

THE COLLINS FOUNDATION

Audited Financial Statements

For the years ended
December 31, 2023 and 2022



McDONALD JACOBS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Collins Foundation

Opinion

We have audited the accompanying financial statements of The Collins Foundation (a nonprofit organization), which comprise the statements of assets, liabilities and net assets – modified cash basis as of December 31, 2023 and 2022, and the related statements of revenue, expenses, and changes in net assets – modified cash basis, and cash flows – modified cash basis for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Collins Foundation as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis for Opinion

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

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Collins Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Collins Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

McDonald Jacobson, P.C.

Portland, Oregon
June 26, 2024

THE COLLINS FOUNDATION
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS
December 31, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 1,039,955	\$ 194,031
Investments:		
Invested cash and equivalents	3,993,781	6,286,791
Equities	177,240,583	166,703,351
Corporate obligations	11,710,816	11,342,316
Limited partnership interests	25,996,762	32,814,844
Real estate funds	7,036,427	8,567,734
Mission-related investment	108,497	108,497
Total investments	226,086,866	225,823,533
Program-related investment	500,000	500,000
Other assets	48,318	48,318
 TOTAL ASSETS	 \$ 227,675,139	 \$ 226,565,882
LIABILITIES AND NET ASSETS		
Liabilities	\$ -	\$ -
Net assets without donor restrictions	227,675,139	226,565,882
 TOTAL LIABILITIES AND NET ASSETS	 \$ 227,675,139	 \$ 226,565,882

See notes to financial statements.

THE COLLINS FOUNDATION
STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS -
MODIFIED CASH BASIS
For the years ended December 31, 2023 and 2022

Change in net assets without donor restrictions:	2023	2022
Revenue:		
Investment income:		
Dividends and interest	\$ 4,399,198	\$ 3,945,943
Net partnership and other investment gain	(2,228,194)	1,162,630
Net realized gain (loss) on sale of investments	994,628	2,243,307
Total investment income	3,165,632	7,351,880
Less investment expenses:		
Investment administration expense	416,923	360,599
Management and custodial fees	944,846	1,039,751
Excise and income tax expense on current earnings	56,204	258,239
Total investment expenses	1,417,973	1,658,589
Net investment income	1,747,659	5,693,291
Expenses:		
Grants paid:		
Arts	939,000	1,280,750
Children and youth	1,080,700	1,543,250
Community welfare	6,355,800	8,812,787
Education	1,020,000	1,080,250
Environment	780,000	509,000
Health and science	701,000	831,000
Humanities	283,300	447,000
Total grants paid	11,159,800	14,504,037
Grants administration expense	2,821,677	2,144,549
Total expenses	13,981,477	16,648,586
Change in net assets without donor restrictions before unrealized gain (loss) on investments	(12,233,818)	(10,955,295)
Net unrealized gain (loss) on investments	13,343,075	(32,815,158)
Change in net assets without donor restrictions	1,109,257	(43,770,453)
Net assets without donor restrictions - beginning of year	226,565,882	270,336,335
Net assets without donor restrictions - end of year	\$ 227,675,139	\$ 226,565,882

See notes to financial statements.

THE COLLINS FOUNDATION
STATEMENTS OF CASH FLOWS -
MODIFIED CASH BASIS
For the years ended December 31, 2023 and 2022

	2023	2022
Cash flows from investing activities:		
Net investment income (loss)	\$ 15,090,734	\$ (27,121,867)
Adjustments to reconcile change in net investment income (loss) to net cash flows from investing activities:		
(Gain) loss from limited partnership interests	9,249,839	998,839
Change in value of investments	(21,359,348)	28,410,382
Investment transactions:		
Net change in invested cash and equivalents	2,293,011	(2,306,824)
Purchase of investments	(18,881,971)	(28,345,447)
Proceeds from the sale of investments	28,435,136	44,728,745
Net cash flows from investing activities	14,827,401	16,363,828
 Cash flows from granting activities:		
Grant payments and program funding	(11,159,800)	(14,504,037)
Payments for administrative expenses	(2,821,677)	(2,144,549)
Net cash flows from granting activities	(13,981,477)	(16,648,586)
 Net change in cash and cash equivalents	845,924	(284,758)
 Cash and cash equivalents - beginning of year	194,031	478,789
 Cash and cash equivalents - end of year	\$ 1,039,955	\$ 194,031
 Supplemental cash flow information:		
Cash paid during the year for taxes	\$ 56,204	\$ 258,239

See notes to financial statements.

THE COLLINS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

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 modified cash 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 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 has only net assets not subject to donor restrictions at December 31, 2023 and 2022.

Cash and Cash Equivalents

For purposes of the statements of cash flows, 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.

THE COLLINS FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2023 and 2022

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

Program-Related Investment

Consists of an interest-bearing loan, which facilitates charitable activities and is stated at cost which approximates fair value.

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 statements of revenues, expenses and changes in net assets- modified cash basis. Certain costs have been allocated between investment and charitable purposes. The expenses that are allocated include salaries and related expenses, occupancy, and office and other operating expenses, which are allocated based on estimated time and effort (see Note 8).

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 1.39% on net investment income. Excise taxes paid totaled approximately \$10,600 and \$225,600 in 2023 and 2022, 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 2023 and 2022.

The Foundation follows the provisions of FASB ASC Topic 740 *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 modified cash 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.

Subsequent Events

The Foundation has evaluated all subsequent events through June 26, 2024 the date the financial statements were available to be issued.

THE COLLINS FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2023 and 2022

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 available for general expenditure consist of the following at December 31, 2023 and 2022:

	2023	2022
Cash and cash equivalents	\$ 5,033,736	\$ 6,480,822
Marketable securities	188,951,399	178,045,667
Alternative investments	33,141,686	41,491,075
Program-related investment	500,000	500,000
Total financial assets	227,626,821	226,517,564
Less amounts not available to be used within a year:		
Investments with limited liquidity	(33,641,686)	(41,991,075)
Financial assets available for general expenditure	\$ 193,985,135	\$ 184,526,489

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, 2023 and 2022

3. INVESTMENTS

Investments at December 31, 2023 consist of the following:

	Cost	Fair Value	Unrealized Gain (Loss)
December 31, 2023			
Invested cash and cash equivalents	\$ 3,993,781	\$ 3,993,781	\$ -
Marketable securities:			
Equity securities	127,179,903	177,240,583	50,060,680
Fixed income securities	12,835,145	11,710,816	(1,124,329)
Total marketable securities	140,015,048	188,951,399	48,936,351
Alternative investments:			
Limited partnership interests	25,382,696	25,996,762	614,066
Real estate funds	5,000,000	7,036,427	2,036,427
Mission-related investment	108,497	108,497	-
Total alternative investments	30,491,193	33,141,686	2,650,493
Total investments	\$ 174,500,022	\$ 226,086,866	\$ 51,586,844

Investments at December 31, 2022 consist of the following:

	Cost	Fair Value	Unrealized Gain (Loss)
December 31, 2022			
Invested cash and cash equivalents	\$ 6,286,791	\$ 6,286,791	\$ -
Marketable securities :			
Equity securities	136,797,160	166,703,351	29,906,191
Fixed income securities	12,838,354	11,342,316	(1,496,038)
Total marketable securities	149,635,514	178,045,667	28,410,153
Alternative investments:			
Limited partnership interests	26,710,439	32,814,844	6,104,405
Real estate funds	5,000,000	8,567,734	3,567,734
Mission-related investment	108,497	108,497	-
Total alternative investments	31,818,936	41,491,075	9,672,139
Total investments	\$ 187,741,241	\$ 225,823,533	\$ 38,082,292

Commitments for limited partnership interests not yet funded total approximately \$2.7 million at December 31, 2023 for investments in the harvesting and investment stages of investment lifecycle.

THE COLLINS FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2023 and 2022

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 October 31, 2024.

5. FUTURE GRANT OBLIGATIONS

The financial statements are presented on the modified cash 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 unconditional grant obligations at December 31, 2023 and 2022 are payable as follows:

	2023	2022
Payable within one year	\$ 1,837,250	\$ 2,545,800
Payable within two to three years	156,000	227,800
Total unconditional grant obligations	\$ 1,993,250	\$ 2,773,600

Additionally, the Foundation has conditional grants of \$120,000 and \$190,000 at December 31, 2023 and 2022, 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 2023 and 2022, the Foundation contributed 10% of eligible compensation. The Foundation's contributions to the plan totaled approximately \$113,700 for 2023 and \$98,100 for 2022.

7. LEASE COMMITMENT

The Foundation leases its office facilities under an agreement expiring January 31, 2025. The monthly rate is \$11,487 subject to annual increases of approximately 3%. Rent expense totaled approximately \$130,300 and \$86,600 for the years ended December 31, 2023 and 2022, respectively, including adjustments for the Foundation's share of common area maintenance and credits for property tax exemption. Future minimum lease payments, before any potential common area maintenance and credits for property tax exemption, are as follows:

Year ending December 31, 2024	\$ 141,600
2025	11,800
Total	\$ 153,400

THE COLLINS FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2023 and 2022

8. FUNCTIONAL EXPENSES

Expenses by functional and natural classifications for 2023 and 2022 are as follows:

2023	<u>Investment</u>	<u>Charitable Purpose</u>	<u>Total</u>
Administration:			
Salaries and related expenses	\$ 261,251	\$ 1,644,343	\$ 1,905,594
Professional fees	113,947	743,561	857,508
Occupancy	24,036	136,207	160,243
Office and other operating costs	17,689	235,729	253,418
Technical assistance and event sponsorship	-	255	255
Travel	-	30,349	30,349
Insurance	-	31,233	31,233
Total administration	<u>416,923</u>	<u>2,821,677</u>	<u>3,238,600</u>
Grants	-	11,159,800	11,159,800
Management and custodial fees	944,846	-	944,846
Excise and income tax expense	56,204	-	56,204
Total expenses	<u>\$ 1,417,973</u>	<u>\$ 13,981,477</u>	<u>\$ 15,399,450</u>
2022			
Administration:			
Salaries and related expenses	\$ 224,075	\$ 1,433,029	\$ 1,657,104
Professional fees	101,138	334,285	435,423
Occupancy	19,752	111,926	131,678
Office and other operating costs	15,634	226,743	242,377
Technical assistance and event sponsorship	-	214	214
Travel	-	8,050	8,050
Insurance	-	30,302	30,302
Total administration	<u>360,599</u>	<u>2,144,549</u>	<u>2,505,148</u>
Grants	-	14,504,037	14,504,037
Management and custodial fees	1,039,751	-	1,039,751
Excise and income tax expense	258,239	-	258,239
Total expenses	<u>\$ 1,658,589</u>	<u>\$ 16,648,586</u>	<u>\$ 18,307,175</u>

THE COLLINS FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2023 and 2022

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 \$331,950 and \$509,600 to organizations with board members or employees who are trustees or an officer of the Foundation during 2023 and 2022, respectively. Additionally, the Foundation made future grant commitments totaling \$250,000 to the same organizations in 2022.

The Foundation paid cash grants and nominal amounts of matching contributions determined by employees totaling \$97,060 and \$256,760 to organizations with board members who are employees or spouses of employees of the Foundation during 2023 and 2022, respectively. Additionally, the Foundation made future grant commitments totaling \$40,000 to the same organizations in 2023.

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 FDIC.

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- modified cash basis.

THE COLLINS FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2023 and 2022

II. FAIR VALUE MEASUREMENTS

Assets recorded at fair value in the statements of assets, liabilities and net assets- modified cash 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 2023 and 2022.

Fair values of assets measured on a recurring basis at December 31, 2023 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 3</u>
<u>December 31, 2023</u>			
Marketable securities:			
Money market funds	\$ 3,993,781	\$ 3,993,781	\$ -
Domestic equities	102,396,089	102,396,089	-
International equities	22,714,247	22,714,247	-
Mutual funds - equities	52,130,247	52,130,247	-
Mutual funds - fixed income	11,710,816	11,710,816	-
Other investment:			
Mission-related investment	108,497	-	108,497
Total measured at fair value	193,053,677	<u>\$ 192,945,180</u>	<u>\$ 108,497</u>
Investments measured at NAV:			
Limited partnerships	25,996,762		
Real estate fund	7,036,427		
	<u>\$ 226,086,866</u>		

THE COLLINS FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2023 and 2022

II. FAIR VALUE MEASUREMENTS, Continued

Fair values of assets measured on a recurring basis at December 31, 2022 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 3</u>
<u>December 31, 2022</u>			
Marketable securities:			
Money market funds	\$ 6,286,791	\$ 6,286,791	\$ -
Domestic equities	96,808,041	96,808,041	-
International equities	21,348,458	21,348,458	-
Mutual funds - equity	48,546,852	48,546,852	-
Mutual funds - fixed income	11,342,316	11,342,316	-
Other investment:			
Mission-related investment	108,497	-	108,497
Total measured at fair value	184,440,955	<u>\$ 184,332,458</u>	<u>\$ 108,497</u>
Investments measured at NAV:			
Limited partnerships	32,814,844		
Real estate fund	8,567,734		
	<u>\$ 225,823,533</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 and program-related investment are 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 and program-related investments:

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	\$ 108,497	\$ 108,696
Change in value	-	(199)
Balance at end of year	<u>\$ 108,497</u>	<u>\$ 108,497</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, 2023 and 2022.

THE COLLINS FOUNDATION
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2023 and 2022

II. 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. 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.