

**DURFEE FOUNDATION**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**



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**DURFEE FOUNDATION  
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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, 2019 and 2018, 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, 2019 and 2018, 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 2019, the Foundation has adopted ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Pasadena, California  
October 28, 2020

**DURFEE FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 453,711	\$ 268,313
Investments	53,019,943	47,041,367
Contributions receivable, net	-	1,741,930
Redemption receivable, net	1,160,167	-
Prepaid expenses and other assets	15,706	58,085
Property and equipment, net	116,198	128,969
Website, less accumulated amortization of \$72,790 in 2019 and \$58,636 in 2018	-	14,154
<b>TOTAL ASSETS</b>	<b>\$ 54,765,725</b>	<b>\$ 49,252,818</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 134,606	\$ 38,295
Grants payable	835,506	890,260
Deferred taxes	87,029	188,131
<b>TOTAL LIABILITIES</b>	<b>1,057,141</b>	<b>1,116,686</b>
<b>NET ASSETS</b>		
Without donor restrictions	53,708,584	46,394,202
With donor restrictions	-	1,741,930
<b>TOTAL NET ASSETS</b>	<b>53,708,584</b>	<b>48,136,132</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 54,765,725</b>	<b>\$ 49,252,818</b>

See Accompanying Notes to Financial Statements.

**DURFEE FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>REVENUES</u></b>			
Interest and dividends	\$ 1,183,310	\$ -	\$ 1,183,310
Realized gains on investments	5,888,036	-	5,888,036
Unrealized gain on investments	1,304,123	-	1,304,123
Investment management fees	(190,010)	-	(190,010)
Release from restrictions	1,741,930	(1,741,930)	-
<b>TOTAL REVENUE</b>	<b>9,927,389</b>	<b>(1,741,930)</b>	<b>8,185,459</b>
<b><u>EXPENSES</u></b>			
Grants	1,449,217	-	1,449,217
Salaries	451,558	-	451,558
Grant related expenses	220,631	-	220,631
Office expense	98,398	-	98,398
Employee benefits	92,292	-	92,292
Taxes	75,163	-	75,163
Professional services	64,898	-	64,898
Trustee stipend paid to officers and directors	38,750	-	38,750
Travel, conferences and meetings	33,385	-	33,385
Payroll taxes	30,537	-	30,537
Depreciation and amortization	26,925	-	26,925
Dues	20,340	-	20,340
Insurance	9,542	-	9,542
Miscellaneous	1,371	-	1,371
<b>TOTAL EXPENSES</b>	<b>2,613,007</b>	<b>-</b>	<b>2,613,007</b>
<b>CHANGE IN NET ASSETS</b>	<b>7,314,382</b>	<b>(1,741,930)</b>	<b>5,572,452</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>46,394,202</b>	<b>1,741,930</b>	<b>48,136,132</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 53,708,584</b>	<b>\$ -</b>	<b>\$ 53,708,584</b>

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
<b><u>REVENUES</u></b>			
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)	-
<b>TOTAL REVENUE</b>	<b>18,059,464</b>	<b>(218,923)</b>	<b>17,840,541</b>
<b><u>EXPENSES</u></b>			
Grants	2,437,583	-	2,437,583
Salaries	411,712	-	411,712
Grant related expenses	164,892	-	164,892
Office expense	124,067	-	124,067
Employee benefits	88,458	-	88,458
Taxes	182,105	-	182,105
Professional services	69,099	-	69,099
Trustee stipend paid to officers and directors	40,000	-	40,000
Travel, conferences and meetings	43,023	-	43,023
Payroll taxes	27,423	-	27,423
Depreciation and amortization	25,065	-	25,065
Dues	19,500	-	19,500
Insurance	14,944	-	14,944
Miscellaneous	28,936	-	28,936
<b>TOTAL EXPENSES</b>	<b>3,676,807</b>	<b>-</b>	<b>3,676,807</b>
<b>CHANGE IN NET ASSETS</b>	<b>14,382,657</b>	<b>(218,923)</b>	<b>14,163,734</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>32,011,545</b>	<b>1,960,853</b>	<b>33,972,398</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 46,394,202</b>	<b>\$ 1,741,930</b>	<b>\$ 48,136,132</b>

See Accompanying Notes to Financial Statements.

**DURFEE FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 5,572,452	\$ 14,163,734
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Amortization and depreciation	26,925	25,065
Realized gains on investments	(5,888,036)	(785,624)
Unrealized losses (gains) on investments	(1,304,123)	4,336,852
Changes in assets and liabilities:		
Contributions receivable, net	1,741,930	218,923
Redemption receivable, net	(1,160,167)	-
Prepaid expenses and other assets	42,379	(22,097)
Accounts payable and accrued expenses	96,311	17,017
Grants payable	(54,754)	658,105
Deferred taxes	(101,102)	188,131
	<u>(1,028,185)</u>	<u>18,800,106</u>
Net cash provided (used) by operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	-	(129,771)
Purchases of investments	(48,198,063)	(21,557,341)
Sales of investments	49,411,646	2,000,000
	<u>1,213,583</u>	<u>(19,687,112)</u>
Net cash provided (used) by investing activities		
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	185,398	(887,006)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>268,313</u>	<u>1,155,319</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 453,711</u>	<u>\$ 268,313</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Excise taxes paid	<u>\$ 52,250</u>	<u>\$ 52,250</u>

See Accompanying Notes to Financial Statements.



**DURFEE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**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, 2019 and 2018, management determined that an allowance was not necessary.

**DURFEE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**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.

**DURFEE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Website

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

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, 2019 and 2018, 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.

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.

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.

**DURFEE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

Subsequent Events

Subsequent events have been evaluated through October 28, 2020, the date that these financial statements were available to be issued.

Risk and Uncertainties

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic, which continues subsequent to year-end. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Foundation, COVID-19 may impact various parts of its 2020 operations and financial results including but not limited to declines in investments or costs for increased use of technology. Management believes the Foundation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

New Accounting Pronouncements Adopted During the Year

The Foundation has adopted Financial Accounting Standards Board (FASB) 2018-08, Not-For-Profit Entities (Topic 958), *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions), or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The Foundation has implemented ASU 2018-08 under the full retrospective approach. There was no material impact on the Foundation's financial position and results of operations upon adoption of the new standard.

New Accounting Pronouncements Effective in Future Accounting Periods

ASU 2016-02, *Leases* (Topic 842). This update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. It is effective for fiscal year beginning after December 15, 2021. Management will be evaluating the effects of this new standard.

**DURFEE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**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:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 453,711	\$ 268,313
Investments	53,019,943	47,041,367
Redemption receivable, net	1,160,167	-
Contributions receivable, net	<u>-</u>	<u>1,741,930</u>
	54,633,821	49,051,610
Less:		
Alternative Investments	<u>(3,906,511)</u>	<u>(5,258,070)</u>
Total	<u><u>\$ 50,727,310</u></u>	<u><u>\$ 43,793,540</u></u>

In addition to financial assets available to meet general expenditures over the next twelve months, the Foundation operates with a balanced budget. During the years ended December 31, 2019 and 2018, the Foundation was able to meet its cash needs.

**DURFEE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**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, 2019 and 2018:

	2019				Investments measured using NAV as a practical expedient
	Total	Level 1	Level 2	Level 3	
Bank Sweep	\$ 195,777	\$ 195,777	\$ -	\$ -	\$ -
Bond Funds	1,111,995	1,111,995	-	-	-
Equity Funds	10,854,253	10,854,253	-	-	-
	<u>12,162,025</u>	<u>12,162,025</u>	-	-	-
Alternative investments:					
Angeles Global Equity Opportunities Fund, LLC	27,653,662	-	-	-	27,653,662
Angeles Diversified Income Fund LLC	9,297,745	-	-	-	9,297,745
Legacy Venture V	966,118	-	-	-	966,118
Legacy Venture IV	774,732	-	-	-	774,732
Northgate IV-B	583,551	-	-	-	583,551
Northgate PEP III-B3	439,692	-	-	-	439,692
Legacy Venture III	344,371	-	-	-	344,371
BREF	299,296	-	-	-	299,296
SREF III	205,290	-	-	-	205,290
Northgate PEP II-B	186,681	-	-	-	186,681
Strategic Partners Fund IV	99,786	-	-	-	99,786
Strategic Partners Fund III	6,994	-	-	-	6,994
	<u>40,857,918</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,857,918</u>
	<u>\$ 53,019,943</u>	<u>\$ 12,162,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,857,918</u>

**DURFEE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

	2018				Investments measured using NAV as a practical expedient
	Total	Level 1	Level 2	Level 3	
Bond Funds	8,621,364	8,621,364	-	-	-
Equity Funds	33,161,933	33,161,933	-	-	-
	<u>41,783,297</u>	<u>41,783,297</u>	-	-	-
Alternative investments:					
Legacy Venture V	970,528	-	-	-	970,528
Legacy Venture IV	800,794	-	-	-	800,794
Northgate IV-B	751,854	-	-	-	751,854
Northgate PEP III-B3	528,828	-	-	-	528,828
Legacy Venture III	333,578	-	-	-	333,578
BREF	1,389,721	-	-	-	1,389,721
SREF III	273,585	-	-	-	273,585
Northgate PEP II-B	209,182	-	-	-	209,182
	<u>5,258,070</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,258,070</u>
	<u>\$ 47,041,367</u>	<u>\$ 41,783,297</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,258,070</u>

**DURFEE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table lists alternative investment as of December 31, 2019 measured at net asset value:

Fund Name	Fair Value 2019	Strategy	Unfunded Commitment	Redemption Terms	Redemption Restrictions
Angeles Global Equity Opportunities Fund, LLC	\$ 27,653,662	Diversified	\$ -	Monthly	15 business days notice required
Angeles Diversified Income Fund LLC	9,297,745	Diversified		- Monthly	15 business days notice required
Legacy Venture V	966,118	Venture		- Not Redeemable	N/A
Legacy Venture IV	774,732	Venture		- Not Redeemable	N/A
Northgate Private Equity Partners IV-B	583,551	Diversified	120,000	Not Redeemable	N/A
Northgate Private Equity Partners III-B3	439,692	Diversified	87,500	Not Redeemable	N/A
Legacy Venture III	344,371	Venture	40,000	Not Redeemable	N/A
Townsend Balanced Real Estate Fund	299,296	Diversified		- Not Redeemable	N/A
Townsend Strategic Real Estate Fund III	205,290	Diversified	627,825	Not Redeemable	N/A
Northgate Private Equity Partners II-B	186,681	Diversified	120,000	Not Redeemable	N/A
Strategic Partners Fund IV	99,786	Situation Special	241,495	Not Redeemable	N/A
Strategic Partners Fund III	6,994	Situation	169,043	Not Redeemable	N/A
	<u>\$ 40,857,918</u>				

**5. REDEMPTION RECEIVABLE**

In 2019, the Foundation has partially redeemed its investment from BREF. As of December 31, 2019, total receivable was \$1,160,167 which was subsequently collected in January 2020.



**DURFEE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**6. PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Buildings and improvements	\$ 80,862	\$ 80,862
Equipment	6,885	6,885
Furniture and fixtures	42,024	42,024
Total property and equipment	<u>129,771</u>	<u>129,771</u>
Less: accumulated depreciation	<u>(13,573)</u>	<u>(802)</u>
Property and equipment, net	<u>\$ 116,198</u>	<u>\$ 128,969</u>

**7. GRANTS PAYABLE**

At December 31, 2019 and 2018, grants payable are as follows:

	<u>2019</u>	<u>2018</u>
Grants		
Springboard program	\$ 375,000	\$ 305,000
Earthwatch	101,028	6,721
Stanton fellowships	349,478	210,539
Leadership Funders Group	10,000	-
Sabbatical awards	-	268,000
LACI Artist-in-residence	-	100,000
Total Grants Payable	<u>\$ 835,506</u>	<u>\$ 890,260</u>

Future payout of grants payable are expected as follows:

**Year Ending December 31,**

2020	\$ 685,506
2021	<u>150,000</u>
	<u>\$ 835,506</u>

**DURFEE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**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:

**Year Ending December 31,**

2020	\$ 67,920
2021	69,938
2022	71,984
2023	<u>61,509</u>
	<u>\$ 271,351</u>

Rent expense for the years ended December 31, 2019 and 2018 totaled \$63,286 and \$91,837, 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, 2019 and 2018, the Foundation made plan contributions of \$46,832 and \$45,707, respectively.

**10. NET ASSETS WITH DONOR RESTRICTIONS**

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

During the years ended December 31, 2019 and 2018, \$1,741,930 and \$1,960,853 were released from time restrictions, respectively.

**DURFEE FOUNDATION  
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**11. FUNCTIONAL ALLOCATION OF EXPENSES**

The functional allocation of expenses for the years ended December 31, 2019 and 2018 were as follows:

	2019			
	Program Activities	Management and General	Fundraising	Total
Grants	\$ 1,449,217	\$ -	\$ -	\$ 1,449,217
Salaries	354,737	96,821	-	451,558
Grant related expenses	220,631	-	-	220,631
Office expense	74,155	24,243	-	98,398
Employee benefits	66,624	25,668	-	92,292
Taxes	-	75,163	-	75,163
Professional services	15,761	49,137	-	64,898
Trustee stipend paid to officers and directors	25,672	13,078	-	38,750
Travel, conferences and meetings	16,511	16,874	-	33,385
Payroll taxes	24,048	6,489	-	30,537
Depreciation and amortization	24,233	2,692	-	26,925
Dues	20,340	-	-	20,340
Insurance	7,514	2,028	-	9,542
Miscellaneous	580	791	-	1,371
	<u>\$ 2,300,023</u>	<u>\$ 312,984</u>	<u>\$ -</u>	<u>\$ 2,613,007</u>

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

**DURFEE FOUNDATION  
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**12. EXCISE TAXES**

The Foundation is subject to federal excise taxes imposed on private foundations at 2%, or at 1% if certain conditions are met. For tax years beginning on or before December 20, 2019, the excise tax is 2% of net investment income, but is reduced to 1% in certain cases. For tax years beginning after December 2019, the excise tax is 1.39% of net investment income, and there is no reduced 1% tax rate. The excise tax is imposed on net investment income, as defined under federal law, which includes interest, dividends and net realized gains on the sale of investments. A 1.39% rate was used to calculate deferred excise taxes. The rate used to calculate current excise taxes was 2%.

