services are provided in accordance with the terms of the agreement.

Use of Estimates

In preparing the consolidated financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through November 2, 2020, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

Subsequent to year-end, the Foundation has been monitoring the effects of the world-wide coronavirus pandemic and has seen an increase in contributions received and grants awarded for the pandemic relief efforts, and a decrease in investment market values as of November 2, 2020. The Foundation is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Foundation’s financial position is not known.

Change in Accounting Principle

The Foundation has adopted Accounting Standards Update (ASU) No. 2014-09 – Revenue from Contracts with Customers (Topic 606) and ASU No. 2018-08 – Not-For-Profits Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, as amended as management believes the standard improves usefulness and understandability of the Foundation’s financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the Foundation recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosure of revenue have been enhanced in accordance with the standard.

Note 2 - Availability and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and equivalents	$ 5,905
Current investments	628,411
Contributions receivable	82,552
	$ 716,868

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, except for the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

As part of a liquidity management plan, cash in excess of daily requirements is invested in short-term investments, CDs, and money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating reserve, which was $636,558 as of December 31, 2019.

Note 3 - Investments

Certain assets and liabilities are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of an input to entire measurement requires judgment, considering factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of investment assets are classified within Level 1 because they comprise open-end mutual funds, equity securities, corporate bonds, and exchange traded funds with readily determinable fair values based on daily redemption values. The Foundation invests in certificates of deposit (CDs) traded in the financial markets. Those CDs, life insurance policies, and U.S. Government obligations are valued by the custodians of the investments using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2.

Non-publicly traded stock is based on the capitalized cash flow method performed by a licensed appraiser. Notes receivable, Violin and 49ers license are recorded at fair value, based upon appraisals of the underlying assets. LLC Ownerships, which hold real estate investments, are recorded at fair value determined by periodic appraisals which are obtained as deemed necessary based upon economic conditions and management discretion. LLC ownership values are based upon the assessed value of the property held less a blended discount rate of 30% for lack of marketability and minority interest. If actual information based on subsequent sale or comparable sale information is available, that value is deemed to be the fair value of the investment.

In general, investment securities are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

The Foundation uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

Investments are included in the consolidated statement of financial position as follows:

	2019	2018
Investments		
Current	$ 61,619,296	$ 56,015,125
Long-term	44,940,193	42,659,930
Investments held for split-interest agreements	9,620,041	6,324,048
	$ 116,179,530	$ 104,999,103

Investments are categorized by level as follows at December 31:

	2019			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 37,604,369	$ 496,586	$ -	$ 38,100,955
Equity securities	2,883,660	-	-	2,883,660
Corporate bonds	301,960	-	-	301,960
Exchange traded funds	21,735,748	-	-	21,735,748
Government bonds	-	-	-	-
Certificates of deposit	-	8,134,738	-	8,134,738
Life insurance policy	-	82,277	-	82,277
Real estate	-	15,357,882	-	15,357,882
Non-publicly traded stock	-	14,263,000	-	14,263,000
Notes receivable	-	-	1,600,000	1,600,000
LLC ownerships	-	-	639,234	639,234
49ers license	-	-	63,000	63,000
Violin	-	-	8,000	8,000
	$ 62,525,737	$ 38,334,483	$ 2,310,234	$ 103,170,454

	2018			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 28,761,968	$ -	$ -	$ 28,761,968
Equity securities	22,191,147	-	-	22,191,147
Corporate bonds	6,607,025	-	-	6,607,025
Exchange traded funds	2,349,836	-	-	2,349,836
Government bonds	-	365,287	-	365,287
Certificates of deposit	-	2,184,510	-	2,184,510
Life insurance policy	-	78,573	-	78,573
Real estate	-	15,058,242	-	15,058,242
Non-publicly traded stock	-	-	14,263,000	14,263,000
Notes receivable	-	-	500,000	500,000
LLC ownerships	-	-	832,796	832,796
49ers license	-	-	63,000	63,000
Violin	-	-	8,000	8,000
	$ 59,909,976	$ 17,686,612	$ 15,666,796	$ 93,263,384

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2019 and 2018:

	Level 3					
Year ended December 31, 2019	Non-publicly Traded Stock	Notes Receivable	LLC Ownerships	49ers License	Violin	Total
Beginning Balance	$ 14,263,000	$ 500,000	$ 832,796	$ 63,000	$ 8,000	$ 15,666,796
Purchases	-	382,490	274,870	-	-	657,360
Investment income	-	-	-	-	-	-
Sale of investments	-	(82,490)	(468,432)	-	-	(550,922)
Ending Balance	$ 14,263,000	$ 800,000	$ 639,234	$ 63,000	$ 8,000	$ 15,773,234
Year ended December 31, 2018						
Beginning Balance	$ 10,295,000	$ 500,000	$ 1,634,835	$ 48,000	$ 8,000	$ 12,485,835
Purchases	-	-	1,492	15,000	-	16,492
Investment income	3,968,000	-	-	-	-	3,968,000
Sale of investments	-	-	(803,531)	-	-	(803,531)
Ending Balance	$ 14,263,000	$ 500,000	$ 832,796	$ 63,000	$ 8,000	$ 15,666,796

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at December 31, 2019 and 2018:

	2019			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled Equity Fund	$ 6,615,498	$ -	Monthly	30 days
Multi Strategy Hedge Funds	-	-	Semi-Annual	90 days
Credit Hedge Fund	4,607,923	-	Monthy/Semi-	20-120 days
Long/Short Hedge Funds	1,785,655	-	Quarterly	90 days
	$ 13,009,076	$ -		

	2018			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled Equity Fund	$ 5,131,004	$ -	Monthly	30 days
Multi Strategy Hedge Funds	322,205	-	Semi-Annual	90 days
Credit Hedge Fund	4,623,707	-	Monthy/Semi-	20-120 days
Long/Short Hedge Funds	1,658,803	-	Quarterly	90 days
	$ 11,735,719	$ -		

Pooled Equity Fund – A portfolio of money from many individual investors that are aggregated for the purposes of investment. Mutual funds, hedge funds, exchange-traded funds, pension funds, and unit investment trusts are all examples of professionally managed pooled funds. Investors in pooled funds, benefit from economies of scale, which allow for lower trading costs per dollar of investment, and diversification.

Multi Strategy Hedge Funds – Funds that can use a variety of investing strategies, including event driven investing in securities and credit-oriented instruments, and are typically are not restricted by market capitalization, industry sector or geography.

Credit Hedge Funds – A fund that invests solely or primarily in debt instruments. Credit funds require a great deal of quantitative analysis as they look at the details of debt instruments and the likelihood of default for the underlying business. Their strategies can focus on distressed investing, credit long /short, and emerging market debt investing.

Long/Short Hedge Funds – Funds that can invest long and short, primarily in common stocks. Fund managers may invest in value, growth, or event-driven equity opportunities and typically are not restricted by market capitalization, industry sector, or geography. Leverage may be utilized, which can magnify changes in the values of the underlying securities.

Note 4 - Contributions and Pledges Receivable

Unconditional promises to give are estimated to be collected as follows:

	2019	2018
Within one year	$ 790,855	641,000
In one to five years	531,000	790,000
	$ 1,321,855	$ 1,431,000

At December 31, 2019 and 2018, two donors accounted for 75 percent and one donor accounted for 77 percent of total contributions and pledges receivable, respectively.

Note 5 - Property and Equipment

Property and equipment consist of the following at December 31:

	2019	2018
Software	$ 34,434	$ 34,434
Office equipment	46,282	41,312
Leasehold improvements	113,311	113,311
Rental property	1,829,296	1,829,296
Land	3,751,954	1,149,548
Accumulated depreciation	(1,082,734)	(983,528)
	4,692,543	2,184,373
Construction in progress	-	4,391,235
	$ 4,692,543	$ 6,575,608

Note 6 - Grants Payable

Grants payable represent promises to give to qualifying organizations. The following amounts are scheduled to be paid at December 31:

	2019	2018
Due in one year	$ 2,690,354	$ 5,265,035
Due in two to five years	772,500	1,323,865
	$ 3,462,854	$ 6,588,900

Note 7 - Lease Transactions

The Foundation entered into a lease agreement to lease office space in Reno, Nevada with payments through December 2021 with a starting monthly amount of $4,973 per month, increasing annually. In addition, the Foundation leases a copier for $213 per month. Rent expense, included in occupancy and office expense in the accompanying consolidated financial statements for these leases totaled $59,604 and $56,120 for the years ended December 31, 2019 and 2018, respectively.

Minimum future rental payments under the non-cancelable operating lease for the remaining term of the current lease and subsequent lease is as follows:

Year Ended December 31,	
2020	$ 59,835
2021	58,557
	$ 118,392

Note 8 - Notes Payable and Lease Agreement

Notes payable consist of the following at December 31, 2019 and 2018:

	2019	2018
Note payable, due in monthly installments of $16,425 including interest at 1%, due in full April 2023, secured by property and equipment	$ -	$ 1,830,373
Note payable, due in monthly interest only payments at 1%, due in full April 2023, secured by rents	2,000,000	1,178,644
Note payable, due in monthly installments of $1,169, including interest at 5.793%, due in full January 2020	1,164	14,702
	$ 2,001,164	$ 3,023,719

Future maturities of notes payable are as follows:

Years Ending December 31,	
2020	$ 1,164
2021	-
2022	-
2023	-
Thereafter	2,000,000
	$ 2,001,164

Note 9 - Transactions in Funds Held for Others

Financial activities related to agency funds are recorded as adjustments to the funds held for agencies' liabilities and, therefore, are not included in the consolidated statement of activities. The agency fund transactions are summarized below.

	2019	2018
Funds held for agencies, beginning of year	$ 435,666	$ 975,224
Additions		
Contributions	-	1,950
Investment returns	54,684	(16,375)
	54,684	(14,425)
Deductions		
Grant distributions	(442,743)	(515,116)
Investment expenses	(1,428)	(2,146)
Expenses to funds	(10,396)	(7,871)
	(454,567)	(525,133)
Change in balance	(399,883)	(539,558)
	$ 35,783	$ 435,666

Note 10 - Endowment Funds

The Foundation's endowment (the Endowment) consists of approximately 74 individual funds established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

The Board of Directors has interpreted the Nevada Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2019 and 2018, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations 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 expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

The Foundation's endowment consists of funds established to finance grants and benefit various charities. Its endowment includes donor-restricted funds that are reflected as endowments and scholarships in the temporarily restricted net assets and permanent endowments that are reflected as permanently restricted net assets. As required by the generally accepted accounting principles, net assets associated with endowment funds, including fund's designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Funds have been designated by the Board of Directors and committees of the Foundation for long-term purposes and are included in unrestricted, designated amounts.

As of December 31, 2019 and 2018, endowment net asset composition by type of fund is as follows:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 1,050,007	$ 16,290,225	$ 17,340,232
Contributions	-	904,422	904,422
Investment return	104,493	2,550,097	2,654,590
Expenses			
Grants	19,063	(359,360)	(340,297)
Administrative expenses	43,091	(212,114)	(169,023)
Transfer of spendable resources	-	(163,815)	(163,815)
Endowment net assets, end of year	$ 1,216,654	$ 19,009,455	$ 20,226,109

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 19,102,577	$ 19,102,577
Contributions	1,100,000	56,574	1,156,574
Investment return	(29,107)	(1,032,963)	(1,062,070)
Expenses			
Grants	(3,224)	(632,599)	(635,823)
Administrative expenses	(17,662)	(164,438)	(182,100)
Transfer of spendable resources	-	(1,038,926)	(1,038,926)
Endowment net assets, end of year	$ 1,050,007	$ 16,290,225	$ 17,340,232

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. At December 31, 2019 and 2018, funds with original gift values of $13,129 and $7,527,957, fair values of $10,716 and $7,397,295, and deficiencies of $2,413 and $130,662, respectively, were reported in net assets with donor restrictions.

Investment and Spending Policies

The Board of Trustees adopted an internal spending plan allowing up to 5% to be available of the value of each fund as of the close of the last day of December. When initially established, each individual fund adopts a spending policy. In the absence of a specific policy, the Foundation's internal spending policy would be utilized in any instance in which variance provision of the individual funds utilized. The spending policies adopted by the funds are established to ensure the availability of grant making dollars to the community in perpetuity. The funds available for grant making are determined each year based on the previous year's ending balance.

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 endowments assets. Endowment assets include those assets of donor restricted funds that the Fund must hold for a donor specified period and includes the earnings of those funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce a maximum return while assuming a moderate to low level of investment risk that will be measured based upon an annualized rate of return over a five-year continuous time period. The Community expects its endowment funds, over time, to provide a positive rate of return annually. Actual returns in any given year may vary.

Strategies Employed to Achieve 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 capital appreciation (realized and unrealized) and current yield (interest and dividend). The Foundation targets a diversified asset allocation that places an emphasis on balanced accounts by various asset classes including equity, real estate, fixed income instruments and cash equivalents.

Investment Objectives as Related to the Spending Policy

The Foundation's endowments have spending policies adopted as part of the initial agreements which appropriates a set percentage of its endowment funds value as of the end of the day on December 31 of the preceding year for the planned distribution year. In establishing these agreements, the Foundation considered the expected long-term rate of return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 5% net of inflation and all other investment expenses annually. This is consistent with the Foundation objective to maintain the purchasing power of the endowment assets held for a specific term as well as provide additional real growth through new gifts and investment return.

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

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 1,216,654	$ -	$ 1,216,654
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in in perpetuity by donor	-	16,243,148	16,243,148
Accumulated investment gains	-	2,658,663	2,658,663
	$ 1,216,654	$ 18,901,811	$ 20,118,465

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 1,050,007	$ -	$ 1,050,007
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in in perpetuity by donor	-	15,516,349	15,516,349
Accumulated investment gains	-	773,876	773,876
	$ 1,050,007	$ 16,290,225	$ 17,340,232

Note 11 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods.

	2019	2018
Subject to Expenditure for Specified Purpose		
Area of interest	$ 3,102,114	$ 3,851,471
Designated	45,463,610	42,731,613
Donor advised	5,280,642	4,838,628
Scholarship	5,294,728	4,171,586
	59,141,094	55,593,298
Endowments		
Subject to appropriate and expenditures when a specified event occurs	4,102,265	823,884
Subject to NFP endowment spending policy and appropriation	14,909,603	15,466,341
Total endowments	19,011,868	16,290,225
	$ 78,152,962	$ 71,883,523

Note 12 - Related Parties

For the year ending December 31, 2019, the Board of Directors and employees contributed $376,508, 4% of total contributions received, to the Foundation. In addition, members of the Board of Directors and employees maintain funds in the amount of $2,003,804, which represents 2% of the total fund balance.

Note 13 - Rental Property

During 2000, the Foundation received a contribution of a limited liability company, CFX, LLC. This contributed limited liability company has partial ownership of two separate leaseholds. The leaseholds consist of buildings located on land leased from a third party. The buildings are then subleased to grocery stores. During 2006, the Foundation reported an additional $84,085 in contributions to CFX, LLC.

The respective ownership interest in each of the properties has been consolidated into the books of the Foundation and has been included in property and equipment in the consolidated statement of financial position.

The rental buildings are located on land that are on ground leases expiring on December 1, 2021. The leases provide for renewal of five consecutively extended terms of five years each.

The minimum rental commitments under the ground leases are:

Year Ended December 31,		
2020	$	18,268
2021		16,746
	$	35,014

The rental income on the properties is received under two subleases in two separate entities.

Future minimum sublease income is due as follows as of December 31:

Year Ended December 31,		
2020	$	79,458
2021		72,837
	$	152,295

In addition, the Foundation has several lots held in various LLC's in which they lease out on a month to month basis as needs arise to various entities. Rental income under subleases for the years ended December 31, 2019 and 2018 was $337,020 and $283,202, respectively.

Note 14 - Pension Plan

Employees may elect to participate in a 401k plan offered by the Foundation. The Foundation provides 100% match of the first 8% of employee's eligible wages. The Foundation contributed $52,396 and $49,287 to the pension plan for the years ended December 31, 2019 and 2018, respectively.

Note 15 - Volunteers of America Agreement and Commitment

The Foundation, through a wholly owned LLC, constructed affordable housing for low income people. The buildings and improvements were transferred over to Volunteers of America (VOA) in December 2019, but the Foundation retained the debt on part of the construction of the buildings. There were originally two separate debts, currently, one is held by the individual who sold the buildings to the Foundation and has a 75-year-term. That debt is now currently being paid by VOA after being transferred to them in December 2019. The second debt, which the Foundation is still paying, is held by the NV Housing Division. The Foundation is entitled to a monthly $3,000 land lease payment from Volunteers of America beginning in December 2019 when the transfer was made. The land was contributed to the Foundation by the City of Reno, and the Foundation retains the ownership of the land.