

THE COLLINS FOUNDATION

Audited Financial Statements

For the years ended
December 31, 2019 and 2018



MCDONALD JACOBS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Collins Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of The Collins Foundation (a nonprofit organization), all of which are on the income tax basis of accounting and which comprise the statements of assets, liabilities and net assets as of December 31, 2019 and 2018, and the related statements of revenue, expenses, and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the income tax basis as described in Note 1; this includes determining that the income tax 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the 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 organization'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 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 financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of The Collins Foundation as of December 31, 2019 and 2018, and its revenue, expenses, and changes in net assets and cash flows for the year then ended in accordance with the income tax basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the income tax 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 this matter.

McDonald Jacobz, P.C.

Portland, Oregon
April 15, 2020

THE COLLINS FOUNDATION
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -
INCOME TAX BASIS
December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 871,817	\$ 1,897,625
Investments:		
Invested cash and equivalents	4,126,968	4,420,691
Common and preferred stock	174,607,262	146,435,827
Corporate obligations	14,996,077	15,130,369
Limited partnership interests	50,888,832	48,407,866
Real estate funds	6,950,481	6,751,895
Mission-related investment	195,652	250,000
Total investments	251,765,272	221,396,648
Program-related investment	500,000	500,000
Other assets	48,318	96,362
 TOTAL ASSETS	 \$ 253,185,407	 \$ 223,890,635

LIABILITIES AND NET ASSETS

Liabilities:		
Deferred taxes	\$ -	\$ 130,054
Total liabilities	-	130,054
 Net assets without donor restrictions	 253,185,407	 223,760,581
 TOTAL LIABILITIES AND NET ASSETS	 \$ 253,185,407	 \$ 223,890,635

See notes to financial statements.

THE COLLINS FOUNDATION
 STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS -
 INCOME TAX BASIS
 For the years ended December 31, 2019 and 2018

Change in net assets without donor restrictions:	2019	2018
Revenue:		
Investment income (loss):		
Dividends and interest	\$ 4,940,199	\$ 4,147,848
Net partnership and other investment earnings	3,455,785	2,820,574
Net realized gains on sale of investments	2,662,164	16,010,673
Net unrealized (loss) gain on investments	32,692,265	(36,694,155)
Total investment income (loss)	43,750,413	(13,715,060)
Less investment expenses:		
Investment administration expense	320,938	283,141
Management and custodial fees	977,403	968,342
Excise and income tax expense on current earnings	195,347	221,069
Total investment expenses	1,493,688	1,472,552
Net investment income (loss)	42,256,725	(15,187,612)
Bequest without donor restrictions	-	14,094,064
Total revenue	42,256,725	(1,093,548)
Expenses:		
Grants paid:		
Arts	811,250	711,000
Children and youth	1,754,000	1,462,000
Community welfare	5,157,645	4,857,397
Education	1,151,300	1,471,500
Environment	788,875	758,000
Health and science	892,000	750,000
Humanities	599,237	860,000
Religion	70,000	155,000
Total grants paid	11,224,307	11,024,897
Grants administration expense	1,607,592	1,561,895
Total expenses	12,831,899	12,586,792
Change in net assets without donor restrictions	29,424,826	(13,680,340)
Net assets without donor restrictions - beginning of year	223,760,581	237,440,921
Net assets without donor restrictions - end of year	\$ 253,185,407	\$ 223,760,581

See notes to financial statements.

THE COLLINS FOUNDATION
 STATEMENTS OF CASH FLOWS -
 INCOME TAX BASIS
 For the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from investing activities:		
Net investment income (loss)	\$ 42,256,725	\$ (15,187,612)
Adjustments to reconcile change in net investment income (loss) to net cash flows from investing activities:		
Income from limited partnership interests	(3,455,785)	(2,820,574)
Change in value of investments	(35,354,429)	20,683,482
Changes in other assets and liabilities - net	(82,010)	(310,846)
Investment transactions:		
Net change in invested cash and equivalents	293,723	(788,193)
Purchase of investments	(27,153,278)	(52,042,526)
Proceeds from the sale of investments	<u>35,301,145</u>	<u>50,177,664</u>
Net cash flows from investing activities	<u>11,806,091</u>	<u>(288,605)</u>
 Cash flows from granting activities:		
Grant payments and program funding	(11,224,307)	(11,024,897)
Bequest received	-	14,094,064
Cash distributed for program-related investments	-	(250,000)
Payments for administrative expenses	<u>(1,607,592)</u>	<u>(1,538,093)</u>
Net cash flows from granting activities	<u>(12,831,899)</u>	<u>1,281,074</u>
 Net change in cash and cash equivalents	(1,025,808)	992,469
 Cash and cash equivalents - beginning of year	<u>1,897,625</u>	<u>905,156</u>
 Cash and cash equivalents - end of year	<u>\$ 871,817</u>	<u>\$ 1,897,625</u>
 Supplemental Cash Flow Information:		
Cash paid during the year for taxes	<u>\$ 147,155</u>	<u>\$ 187,520</u>

See notes to financial statements.

THE COLLINS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The Collins Foundation (the Foundation) was founded in 1947 by four members of the Collins family. The purpose of the Foundation is to operate and use its funds exclusively for charitable, educational, literary, scientific, or religious purposes. The Foundation earns income on investments and makes grants to charitable organizations exempt from income tax under Internal Revenue Code Sec. 501(c)(3).

Basis of Accounting

The accompanying financial statements have been prepared on the income tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That basis differs from accounting principles generally accepted in the United States of America in that revenues (except unrealized net gains on investments) are recognized when received and expenses (except excise and income tax) are recognized when paid; investments are reported at fair value.

Basis of Presentation

The Foundation reports information regarding its assets, liabilities, and net assets, income received, expenses and grants paid, according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. The Foundation had only net assets not subject to donor restrictions at December 31, 2019 and 2018.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents.

Investments

- *Marketable Securities:* Investments in marketable securities are stated at current market value.
- *Alternative investments:* Investments in limited partnership interests and other equity securities have been estimated by management (in the absence of readily determinable fair values) based on information provided by fund managers or the general partners. The values are estimated using the most recent valuation as provided by fund managers and general partners, generally September 30th or December 31st, adjusted for capital contributions and distributions for the quarter ended December 31st for those using the September 30th valuation.
- *Mission-related investment:* The Foundation invests funds in a limited partnership in order to facilitate charitable activities. The investment is stated at cost, which approximates fair value. Management considers this investment to be an alternative investment.
- *Program-related investment:* Consists of an interest-bearing loan, which facilitates charitable activities, is stated at cost which approximates fair value.

THE COLLINS FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019 and 2018

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Contributions

Contributions, including bequests, are recognized as revenue in the period the Foundation receives funds. Contributions received are recorded as support without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. It is not common for the Foundation to receive contributions. During 2018, one bequest was received from the estate of a former family trustee. The bequest was received without donor restrictions.

Allocated expenses

The costs of providing supporting services have been summarized in the accompanying statement of revenues, expenses and changes in net assets- income tax basis. Certain costs have been allocated between investment administration and grants administration. The expenses that are allocated include personnel and related costs, occupancy, and office expenses, which are allocated based on estimated time and effort.

Income Taxes

The Collins Foundation is a private non-operating foundation exempt from federal and state income tax, but subject to federal excise tax of 2% (reduced to 1% if certain requirements are met) on net investment income. Excise taxes, at 1%, paid total approximately \$195,000 and \$221,000 in 2019 and 2018, respectively. Certain investments of the Foundation are limited partnership interests which can pass through unrelated business income, taxable to the Foundation. Insignificant unrelated business income taxes were incurred in 2019 and 2018.

The Foundation follows the provisions of FASB ASC *Topic Accounting for Uncertainty in Income Taxes*. Management has evaluated the Foundation's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this Topic.

Use of Estimates

The preparation of financial statements in conformity with the income tax basis of accounting 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.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

THE COLLINS FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019 and 2018

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Change in Accounting Principles

The Foundation implemented Accounting Standards Update 2018-08, *clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists organizations in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The provisions of ASU 2018-08 were implemented applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. There was no significant impact to the Foundation's revenue recognition in either year presented for this change in accounting principle.

2. AVAILABLE RESOURCES AND LIQUIDITY

The Foundation regularly monitors liquidity required to meet its operating needs and other commitments, while also striving to maximize the impact of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its primary operations to be general expenditures.

Financial assets of the Foundation consist of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash and cash equivalents	\$ 4,998,785	\$ 6,318,316
Marketable securities	189,603,339	161,566,196
Alternative investments	58,034,965	55,409,761
Program-related investment	500,000	500,000
Total financial assets	<u>253,137,089</u>	<u>223,794,273</u>
Less amounts not available to be used within a year:		
Investments with limited liquidity	<u>(58,534,965)</u>	<u>(55,909,761)</u>
Financial assets available for general expenditure	<u>\$194,602,124</u>	<u>\$ 167,884,512</u>

The Internal Revenue Code requires that approximately 5% of the adjusted average asset value be distributed within one year following year end to avoid excise tax on the undistributed amount. Cash and investments, other than alternative investments, are available to liquidate as needed to fund grants and operations.

THE COLLINS FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019 and 2018

3. INVESTMENTS

Investments at December 31, 2019 consist of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Invested cash and cash equivalents	\$ 4,126,968	\$ 4,126,968	\$ -
Marketable securities:			
Equity securities	142,994,360	174,607,262	31,612,902
Fixed income securities	<u>15,149,946</u>	<u>14,996,077</u>	<u>(153,869)</u>
Total marketable securities	<u>158,144,306</u>	<u>189,603,339</u>	<u>31,459,033</u>
Alternative investments:			
Limited partnership interests	38,796,831	50,888,832	12,092,001
Real estate funds	5,000,000	6,950,481	1,950,481
Mission-related investment	<u>195,652</u>	<u>195,652</u>	<u>-</u>
Total alternative investments	<u>43,992,483</u>	<u>58,034,965</u>	<u>14,042,482</u>
Total investments	<u>\$ 206,263,757</u>	<u>\$ 251,765,272</u>	<u>\$ 45,501,515</u>

Investments at December 31, 2018 consist of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Invested cash and cash equivalents	\$ 4,420,691	\$ 4,420,691	\$ -
Marketable securities :			
Equity securities	144,201,453	146,435,827	2,234,374
Fixed income securities	<u>15,967,298</u>	<u>15,130,369</u>	<u>(836,929)</u>
Total marketable securities	<u>160,168,751</u>	<u>161,566,196</u>	<u>1,397,445</u>
Alternative investments:			
Limited partnership interests	38,551,846	48,407,866	9,856,020
Real estate funds	5,000,000	6,751,895	1,751,895
Mission-related investment	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Total alternative investments	<u>43,801,846</u>	<u>55,409,761</u>	<u>11,607,915</u>
Total investments	<u>\$ 208,391,288</u>	<u>\$ 221,396,648</u>	<u>\$ 13,005,360</u>

Commitments for limited partnership interests not yet funded totaled approximately \$3,360,000 at December 31, 2019.

4. PROGRAM-RELATED INVESTMENT

The Foundation made a loan to a nonprofit organizations for the furtherance of its mission. Principal and interest at 1.75% per annum, are due April 30, 2024.

THE COLLINS FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019 and 2018

5. FUTURE GRANT OBLIGATIONS

The financial statements are presented on the income tax basis and, as such, grant expense reflects cash paid for grants during the year. The Foundation has committed both unconditional and conditional grants which are not recorded in the financial statements. Total grant obligations at December 31, 2019 and 2018 are payable as follows:

	2019	2018
Payable within one year	\$ 2,965,175	\$ 3,980,000
Payable within two to three years	476,000	899,000
Total grant obligations	\$ 3,441,175	\$ 4,879,000

Total grant obligations include conditional grants of \$545,000 and \$750,000 at December 31, 2019 and 2018, respectively that are contingent on certain performance or matching requirements being met and become payable when the conditions have been met.

6. RETIREMENT PLAN

The Foundation has a defined contribution 403(b) plan covering all employees meeting eligibility requirements. Employees may elect to make contributions to the plan up to amounts allowed by law. Additionally, the Foundation may make contributions to the plan at its discretion. During 2019 and 2018, the Foundation contributed 10% of eligible compensation. The Foundation's contributions to the plan totaled approximately \$96,900 for 2019 and \$78,300 for 2018.

7. LEASE COMMITMENT

The Foundation leases its office facilities under an agreement expiring January 31, 2022 with current monthly rent of \$11,494 subject to annual increases of approximately 3%. Rent expense totaled approximately \$128,900 and \$120,400 for the years ending December 31, 2019 and 2018, respectively, including adjustments for the Foundation's share of common area maintenance and credits for property tax exemption. Future minimum lease payments are as follows:

Year ending December 31, 2020	\$ 141,700
2021	146,000
2022	12,200
Total	\$ 299,900

THE COLLINS FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019 and 2018

8. FUNCTIONAL EXPENSES

Expenses by functional and natural classifications for 2019 and 2018 are as follows:

	<u>Investment</u>	<u>Charitable Purpose</u>	<u>Total</u>
2019			
Administration:			
Salaries and related expenses	\$ 281,765	\$ 1,127,060	\$ 1,408,825
Professional fees	18,457	195,697	214,154
Occupancy	11,192	138,028	149,220
Office and other operating costs	8,267	108,873	117,140
Travel	-	22,431	22,431
Insurance	1,257	15,503	16,760
Total administration	<u>320,938</u>	<u>1,607,592</u>	<u>1,928,530</u>
Grants	-	11,224,307	11,224,307
Management and custodial fees	977,403	-	977,403
Excise and income tax expense	195,347	-	195,347
Total expenses	<u>\$ 1,493,688</u>	<u>\$ 12,831,899</u>	<u>\$ 14,325,587</u>
2018			
Administration:			
Salaries and related expenses	\$ 250,070	\$ 1,081,676	\$ 1,331,746
Professional fees	4,709	92,587	97,296
Occupancy	10,373	127,933	138,306
Office and other operating costs	16,761	224,977	241,738
Travel	-	19,571	19,571
Insurance	1,228	15,151	16,379
Total administration	<u>283,141</u>	<u>1,561,895</u>	<u>1,845,036</u>
Grants	-	11,024,897	11,024,897
Management and custodial fees	968,342	-	968,342
Excise and income tax expense	221,069	-	221,069
Total expenses	<u>\$ 1,472,552</u>	<u>\$12,586,792</u>	<u>\$14,059,344</u>

THE COLLINS FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019 and 2018

9. RELATED PARTY TRANSACTIONS

The Foundation holds interest in limited partnership investments in which certain trustees of the Foundation or investment committee members are also investors.

The Foundation paid cash grants and nominal amounts of matching contributions determined by community trustees and officers totaling \$400,050 and \$327,000 to organizations with board members who are trustees or an officer of the Foundation during 2019 and 2018, respectively. Additionally, the Foundation made future grant commitments totaling \$327,000 and \$579,000 to the same organizations for 2019 and 2018, respectively.

The Foundation paid cash grants and nominal amounts of matching contributions determined by employees totaling \$34,850 and \$85,000 to organizations with board members who are employees of the Foundation during 2019 and 2018, respectively. Additionally, the Foundation made future grant commitments totaling \$25,000 to the same organizations for 2018.

The Foundation receives information technology and phone services at no charge from a company that has board members in common with trustees of the Foundation. During 2018, the Foundation identified accounting services provided by an employee of the company for part of the year. The Foundation reimbursed the company for the accounting services in accordance with federal laws. These transactions occur in the normal course of business and were not material to the financial statements.

10. CONCENTRATIONS OF CREDIT RISK

The Foundation maintains its cash balances in two financial institutions. Balances in each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed the federally insured limit. Balances in excess of insured limits were approximately \$644,000 and \$961,000 as of December 31, 2019 and 2018, respectively. The Foundation also maintains its cash and investments in brokerage accounts, some of which are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 per customer, including \$250,000 for cash and money market balances. Balances held in brokerage accounts are not insured by the Federal Deposit Insurance Corporation.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of assets, liabilities and net assets- income tax basis. Also see Note 12, Subsequent Event.

THE COLLINS FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019 and 2018

II. FAIR VALUE MEASUREMENTS

Assets recorded at fair value in the statements of assets, liabilities and net assets-income tax basis are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

Not included in the fair value measurement hierarchy are investments measured at net asset value (NAV).

There were no changes in the valuation techniques during 2019 and 2018.

Fair values of assets measured on a recurring basis at December 31, 2019 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 3</u>
Marketable securities:			
Domestic equities	\$ 109,753,252	\$ 109,753,252	\$ -
International equities	21,271,543	21,271,543	-
Mutual funds - equities	43,582,467	43,582,467	-
Mutual funds - fixed income	14,996,077	14,996,077	-
Other investment:			
Mission-related investment	195,652	-	195,652
Total measured at fair value	<u>189,798,991</u>	<u>\$ 189,603,339</u>	<u>\$ 195,652</u>
Investments measures at NAV:			
Limited partnerships	50,888,832		
Real estate fund	6,950,481		
Invested cash and equivalents	<u>4,126,968</u>		
	<u>\$ 251,765,272</u>		

THE COLLINS FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019 and 2018

II. FAIR VALUE MEASUREMENTS, Continued

Fair values of assets measured on a recurring basis at December 31, 2018 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 3</u>
Marketable securities:			
Domestic equities	\$ 89,211,538	\$ 89,211,538	\$ -
International equities	18,316,413	18,316,413	-
Mutual funds - equity	38,907,876	38,907,876	-
Mutual funds - fixed income	15,130,369	15,130,369	-
Other investment:			
Mission-related investment	250,000	-	250,000
Total measured at fair value	161,816,196	<u>\$ 161,566,196</u>	<u>\$ 250,000</u>
Investments measures at NAV:			
Limited partnerships	48,407,866		
Real estate fund	6,751,895		
Invested cash and equivalents	4,420,691		
	<u>\$ 221,396,648</u>		

Fair values for marketable securities are determined by reference to quoted market prices and other relevant information generated by market transactions.

The mission-related investment is recorded at cost, which management estimates as the fair value. Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) include:

Mission-related investment:

	<u>2019</u>	<u>2018</u>
Balance at beginning of year	250,000	\$ -
Capital contributions	-	250,000
Capital distributions	(54,348)	-
Balance at end of year	<u>\$ 195,652</u>	<u>\$ 250,000</u>

Investments Measured at Net Asset Value (NAV)

Quoted market prices are not available for the limited partnerships and real estate fund. These investment are recorded based on the net asset value of the Foundation's ownership interest in the partners' capital which includes assumptions and methods that were prepared by the General Partners and managers of the entity and were reviewed by Foundation's management. The Foundation believes that the reported amount for these investments is a reasonable estimate of their fair value at December 31, 2019 and 2018.

THE COLLINS FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2019 and 2018

11. FAIR VALUE MEASUREMENTS, Continued

Net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, is used 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. The reported net asset value may differ from the value that would be used had the quoted market price existed.

Funds focus on growth in equity, buyout opportunities, or distressed debt. These investments are not readily redeemable; however, a secondary market does exist. Distributions normally are received through the liquidation of the underlying assets in the fund.

12. SUBSEQUENT EVENT

The Foundation has evaluated all subsequent events through April 15, 2020 the date the financial statements were available to be issued.

Subsequent to year-end, the United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. The Foundation is closely monitoring its investment portfolio in light of current market conditions and will continue to follow the Foundation's approved investment policy which is based on long-term investment strategies. The Foundation's financial statements do not include adjustments to fair value that have resulted from these declines.