

DURFEE FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017



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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Durfee Foundation
Los Angeles, California

We have audited the accompanying financial statements of Durfee Foundation ("Foundation"), a Nevada non-profit public benefit corporation, which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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 auditors consider internal control relevant to the Foundation'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 Foundation'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.

Board of Trustees
Durfee Foundation

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Durfee Foundation as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 of the financial statements, in 2018, the Foundation adopted ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to this matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Pasadena, California
December 2, 2019

**DURFEE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017**

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 268,313	\$ 1,155,319
Investments	47,041,367	31,035,254
Contributions receivable, net	1,741,930	1,960,853
Prepaid expenses and other assets	58,085	35,988
Property and Equipment, net	128,969	-
Website, less accumulated amortization of \$58,636 in 2018 and \$34,373 in 2017	14,154	38,417
	\$ 49,252,818	\$ 34,225,831
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 38,295	\$ 21,278
Grants payable	890,260	232,155
Deferred taxes	188,131	-
	1,116,686	253,433
COMMITMENT		
NET ASSETS		
Without donor restrictions	46,394,202	32,011,545
With donor restrictions	1,741,930	1,960,853
	48,136,132	33,972,398
	\$ 49,252,818	\$ 34,225,831

See Accompanying Notes to Financial Statements.

**DURFEE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUES</u>			
Interest and dividends	\$ 2,394,636	\$ -	\$ 2,394,636
Realized gains on investments	785,624	-	785,624
Unrealized loss on investments	(4,336,852)	-	(4,336,852)
Investment management fees	(42,014)	-	(42,014)
Contributions	17,297,217	1,741,930	19,039,147
Release from restrictions	1,960,853	(1,960,853)	-
TOTAL REVENUE	18,059,464	(218,923)	17,840,541
<u>EXPENSES</u>			
Grants	2,437,583	-	2,437,583
Salaries	411,712	-	411,712
Taxes	182,105	-	182,105
Grant related expenses	164,892	-	164,892
Office expense	124,067	-	124,067
Employee benefits	88,458	-	88,458
Professional services	69,099	-	69,099
Dues	19,500	-	19,500
Trustee stipend paid to officers and directors	40,000	-	40,000
Payroll taxes	27,423	-	27,423
Depreciation and amortization	25,065	-	25,065
Travel, conferences and meetings	43,023	-	43,023
Insurance	14,944	-	14,944
Miscellaneous	28,936	-	28,936
TOTAL EXPENSES	3,676,807	-	3,676,807
CHANGE IN NET ASSETS	14,382,657	(218,923)	14,163,734
NET ASSETS - BEGINNING OF YEAR	32,011,545	1,960,853	33,972,398
NET ASSETS - END OF YEAR	\$ 46,394,202	\$ 1,741,930	\$ 48,136,132

See Accompanying Notes to Financial Statements.

**DURFEE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUES</u>			
Interest and dividends	\$ 1,616,008	\$ -	\$ 1,616,008
Realized gains on investments	1,072,294	-	1,072,294
Unrealized gains on investments	2,884,061	-	2,884,061
Investment management fees	(33,787)	-	(33,787)
Contributions	76,761	-	76,761
Return of excise taxes	4,385	-	4,385
Release from restriction	923,240	(923,240)	-
	TOTAL REVENUE	(923,240)	5,619,722
<u>EXPENSES</u>			
Grants	1,003,874	-	1,003,874
Salaries	372,545	-	372,545
Grant related expenses	267,599	-	267,599
Office expense	104,029	-	104,029
Employee benefits	103,484	-	103,484
Professional services	55,526	-	55,526
Dues	44,200	-	44,200
Trustee stipend paid to officers and directors	35,000	-	35,000
Payroll taxes	26,206	-	26,206
Website amortization	24,263	-	24,263
Travel, conferences and meetings	15,520	-	15,520
Insurance	9,881	-	9,881
Miscellaneous	6,675	-	6,675
	TOTAL EXPENSES	-	2,068,802
CHANGE IN NET ASSETS	4,474,160	(923,240)	3,550,920
NET ASSETS - BEGINNING OF YEAR	27,537,385	2,884,093	30,421,478
NET ASSETS - END OF YEAR	\$ 32,011,545	\$ 1,960,853	\$ 33,972,398

See Accompanying Notes to Financial Statements.

**DURFEE FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 14,163,734	\$ 3,550,920
Adjustments to reconcile increase in net assets to net cash provided (used) in operating activities:		
Amortization & depreciation	25,065	24,263
Realized gains on investments	(785,624)	(1,072,294)
Unrealized losses (gains) on investments	4,336,852	(2,884,061)
Change in assets and liabilities:		
Contributions receivable	218,923	923,240
Prepaid expenses and other assets	(22,097)	(13,626)
Accounts payable and accrued expenses	17,017	(48,927)
Grants payable	658,105	(854,269)
Deferred taxes	188,131	-
	<u>18,800,106</u>	<u>(374,754)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	<u>(129,771)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(21,557,341)	(2,651,673)
Sales of investments	<u>2,000,000</u>	<u>3,729,680</u>
	<u>(19,557,341)</u>	<u>1,078,007</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(887,006)	703,253
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,155,319</u>	<u>452,066</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 268,313</u>	<u>\$ 1,155,319</u>
SUPPLEMENTAL CASH FLOWS INFORMATION:		
Excise taxes paid (refund)	<u>\$ 52,250</u>	<u>\$ (4,385)</u>

See Accompanying Notes to Financial Statements.

**DURFEE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

1. THE ORGANIZATION

The Durfee Foundation (the "Foundation"), located in Los Angeles, California, was created in 1960 for general philanthropic purposes. Over the years, the Foundation has developed a special emphasis to encourage individuals and organizations in pursuing their particular vision. Grants are awarded at the discretion of the Board of Trustees based on guidelines set forth in the bylaws primarily for research, education, and cultural enhancement principally in the Los Angeles region. The Foundation does not accept contributions from the general public.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting to conform to generally accepted accounting principles in the United States of America as applicable to non-profit organizations.

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 (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. 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.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received and reported in their appropriate net asset group, subject to the existence or absence of donor-imposed stipulations. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. We record unconditional promises to give that are expected to be collected within one year at net realizable value. We determine the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At December 31, 2018 and 2017, management determined that an allowance was not necessary.

**DURFEE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are stated at fair value. The estimated fair value of investments is based on quoted market prices and net asset value. Unrealized gains or losses on investments resulting from fair value fluctuations are recorded in the statements of activities.

Fair Value

We report certain assets and liabilities at fair value in the 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 we can access 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, we develop inputs 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 a particular input to entire measurement requires judgment, taking into account 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.

We use 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.

Website

Website is recorded at cost. Amortization is calculated using the straight-line method over the estimated useful life of 3 years.

**DURFEE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

We record property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 5 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2018 and 2017, respectively.

Grants Payable

Grants payable and related expenses are initially measured at fair value using present value techniques, if greater than one year or at net realizable value if less than one year.

Income Taxes

The Foundation is a Nevada nonprofit public benefit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Foundation is classified as a private foundation as described in Section 509(a) and is not exempt from excise taxes on the net investment income of private foundations under Section 4940 of the Code. Historically, the Foundation has paid excise taxes at the 1% level.

Concentration of Credit Risk

Amounts on deposit with banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to statutory limits. Amounts maintained at brokerages are insured up to statutory limits by the Securities Investor Protection Corporation (SIPC). Mutual fund holdings are uninsured.

As of December 31, 2018 and 2017, one contributor accounted for 100% of the contribution receivable.

Functional Expense Allocation Methodology

Management's estimate of the functional allocation of expenses shared between programs and management and general is based on a reasonable and consistent basis using factors such as direct payroll allocation, square footage, full time equivalents within each department, and total direct expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

DURFEE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets and changes in net assets.

Subsequent Events

Subsequent events have been evaluated through December 2, 2019, the date that these financial statements were available to be issued. There were no subsequent events that would require adjustments to or disclosures in these financial statements.

New Accounting Pronouncements

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented except notes 3 and 12.

Pending Accounting Pronouncements

On May 28, 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. It is effective for fiscal years beginning after December 15, 2018.

ASU 2018-08 Not-For-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This standard distinguishes between contributions and exchange transactions and assists in determining which guidance to apply. For contributions received, the effective date is for annual periods beginning after December 15, 2018; for contributions made, the effective date is for annual periods beginning after December 15, 2019.

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the entity's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2020. Early adoption is permitted.

Management will be evaluating the effects of these new standards.

**DURFEE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

3. LIQUIDITY AND AVAILABILITY

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 cash equivalents	\$ 268,313
Investments	47,041,367
Alternative investments	(5,258,070)
Contributions receivable	<u>1,741,930</u>
	<u><u>\$ 43,793,540</u></u>

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following tables presents assets and liabilities measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at December 31, 2018 and 2017:

	Total	Level 1	Level 2	Level 3	Investments measured using NAV as a practical expedient
Equity funds	\$ 33,161,933	\$ 33,161,933	\$ -	\$ -	\$ -
Bond funds	8,621,364	8,621,364	-	-	-
Alternative investments:					
Legacy Venture III	333,578	-	-	-	333,578
Legacy Venture IV	800,794	-	-	-	800,794
Legacy Venture V	970,528	-	-	-	970,528
Northgate IV-B	751,854	-	-	-	751,854
Northgate PEP II-B	209,182	-	-	-	209,182
Northgate PEP III-B3	528,828	-	-	-	528,828
SREF III	273,585	-	-	-	273,585
BREF	1,389,721	-	-	-	1,389,721
	<u>5,258,070</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,258,070</u>
	<u><u>\$ 47,041,367</u></u>	<u><u>\$ 41,783,297</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,258,070</u></u>

DURFEE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity funds	\$ 23,286,495	\$ 23,286,495	\$ -	\$ -
Bond funds	7,748,759	7,748,759	-	-
	<u>\$ 31,035,254</u>	<u>\$ 31,035,254</u>	<u>\$ -</u>	<u>\$ -</u>

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

	<u>Number of Investments</u>	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Alternative investments:					
Legacy Venture III	1	\$ 333,578	\$ 60,000	Not permitted	N/A
Legacy Venture IV	1	800,794	20,000	Not permitted	N/A
Legacy Venture V	1	970,528	20,000	Not permitted	N/A
Northgate IV-B	1	751,854	90,625	GP consent required	N/A
Northgate PEP II-B	1	209,182	120,000	GP consent required	N/A
Northgate PEP III-B	1	528,828	120,000	GP consent required	N/A
SREF III	1	273,585	-	Biannual	120 days
BREF	1	1,389,721	-	Biannual	120 days
		<u>\$ 5,258,070</u>	<u>\$ 430,625</u>		

5. PROMISES TO GIVE

Unconditional promises to give are estimated to be collected as follows at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Within one year	\$ 1,741,930	\$ 2,000,000
In one to five years	-	-
	<u>1,741,930</u>	<u>2,000,000</u>
Less: Discount to net present value at 4%	-	<u>(39,147)</u>
	<u>\$ 1,741,930</u>	<u>\$ 1,960,853</u>

**DURFEE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Buildings and improvements	\$ 80,862	\$ -
Equipment	6,885	-
Furniture and fixtures	42,024	-
	<u>129,771</u>	<u>-</u>
Less: Accumulated depreciation and amortization	<u>(802)</u>	<u>-</u>
	<u>\$ 128,969</u>	<u>\$ -</u>

7. GRANTS PAYABLE

At December 31, 2018 and 2017, grants payable are as follows:

	<u>2018</u>	<u>2017</u>
Springboard program	\$ 305,000	\$ 70,000
Sabbatical awards	268,000	-
Stanton fellowships	210,539	-
Earthwatch	6,721	132,155
LACI Artist-in-residence	100,000	-
California Community Foundation (NSI)	-	25,000
Leadership Funders Group	-	5,000
	<u>\$ 890,260</u>	<u>\$ 232,155</u>

At December 31, 2018, grants payable are expected to be paid in full during the year ending December 31, 2019.

**DURFEE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

8. LEASE COMMITMENT

The Foundation occupies its office facility under a non-cancelable operating lease agreement, which expires on October 2023.

Future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	
2019	\$ 65,903
2020	67,920
2021	69,938
2022	71,984
2023	<u>61,509</u>
	<u>\$ 337,255</u>

Rent expense for the years ended December 31, 2018 and 2017 totaled \$91,837 and \$78,284, respectively.

9. RETIREMENT PLAN

The Foundation has a deferred contribution 403(b) retirement plan (the "Plan") available for all employees. The Foundation, on a one-to-one matching basis, contributed up to the maximum allowed by the Internal Revenue Service for all employees with over one year of service. For the years ended December 31, 2018 and 2017, the Foundation made plan contributions of \$45,707 and \$47,957, respectively.

10. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2018 and 2017, net assets with donor restrictions of \$1,741,930 and \$1,960,853 were available for general operating support, respectively. The balances were restricted due to time restriction on the contributions receivable.

During the years ended December 31, 2018 and 2017, \$1,960,853 and \$923,240 were released from time restrictions, respectively.

11. RELATED PARTY TRANSACTIONS

The Foundation paid eight Trustees a quarterly trustee's fee of \$1,250. The Foundation also received a \$20,000,000 contribution from a related-party.

**DURFEE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

12. FUNCTIONAL ALLOCATION OF EXPENSES

The functional allocation of expenses for the years ended December 31, 2018 and 2017 were as follows:

	December 31, 2018		
	Program services	Management and general	Total
Grants	\$ 2,437,583	\$ -	\$ 2,437,583
Salaries	317,622	94,090	411,712
Taxes	-	182,105	182,105
Grant related expenses	164,892	-	164,892
Office expense	88,538	35,529	124,067
Employee benefits	62,645	25,813	88,458
Professional services	21,251	47,848	69,099
Dues	19,500	-	19,500
Trustee stipend paid to officers and directors	26,500	13,500	40,000
Payroll taxes	20,763	6,660	27,423
Depreciation and amortization	22,558	2,507	25,065
Travel, conferences and meetings	8,796	34,227	43,023
Insurance	11,315	3,629	14,944
Miscellaneous	20,046	8,890	28,936
	\$ 3,222,009	\$ 454,798	\$ 3,676,807
	December 31, 2017		
	\$ 1,837,884	\$ 230,918	\$ 2,068,802

