

THE COLLINS FOUNDATION

Audited Financial Statements

For the years ended
December 31, 2020 and 2019



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, 2020 and 2019, 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, 2020 and 2019, 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
June 10, 2021

THE COLLINS FOUNDATION
 STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -
 INCOME TAX BASIS
 December 31, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 559,632	\$ 485,962
Investments:		
Invested cash and equivalents	9,495,794	4,512,823
Common and preferred stock	172,055,074	174,607,262
Corporate obligations	14,445,778	14,996,077
Limited partnership interests	45,557,103	50,888,832
Real estate funds	6,821,445	6,950,481
Mission-related investment	108,696	195,652
Total investments	248,483,890	252,151,127
Program-related investment	500,000	500,000
Other assets	48,318	48,318
 TOTAL ASSETS	 \$ 249,591,840	 \$ 253,185,407
 LIABILITIES AND NET ASSETS		
Liabilities	\$ -	\$ -
Net assets without donor restrictions	249,591,840	253,185,407
 TOTAL LIABILITIES AND NET ASSETS	 \$ 249,591,840	 \$ 253,185,407

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, 2020 and 2019

Change in net assets without donor restrictions:	2020	2019
Revenue:		
Investment income:		
Dividends and interest	\$ 4,095,217	\$ 4,940,199
Net partnership and other investment earnings	5,165,917	3,455,785
Net realized gain (loss) on sale of investments	(4,004,821)	2,662,164
Net unrealized gain on investments	10,161,300	32,692,265
Total investment income	15,417,613	43,750,413
Less investment expenses:		
Investment administration expense	334,678	320,938
Management and custodial fees	907,496	977,403
Excise and income tax expense on current earnings	28,185	195,347
Total investment expenses	1,270,359	1,493,688
Net investment income	14,147,254	42,256,725
Expenses:		
Grants paid:		
Arts	1,256,900	811,250
Children and youth	1,528,000	1,754,000
Community welfare	9,349,900	5,157,645
Education	1,289,000	1,151,300
Environment	762,625	788,875
Health and science	1,147,000	892,000
Humanities	677,200	599,237
Religion	-	70,000
Total grants paid	16,010,625	11,224,307
Grants administration expense	1,730,196	1,607,592
Total expenses	17,740,821	12,831,899
Change in net assets without donor restrictions	(3,593,567)	29,424,826
Net assets without donor restrictions - beginning of year	253,185,407	223,760,581
Net assets without donor restrictions - end of year	\$ 249,591,840	\$ 253,185,407

See notes to financial statements.

THE COLLINS FOUNDATION
 STATEMENTS OF CASH FLOWS -
 INCOME TAX BASIS
 For the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from investing activities:		
Net investment income	\$ 14,147,254	\$ 42,256,725
Adjustments to reconcile change in net investment income to net cash flows from investing activities:		
Income from limited partnership interests	(5,165,917)	(3,455,785)
Change in value of investments	(6,156,479)	(35,354,429)
Changes in other assets and liabilities - net	-	(82,010)
Investment transactions:		
Net change in invested cash and equivalents	(4,703,732)	293,723
Purchase of investments	(37,110,904)	(27,153,278)
Proceeds from the sale of investments	56,804,269	35,301,145
Net cash flows from investing activities	<u>17,814,491</u>	<u>11,806,091</u>
 Cash flows from granting activities:		
Grant payments and program funding	(16,010,625)	(11,224,307)
Payments for administrative expenses	(1,730,196)	(1,607,592)
Net cash flows from granting activities	<u>(17,740,821)</u>	<u>(12,831,899)</u>
 Net change in cash and cash equivalents	73,670	(1,025,808)
 Cash and cash equivalents - beginning of year	<u>485,962</u>	<u>1,511,770</u>
 Cash and cash equivalents - end of year	<u>\$ 559,632</u>	<u>\$ 485,962</u>
 Supplemental Cash Flow Information:		
Cash paid during the year for taxes	<u>\$ 28,185</u>	<u>\$ 147,155</u>

See notes to financial statements.

THE COLLINS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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, 2020 and 2019.

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, 2020 and 2019

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.

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 on net investment income. Beginning 2020, federal tax is 1.39%, Prior to 2020, federal excise tax was 2% (reduced to 1% if certain requirements are met). Excise taxes paid total approximately \$28,000 and \$195,000 in 2020 and 2019, 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 2020 and 2019.

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 cash equivalents in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. The reclassifications had no impact on previously reported net assets.

THE COLLINS FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2020 and 2019

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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 10,055,426	\$ 4,998,785
Marketable securities	186,500,852	189,603,339
Alternative investments	52,487,244	58,034,965
Program-related investment	<u>500,000</u>	<u>500,000</u>
Total financial assets	249,543,522	253,137,089
Less amounts not available to be used within a year:		
Investments with limited liquidity	<u>(52,987,244)</u>	<u>(58,534,965)</u>
Financial assets available for general expenditure	<u>\$ 196,556,278</u>	<u>\$ 194,602,124</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, 2020 and 2019

3. INVESTMENTS

Investments at December 31, 2020 consist of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Invested cash and cash equivalents	\$ 9,495,794	\$ 9,495,794	\$ -
Marketable securities:			
Equity securities	134,928,537	172,055,074	37,126,537
Fixed income securities	14,020,449	14,445,778	425,329
Total marketable securities	<u>148,948,986</u>	<u>186,500,852</u>	<u>37,551,866</u>
Alternative investments:			
Limited partnership interests	28,783,630	45,557,103	16,773,473
Real estate funds	5,000,000	6,821,445	1,821,445
Mission-related investment	108,696	108,696	-
Total alternative investments	<u>33,892,326</u>	<u>52,487,244</u>	<u>18,594,918</u>
Total investments	<u>\$ 192,337,106</u>	<u>\$ 248,483,890</u>	<u>\$ 56,146,784</u>

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	\$ 4,512,823	\$ 4,512,823	\$ -
Marketable securities :			
Equity securities	142,994,360	174,607,262	31,612,902
Fixed income securities	15,149,946	14,996,077	(153,869)
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	195,652	195,652	-
Total alternative investments	<u>43,992,483</u>	<u>58,034,965</u>	<u>14,042,482</u>
Total investments	<u>\$ 206,649,612</u>	<u>\$ 252,151,127</u>	<u>\$ 45,501,515</u>

Commitments for limited partnership interests not yet funded totaled approximately \$4,169,000 at December 31, 2020.

4. PROGRAM-RELATED INVESTMENT

The Foundation made a loan to a nonprofit organization 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, 2020 and 2019

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, 2020 and 2019 are payable as follows:

	2020	2019
Payable within one year	\$ 2,060,000	\$ 2,965,175
Payable within two to three years	828,000	476,000
Total grant obligations	\$ 2,888,000	\$ 3,441,175

Total grant obligations include conditional grants of \$690,050 and \$545,000 at December 31, 2020 and 2019, 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 2020 and 2019, the Foundation contributed 10% of eligible compensation. The Foundation's contributions to the plan totaled approximately \$96,300 for 2020 and \$96,900 for 2019.

7. LEASE COMMITMENT

The Foundation leases its office facilities under an agreement expiring January 31, 2022 with current monthly rent of \$11,840 subject to annual increases of approximately 3%. Rent expense totaled approximately \$138,200 and \$128,900 for the years ended December 31, 2020 and 2019, 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, 2021	\$ 146,000
2022	12,200
Total	\$ 158,200

THE COLLINS FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2020 and 2019

8. FUNCTIONAL EXPENSES

Expenses by functional and natural classifications for 2020 and 2019 are as follows:

2020	<u>Investment</u>	<u>Charitable Purpose</u>	<u>Total</u>
Administration:			
Salaries and related expenses	\$ 285,721	\$ 1,142,886	\$ 1,428,607
Professional fees	28,793	322,328	351,121
Occupancy	11,568	142,678	154,246
Office and other operating costs	6,426	85,512	91,938
Technical assistance and event sponsorship	-	7,218	7,218
Travel	-	2,816	2,816
Insurance	2,170	26,758	28,928
Total administration	<u>334,678</u>	<u>1,730,196</u>	<u>2,064,874</u>
Grants	-	16,010,625	16,010,625
Management and custodial fees	907,496	-	907,496
Excise and income tax expense	28,185	-	28,185
Total expenses	<u>\$ 1,270,359</u>	<u>\$ 17,740,821</u>	<u>\$ 19,011,180</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>

THE COLLINS FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2020 and 2019

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 \$1,127,175 and \$400,050 to organizations with board members who are trustees or an officer of the Foundation during 2020 and 2019, respectively. Additionally, the Foundation made future grant commitments totaling \$490,000 and \$327,000 to the same organizations in 2020 and 2019, respectively.

The Foundation paid cash grants and nominal amounts of matching contributions determined by employees totaling \$156,700 and \$34,850 to organizations with board members who are employees of the Foundation during 2020 and 2019, respectively.

The Foundation paid cash grants during 2020 totaling \$250,000 to a grantee with which the Foundation also has a mission-based investment.

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. 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. 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.

THE COLLINS FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2020 and 2019

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 2020 and 2019.

Fair values of assets measured on a recurring basis at December 31, 2020 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 3</u>
Marketable securities:			
Money market funds	\$ 9,495,794	\$ 9,495,794	\$ -
Domestic equities	108,407,050	108,407,050	-
International equities	21,884,980	21,884,980	-
Mutual funds - equities	41,763,044	41,763,044	-
Mutual funds - fixed income	14,445,778	14,445,778	-
Other investment:			
Mission-related investment	108,696	-	108,696
Total measured at fair value	196,105,342	<u>\$ 195,996,646</u>	<u>\$ 108,696</u>
Investments measures at NAV:			
Limited partnerships	45,557,103		
Real estate fund	6,821,445		
	<u>\$ 248,483,890</u>		

THE COLLINS FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2020 and 2019

II. FAIR VALUE MEASUREMENTS, Continued

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:			
Money market funds	\$ 4,512,823	\$ 4,512,823	\$ -
Domestic equities	109,753,252	109,753,252	-
International equities	21,271,543	21,271,543	-
Mutual funds - equity	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	194,311,814	<u>\$ 194,116,162</u>	<u>\$ 195,652</u>
Investments measured at NAV:			
Limited partnerships	50,888,832		
Real estate fund	6,950,481		
	<u>\$ 252,151,127</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>2020</u>	<u>2019</u>
Balance at beginning of year	\$ 195,652	\$ 250,000
Capital distributions	<u>(86,956)</u>	<u>(54,348)</u>
Balance at end of year	<u>\$ 108,696</u>	<u>\$ 195,652</u>

Investments Measured at Net Asset Value (NAV)

Quoted market prices are not available for the limited partnerships and real estate fund. These investments 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, 2020 and 2019.

THE COLLINS FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2020 and 2019

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 EVENTS

The Foundation has evaluated all subsequent events through June 10, 2021 the date the financial statements were available to be issued.