

# Roy J. Carver Charitable Trust

Financial Report  
April 30, 2020

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RSM US LLP

## Independent Auditor's Report

Board of Trustees  
Roy J. Carver Charitable Trust

### Report on the Financial Statements

We have audited the accompanying financial statements of Roy J. Carver Charitable Trust (Trust) which comprise the statements of financial position as of April 30, 2020 and 2019; 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.

### Auditor's 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 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 entity'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 entity'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 qualified audit opinion.

### Basis for Qualified Opinion

The Trust's financial statements do not disclose the level hierarchy under Financial Accounting Standards Board Accounting Standards Codification Topic No. 820, Fair Value Measurements, (ASC 820) for any investments not classified as Level 1 and certain additional information required to be disclosed for investments classified as Level 3. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

**Qualified Opinion**

In our opinion, except for the omission of the information described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Roy J. Carver Charitable Trust as of April 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 15–17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effect on the accompanying information of the qualified opinion on the financial statements described above, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*RSM US LLP*

Davenport, Iowa  
July 20, 2020

Roy J. Carver Charitable Trust

Statements of Financial Position  
April 30, 2020 and 2019

	2020	2019
<b>Assets</b>		
Cash	\$ 1,157,426	\$ 759,244
Money market funds	1,901,301	3,087,809
<b>Total cash and cash equivalents</b>	<u>3,058,727</u>	<u>3,847,053</u>
Accrued investment income	<u>504,758</u>	558,210
Prepaid expenses	<u>-</u>	59,217
Excise taxes receivable	<u>226,000</u>	-
Investments	<u>280,081,650</u>	323,467,244
Property and equipment:		
Land	567,038	567,038
Building and improvements	2,143,764	2,132,105
Furniture, fixtures and equipment	289,558	272,322
	<u>3,000,360</u>	2,971,465
Less accumulated depreciation	<u>1,621,488</u>	1,552,150
<b>Total property and equipment</b>	<u>1,378,872</u>	<u>1,419,315</u>
<b>Total assets</b>	<u><u>\$ 285,250,007</u></u>	<u><u>\$ 329,351,039</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Grant obligations payable	\$ 40,160,952	\$ 42,415,904
Other accrued expenses	74,719	128,504
Excise taxes payable	-	20,000
Deferred excise taxes	720,000	1,803,000
<b>Total liabilities</b>	<u>40,955,671</u>	<u>44,367,408</u>
Commitments (Note 2)		
Net assets without donor restrictions	<u>244,294,336</u>	284,983,631
<b>Total liabilities and net assets</b>	<u><u>\$ 285,250,007</u></u>	<u><u>\$ 329,351,039</u></u>

See notes to financial statements.

**Roy J. Carver Charitable Trust**

**Statements of Activities**

**Years Ended April 30, 2020 and 2019**

	<b>2020</b>	2019
Unrestricted revenue (loss):		
Interest	\$ 2,426,276	\$ 2,396,586
Dividends	3,359,873	3,527,357
Net realized and unrealized gains (losses) on investments, net of investment fees 2020 \$1,521,194; 2019 \$1,544,703	<u>(32,280,592)</u>	5,273,221
<b>Total unrestricted revenue (loss)</b>	<u><b>(26,494,443)</b></u>	<u>11,197,164</u>
Unrestricted expenses:		
Grants approved	13,707,137	26,761,927
Trustee fees	165,400	169,200
Salaries and payroll taxes	1,056,983	931,470
Professional fees	116,934	118,483
Provision for federal excise taxes	(1,127,000)	127,316
Depreciation	69,338	70,864
Building repair and maintenance	78,216	101,295
Travel	3,278	4,759
Office	34,422	29,075
Insurance	11,507	11,628
Telephone	6,024	6,581
Miscellaneous	72,613	42,384
<b>Total unrestricted expenses</b>	<u><b>14,194,852</b></u>	<u>28,374,982</u>
<b>(Decrease) in net assets</b>	<b>(40,689,295)</b>	<b>(17,177,818)</b>
Net assets without donor restrictions:		
Beginning	<u>284,983,631</u>	302,161,449
Ending	<u><b>\$ 244,294,336</b></u>	<u>\$ 284,983,631</u>

See notes to financial statements.

**Roy J. Carver Charitable Trust**

**Statements of Cash Flows**  
**Years Ended April 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
Cash flows from operating activities:		
(Decrease) in net assets without donor restrictions	<b>\$ (40,689,295)</b>	\$ (17,177,818)
Adjustments to reconcile (decrease) in net assets to net cash used in operating activities:		
Depreciation	<b>69,338</b>	70,864
Accretion	<b>(5,238)</b>	(12,457)
Deferred excise taxes	<b>(1,083,000)</b>	(115,000)
Realized and unrealized (gains) losses on investments	<b>30,759,398</b>	(6,817,924)
Changes in assets and liabilities:		
(Increase) decrease in accrued investment income	<b>53,452</b>	(44,926)
(Increase) in prepaid expenses	<b>59,217</b>	(59,217)
(Decrease) in other accrued expenses	<b>(53,785)</b>	(17,810)
Increase (decrease) in grant obligations payable	<b>(2,254,952)</b>	10,179,271
Increase (decrease) in excise taxes payable	<b>(246,000)</b>	57,000
<b>Net cash used in operating activities</b>	<b>(13,390,865)</b>	<b>(13,938,017)</b>
Cash flows from investing activities:		
Purchase of property and equipment	<b>(28,895)</b>	(9,624)
Purchases of investments	<b>(40,114,722)</b>	(36,878,258)
Proceeds from sales, maturities and calls of investments	<b>52,746,156</b>	51,664,606
<b>Net cash provided by investing activities</b>	<b>12,602,539</b>	<b>14,776,724</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(788,326)</b>	<b>838,707</b>
Cash and cash equivalents:		
Beginning	<b>3,847,053</b>	3,008,346
Ending	<b>\$ 3,058,727</b>	<b>\$ 3,847,053</b>
Supplemental disclosure of cash flow information, cash payments made for excise taxes	<b>\$ 202,000</b>	<b>\$ 185,316</b>

See notes to financial statements.

## Roy J. Carver Charitable Trust

### Notes to Financial Statements

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#### Note 1. Organization and Significant Accounting Policies

**Organization:** The Roy J. Carver Charitable Trust was created on June 16, 1981 under the provisions of the Last Will and Testament of Roy J. Carver (Will). The Trust is a nonprofit entity whose purpose is to enhance charitable, educational and scientific programs. This purpose is accomplished through the aid of grants which are distributed to various academic and charitable institutions. The Trust is required by the Will to distribute all cash basis income at least semiannually; therefore, internal accounting records are maintained on a cash basis and these financial statements are adjusted to the accrual basis in accordance with accounting principles generally accepted in the United States of America.

#### Significant accounting policies:

**Accounting estimates:** The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, 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.

**Basis of accounting:** The records of the Trust are kept on the basis of cash receipts and disbursements. The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, long-lived assets and accrued items, including grants payable, as approved by the Trustees.

**Cash and cash equivalents:** The Trust considers all cash accounts and money market funds with an original maturity of three months or less to be cash and cash equivalents. Money market funds are carried at cost. The Trust has deposits exceeding the federal depository insurance limits. Management believes the credit risk related to these assets is minimal.

**Investments:** Investments are valued using quoted market prices obtained from national securities exchanges and third-party pricing services where available. For limited partnerships where quoted market value of investments may not be available, fair values are based on information provided by the general partners, which includes quoted fair values when available and estimates of fair value of investments that are not readily ascertainable. There have been no changes in valuation techniques used for any investments during the year ended April 30, 2020.

Investment transactions are accounted for on the date the securities are purchased or sold. Realized and unrealized gains and losses on investment transactions including management and custodial fees, determined by the specific-identification method, are included in net gains on investments. Interest and dividends are recognized as revenue when earned.

**Property and equipment:** Property and equipment is carried at cost. Depreciation is computed by accelerated and straight-line methods over the assets estimated useful lives.

**Grant obligations payable:** Grants payable are discounted using a risk free rate of return as of the date of the grant approval.

**Measure of operations:** The Trust's change in net assets includes all operating revenues and expenses that are an integral part of its program and supporting activities.

**Net assets:** All of the Trust's investments are considered an endowment fund. The Trust's investment funds are considered without donor restrictions as they are fully expendable by the Board of Trustees subject to various tax and legal limitations.

## Roy J. Carver Charitable Trust

### Notes to Financial Statements

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#### Note 1. Organization and Significant Accounting Policies (Continued)

**Federal income and excise taxes:** The Trust is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Trust has been determined to be a private foundation under Section 509(a), Chapter 42 of the Code and is subject to federal excise taxes. Deferred taxes are provided on a liability method whereby deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. The Trust's temporary differences relate primarily to the difference between the cost and fair value of the investments. Deferred tax liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Trust files a Form 990-PF (Return of Private Foundation) annually. An excise tax of 1% or 2% is imposed on the net investment income of all domestic tax-exempt private foundations for each tax year, and is reported on Form 990-PF. On December 20, 2019, the President signed into law the Taxpayer Certainty and Disaster Relief Act (the Disaster Act), which modifies private foundation excise tax rules. For tax years beginning after December 20, 2019, the excise tax rate will be 1.39%. UBIT is reported on Form 990-T, as appropriate. As of April 30, 2020 and 2019, there were no uncertain tax benefits identified and recorded as a liability.

**Pending accounting guidance:** In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Trust is currently evaluating the impact of this new standard on its financial statements.

**Subsequent events:** The Trust has evaluated subsequent events through July 20, 2020, the date on which the financial statements were available to be issued.

## Roy J. Carver Charitable Trust

### Notes to Financial Statements

#### Note 2. Investments and Investment Gains (Losses)

The Trust's investments are held by a bank-administered trust fund. As of April 30, 2020 and 2019, the Trust's investments consist of the following:

	2020		2019	
	Fair Value	Original Cost	Fair Value	Original Cost
Common stock	\$ 63,129,770	\$ 57,441,534	\$ 79,326,641	\$ 54,356,558
Domestic equity mutual funds	73,018,687	45,537,537	81,954,929	45,145,979
International equity mutual funds	28,726,232	19,389,975	32,964,007	20,099,458
U.S. government bonds	2,557,882	2,309,755	3,811,665	3,790,666
U.S. government agency securities	1,382,490	1,347,462	1,913,540	1,908,102
Municipal/provincial bonds	5,073,667	4,780,167	2,574,609	2,479,957
Corporate bonds	29,912,060	29,964,725	33,297,183	32,906,640
U.S. government mortgage-backed securities	9,794,233	9,514,055	10,809,916	10,999,475
Commercial mortgage-backed securities	2,944,197	3,036,539	3,210,582	3,309,869
Asset backed securities	1,293,469	1,306,839	2,693,610	2,702,997
Nongovernment backed CMO's	214,624	210,502	-	-
Partnerships invested in:				
Private equity	19,190,059	17,417,533	21,369,404	19,595,660
Venture capital and emerging markets	42,844,280	36,000,000	49,541,158	36,000,000
	<u>\$ 280,081,650</u>	<u>\$ 228,256,623</u>	<u>\$ 323,467,244</u>	<u>\$ 233,295,361</u>

Alternative investments are investments not listed on national exchanges or over-the-counter markets, or for which quoted market prices are not available from sources such as financial publications. Alternative investments may be structured as limited partnerships, limited liability corporations, trusts or corporations. The Trust's alternative investments are the partnerships and the international equity mutual funds above. As of April 30, 2020, the Trust had commitments for these investments of approximately \$2,860,000 for which capital calls had not been exercised. Such commitments generally have fixed expiration dates or other termination clauses.

Net gains on investments for the years ended April 30, 2020 and 2019 consist of:

	2020	2019
Net realized gains, net of investment fees	\$ 6,066,264	\$ 11,006,741
Net (decrease) in unrealized gains	(38,346,856)	(5,733,520)
	<u>\$ (32,280,592)</u>	<u>\$ 5,273,221</u>

The investments of the Trust are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

## Roy J. Carver Charitable Trust

### Notes to Financial Statements

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#### Note 3. Federal Excise Tax

In accordance with the applicable provisions of Section 4940, the Trust is subject to a federal excise tax of 1% or 2% (subject to certain criteria) on net investment income, including realized gains on investment transactions, as defined under this provision for the years ended April 30, 2020 and 2019 and subject to a rate of 1.39% for future years. The provision for federal excise taxes for the years ended April 30, 2020 and 2019 consists of:

	2020	2019
Current	\$ (44,000)	\$ 242,316
Deferred	(1,083,000)	(115,000)
	<u>\$ (1,127,000)</u>	<u>\$ 127,316</u>

In addition, the Trust operates as a private nonoperating foundation. One of the requirements to maintain private nonoperating foundation status is to make grants equaling approximately 5% of the average value of the noncharitable assets each year. As of April 30, 2020, the Trust had an excess distribution carryover, which is estimated to be approximately \$8,100,000, which is available to offset amounts to be distributed during the year ending April 30, 2021. If the Trust were to have undistributed income, any portion of the amount not distributed by the end of the following fiscal year would be subject to a 30% penalty tax.

#### Note 4. Financial Assets Available and Liquidity

The Trust regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Grants awarded, the largest expense, is approved by the Trustees and the Trust is required by the Will to distribute all cash basis income at least semi-annually. The Trust's main source of liquidity at its disposal is its substantial investment portfolio as described in Note 2. The Trust invests with the goal of achieving long-term returns.

The Trust holds investments valued at net asset value (NAV) as described in Note 7. While they are not restricted funds, they are invested for long-term appreciation and, therefore, not included in cash available for general expenditures in the next year.

For the purpose of analyzing resources available to meet general expenditures over a 12-month period, the Trust considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.



## Roy J. Carver Charitable Trust

### Notes to Financial Statements

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#### Note 6. Grants Payable

Grants payable are summarized as follows as of April 30, 2020 and 2019:

	2020	2019
In one year or less	\$ 5,706,781	\$ 7,814,739
1 to 2 years	4,859,851	4,867,500
2 to 3 years	4,500,000	4,500,000
3 to 4 years	4,500,000	4,500,000
4 to 5 years	4,500,000	4,500,000
After 5 years	17,350,000	21,950,000
	<u>41,416,632</u>	<u>48,132,239</u>
Present value discount	1,255,680	5,716,335
	<u>\$ 40,160,952</u>	<u>\$ 42,415,904</u>

#### Note 7. Fair Value Measurements

The Fair Value Measurements and Disclosures Topic of the FASB Codification defines fair value, establishes a framework for measuring fair value and requires disclosure of fair value measurements. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy set forth in the Topic are as follows:

**Level 1:** Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

**Level 2:** Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

**Level 3:** Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

When quoted prices in active markets for identical assets are available, the Trust uses these quoted market prices to determine the fair value of financial assets and classify these as Level 1.

Level 1 securities totaled \$136,148,457 and \$161,281,570 as of April 30, 2020 and 2019, respectively. There were no transfers in or out of Level 1 during the year ended April 30, 2020.

## Roy J. Carver Charitable Trust

### Notes to Financial Statements

#### Note 7. Fair Value Measurements (Continued)

The following table sets forth the breakdown of the fair value of Level 1 securities as of April 30, 2020 and 2019:

	2020	2019
Common stock:		
Consumer discretionary	\$ 8,073,750	\$ 10,915,750
Consumer staples	2,687,775	2,299,027
Energy	1,911,342	3,865,122
Financials	14,588,739	20,609,317
Health care	10,998,545	8,820,684
Industrials	8,855,678	11,400,596
Information technology	9,985,066	12,634,181
Materials	2,255,329	4,214,637
Telecommunication services	2,132,959	1,724,137
Utilities	1,197,579	1,973,341
Real estate investment trusts	443,008	869,849
Domestic equity mutual funds:		
Real estate investment trust	14,679,056	16,135,723
Mid cap funds	28,639,594	32,884,568
Large cap funds	15,896,494	16,670,880
Small cap funds	13,803,543	16,263,758
	<u>\$ 136,148,457</u>	<u>\$ 161,281,570</u>

The remaining investments totaling \$143,933,193 and \$162,185,674 as of April 30, 2020 and 2019, respectively, in the portfolio where quoted market prices are not available or where fair values are estimated using pricing models, quoted prices of securities with similar characteristics or discounted cash flow or where there is limited activity or less transparency around inputs to the valuation would be classified within Level 2 or Level 3 of the valuation hierarchy. The Trust declines to disclose information for these investments not classified within Level 1.

The following table sets forth additional disclosure of the Trust's investments whose fair value is estimated using NAV per share (or its equivalent) as of April 30, 2020 and 2019:

Investment	April 30, 2020		April 30, 2019		Redemption Frequency	Redemption Notice Period
	Fair Value	Unfunded Commitment	Fair Value			
Investments:						
International equity fund (A)	\$ 28,726,232	\$ -	\$ 32,964,007		Daily	30 days
Private equity limited partnerships (B)	19,190,059	2,860,344	21,369,404		None	N/A – see (B)
Venture capital and emerging markets limited partnership (C)	42,844,280	-	49,541,158		Monthly	30 days
	<u>\$ 90,760,571</u>	<u>\$ 2,860,344</u>	<u>\$ 103,874,569</u>			

(A) The fund invests in international equities that are all exchange traded in other countries outside of the United States of America (USA). This fund can be redeemed immediately at the current NAV per share based on the fair value of the underlying assets. The fair value of this investment has been estimated using the NAV per share of the investment provided by the fund manager.

## Roy J. Carver Charitable Trust

### Notes to Financial Statements

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#### Note 7. Fair Value Measurements (Continued)

- (B) The partnerships in this category consist of both funds that invest in the following types of investments in the USA and also outside of the USA: venture capital partnerships, buyout partnerships, mezzanine/subordinated debt partnerships, restructuring/distressed debt partnerships and special situation partnerships. These investments cannot be redeemed during the life of the partnership which can be up to 12 years, however, they can be transferred to another eligible investor. Distributions will be received as the underlying investments of the funds are liquidated over time. The fair value of this investment has been estimated using the NAV per share of the investment provided by the fund manager. Management and the Trust's Investment Committee of the Board of Trustees has reviewed financial information of these partnerships and believes that the NAV reported is a reasonable estimate of the fair value of these investments. However, since there is not an active market for these investments, if the Trust required immediate sale of these investments, opportunities for transfers could require a discount which could range between none and 20%. The Trust does not have plans for sale of these investments at this time.
- (C) The partnership in this category consists of closed-end funds and investment trusts that invest in equity securities of companies in one or more emerging market countries. From time to time, as a result with certain closed-end funds having distributed portions of their portfolio investments, the partnership may hold direct investments in individual companies primarily operating in emerging market countries. This partnership can be redeemed monthly if the withdrawal request is no later than the first business day of the month containing the desired withdrawal date. The fair value of the partnership has been estimated by using the NAV per share of the investment provided by the fund manager.

#### Note 8. Investment Funds

**Interpretation of relevant law:** The Board of Trustees has interpreted that the Trust is not subject to the State of Iowa's Uniform Prudent Management of Institutional Funds Act since the Trust's by-laws provide for the full ability of the Board to spend investment funds subject to tax and legal limitations. The Trust has no net assets with restrictions.

**Investment policy:** The Trust invests based on the goals to preserve capital, strive for consistent, positive returns and preserve the purchasing power by striving for long-term returns in excess of the inflation rate. The Trust utilizes a long-term investment horizon with a high standard of quality. The Trust's strategy includes an asset mix of 12%–28% in domestic fixed income, 24%–56% in domestic equity, 18%–42% in international equity and 6%–14% in other type investments with further breakdowns within those broad categories.

**Policy for appropriation of assets for expenditure:** The Trust's spending policy is based on the Last Will and Testament that established the Trust which requires distribution of all cash basis income and is also based on necessary expenditures required by federal excise tax laws governing private foundations. The Board of Trustees also approves expenditures for administration of the Trust.

## Roy J. Carver Charitable Trust

### Notes to Financial Statements

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#### Note 8. Investment Funds (Continued)

Changes in net assets for the years ended April 30, 2020 and 2019:

	<u>Total Net Assets Without Donor Restrictions</u>
Net assets, April 30, 2018	\$ 302,161,449
Investment return:	
Investment income	5,923,943
Net appreciation (realized and unrealized), net of investment fees	5,273,221
Total investment return	<u>11,197,164</u>
Appropriation of assets for expenditures	<u>(28,374,982)</u>
Net assets, April 30, 2019	284,983,631
Investment return (loss):	
Investment income	5,786,149
Net (depreciation) of investments (realized and unrealized), net of investment fees	<u>(32,280,592)</u>
Total investment return (loss)	<u>(26,494,443)</u>
Appropriation of assets for expenditures	<u>(14,194,852)</u>
Net assets, April 30, 2020	<u><u>\$ 244,294,336</u></u>

**Roy J. Carver Charitable Trust**

**Book to GAAP Basis Conversion  
April 30, 2020**

	April 30, 2020 Book Balance	Item	Adjustments	April 30, 2020 Balance Accrual Basis
<b>Statement of Financial Position</b>				
<b>Assets</b>				
Investments, including cash and money market funds	\$ 231,306,100	(1, 4)	\$ 51,834,277	\$ 283,140,377
Accrued investment income	9,652	(1, 3)	495,106	504,758
Excise taxes receivable	-	(6)	226,000	226,000
Property and equipment, net of accumulated depreciation	<u>1,436,551</u>	(5)	<u>(57,679)</u>	<u>1,378,872</u>
<b>Total assets</b>	<b><u>\$ 232,752,303</u></b>		<b><u>\$ 52,497,704</u></b>	<b><u>\$ 285,250,007</u></b>
<b>Liabilities and Net Assets</b>				
Liabilities:				
Grant obligations payable	\$ -	(1, 7)	\$ 40,160,952	\$ 40,160,952
Other accrued expenses	-	(1, 2)	74,719	74,719
Deferred excise taxes	<u>-</u>	(1, 6)	<u>720,000</u>	<u>720,000</u>
<b>Total liabilities</b>	<b><u>-</u></b>		<b><u>40,955,671</u></b>	<b><u>40,955,671</u></b>
Net assets without donor restrictions	<u>232,752,303</u>		<u>11,542,033</u>	<u>244,294,336</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 232,752,303</u></b>		<b><u>\$ 52,497,704</u></b>	<b><u>\$ 285,250,007</u></b>

See page 17 for description of adjustments.

**Roy J. Carver Charitable Trust**

**Book to GAAP Basis Conversion  
Year Ended April 30, 2020**

	April 30, 2020 Book Balance	Item	Adjustments	April 30, 2020 Balance Accrual Basis
<b>Statement of Activities</b>				
Unrestricted revenue:				
Interest	\$ 2,450,245	(1, 3)	\$ (23,969)	\$ 2,426,276
Dividends	3,359,700	(1, 3)	173	3,359,873
Net realized and unrealized gains (losses) on investments, net of investment fees	6,035,376	(2, 4)	(38,315,968)	(32,280,592)
<b>Total unrestricted revenue</b>	<u>11,845,321</u>		<u>(38,339,764)</u>	<u>(26,494,443)</u>
Unrestricted expenses:				
Grants approved	15,962,089	(7)	(2,254,952)	13,707,137
Trustee fees	165,400		-	165,400
Salaries and payroll taxes	1,056,983		-	1,056,983
Professional fees	115,851		1,083	116,934
Provision for federal excise taxes	202,000	(6)	(1,329,000)	(1,127,000)
Depreciation	-	(5)	69,338	69,338
Building repair and maintenance	78,216		-	78,216
Travel	3,278		-	3,278
Office	34,422		-	34,422
Insurance	11,507		-	11,507
Telephone	6,024		-	6,024
Miscellaneous	36,131	(3)	36,482	72,613
<b>Total unrestricted expenses</b>	<u>17,671,901</u>		<u>(3,477,049)</u>	<u>14,194,852</u>
<b>(Decrease) in net assets</b>	<b>(5,826,580)</b>		<b>(34,862,715)</b>	<b>(40,689,295)</b>
Net assets without donor restrictions:				
Beginning	<u>238,578,883</u>		<u>46,404,748</u>	<u>284,983,631</u>
Ending	<u>\$ 232,752,303</u>		<u>\$ 11,542,033</u>	<u>\$ 244,294,336</u>

See page 17 for description of adjustments.

**Roy J. Carver Charitable Trust**

**Book to GAAP Basis Conversion  
Year Ended April 30, 2020**

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**Description of Adjustments**

- (1) To record the effect of prior year accruals on current year revenue and expenses.
- (2) To record accrued liabilities at year-end.
- (3) To accrue interest and dividends on investments.
- (4) To record the change in unrealized gains on investments.
- (5) To recognize property and equipment additions and depreciation expense.
- (6) To record federal excise taxes receivable/payable and related tax expense and to adjust deferred federal excise taxes.
- (7) To adjust grant obligations and expenses for grants approved.

