

Roy J. Carver Charitable Trust

Financial Report
April 30, 2021

Contents

Independent auditor's report	1-2
------------------------------	-----

Financial statements	
Statements of financial position	3
Statements of activities	4
Statements of cash flows	5
Notes to financial statements	6-13

Supplementary information	
Book to GAAP basis conversion:	
Statement of financial position	14
Statement of activities	15
Description of adjustments	16

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, 2021 and 2020; 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, 2021 and 2020, 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 14–16 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
August 9, 2021

Roy J. Carver Charitable Trust

**Statements of Financial Position
April 30, 2021 and 2020**

	2021	2020
Assets		
Cash	\$ 978,931	\$ 1,157,426
Money market funds	4,462,415	1,901,301
Total cash and cash equivalents	5,441,346	3,058,727
Accrued investment income	494,678	504,758
Excise taxes receivable	68,000	226,000
Investments	400,377,754	280,081,650
Property and equipment:		
Land	567,038	567,038
Building and improvements	2,143,764	2,143,764
Furniture, fixtures and equipment	290,066	289,558
	3,000,868	3,000,360
Less accumulated depreciation	1,682,206	1,621,488
Total property and equipment	1,318,662	1,378,872
Total assets	\$ 407,700,440	\$ 285,250,007
Liabilities and Net Assets		
Liabilities:		
Grant obligations payable	\$ 35,293,639	\$ 40,160,952
Other accrued expenses	42,841	74,719
Deferred excise taxes	2,451,000	720,000
Total liabilities	37,787,480	40,955,671
Commitments (Note 2)		
Net assets without donor restrictions	369,912,960	244,294,336
Total liabilities and net assets	\$ 407,700,440	\$ 285,250,007

See notes to financial statements.

Roy J. Carver Charitable Trust

**Statements of Activities
Years Ended April 30, 2021 and 2020**

	2021	2020
Unrestricted revenue (loss):		
Interest	\$ 1,943,262	\$ 2,426,276
Dividends	2,759,917	3,359,873
Net realized and unrealized gains (losses) on investments, net of investment fees 2021 \$1,570,038; 2020 \$1,521,194	135,810,344	(32,280,592)
Total unrestricted revenue (loss)	140,513,523	(26,494,443)
Unrestricted expenses:		
Grants approved	11,280,547	13,707,137
Trustee fees	133,750	165,400
Salaries and payroll taxes	1,071,442	1,056,983
Professional fees	113,174	116,934
Provision for federal excise taxes	2,022,000	(1,127,000)
Depreciation	67,723	69,338
Building repair and maintenance	77,460	78,216
Travel	881	3,278
Office	43,954	34,422
Insurance	11,504	11,507
Telephone	6,181	6,024
Miscellaneous	66,283	72,613
Total unrestricted expenses	14,894,899	14,194,852
Increase (decrease) in net assets	125,618,624	(40,689,295)
Net assets without donor restrictions:		
Beginning	244,294,336	284,983,631
Ending	\$ 369,912,960	\$ 244,294,336

See notes to financial statements.

Roy J. Carver Charitable Trust

Statements of Cash Flows
Years Ended April 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Increase (decrease) in net assets without donor restrictions	\$ 125,618,624	\$ (40,689,295)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	67,723	69,338
Accretion	(10,463)	(5,238)
Deferred excise taxes	1,731,000	(1,083,000)
Realized and unrealized (gains) losses on investments	(137,380,382)	30,759,398
Realized loss on disposal of property	2,331	-
Changes in assets and liabilities:		
Decrease in accrued investment income	10,080	53,452
Decrease in prepaid expenses	-	59,217
(Decrease) in other accrued expenses	(31,878)	(53,785)
(Decrease) in grant obligations payable	(4,867,313)	(2,254,952)
Increase (decrease) in excise taxes receivable/payable	158,000	(246,000)
Net cash used in operating activities	(14,702,278)	(13,390,865)
Cash flows from investing activities:		
Purchase of property and equipment	(9,844)	(28,895)
Purchases of investments	(41,586,246)	(40,114,722)
Proceeds from sales, maturities and calls of investments	58,680,987	52,746,156
Net cash provided by investing activities	17,084,897	12,602,539
Increase (decrease) in cash and cash equivalents	2,382,619	(788,326)
Cash and cash equivalents:		
Beginning	3,058,727	3,847,053
Ending	\$ 5,441,346	\$ 3,058,727
Supplemental disclosure of cash flow information, cash payments made for excise taxes		
	\$ 133,000	\$ 202,000

See notes to financial statements.

Roy J. Carver Charitable Trust

Notes to Financial Statements

Note 1. Organization and Significant Accounting Policies

Organization: The Roy J. Carver Charitable Trust (the 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, 2021.

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.

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

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. 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. An excise tax of 1.39% 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. UBIT is reported on Form 990-T, as appropriate. As of April 30, 2021 and 2020, there were no uncertain tax benefits identified and recorded as a liability.

Subsequent events: The Trust has evaluated subsequent events through August 9, 2021, the date on which the financial statements were available to be issued.

Note 2. Investments and Investment Gains (Losses)

The Trust's investments are held by a bank-administered trust fund. As of April 30, 2021 and 2020, the Trust's investments consist of the following:

	2021		2020	
	Fair Value	Original Cost	Fair Value	Original Cost
Common stock	\$ 105,597,989	\$ 57,487,394	\$ 63,129,770	\$ 57,441,534
Domestic equity mutual funds	104,879,704	45,062,812	73,018,687	45,537,537
International equity mutual funds	41,799,384	18,760,521	28,726,232	19,389,975
U.S. government bonds	8,668,838	8,892,951	2,557,882	2,309,755
U.S. government agency securities	1,309,609	1,273,215	1,382,490	1,347,462
Municipal/provincial bonds	4,933,834	4,602,302	5,073,667	4,780,167
Corporate bonds	29,890,583	28,149,122	29,912,060	29,964,725
U.S. government mortgage-backed securities	8,558,862	8,313,970	9,794,233	9,514,055
Commercial mortgage-backed securities	1,722,336	1,735,961	2,944,197	3,036,539
Asset backed securities	1,014,248	1,005,259	1,293,469	1,306,839
Nongovernment backed CMO's	174,419	168,259	214,624	210,502
Partnerships invested in:				
Private equity	26,427,778	16,121,632	19,190,059	17,417,533
Venture capital and emerging markets	65,400,170	32,500,000	42,844,280	36,000,000
	<u>\$ 400,377,754</u>	<u>\$ 224,073,398</u>	<u>\$ 280,081,650</u>	<u>\$ 228,256,623</u>

Roy J. Carver Charitable Trust

Notes to Financial Statements

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

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, 2021, 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, 2021 and 2020 consist of:

	2021	2020
Net realized gains, net of investment fees	\$ 11,331,015	\$ 6,066,264
Net (decrease) in unrealized gains	124,479,329	(38,346,856)
	<u>\$ 135,810,344</u>	<u>\$ (32,280,592)</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.

Note 3. Federal Excise Tax

In accordance with the applicable provisions of Section 4940, the Trust is subject to a federal excise tax of 1.39% on net investment income, including realized gains on investment transactions, as defined under this provision for the years ended April 30, 2021 and 2020. The provision for federal excise taxes for the years ended April 30, 2021 and 2020 consists of:

	2021	2020
Current	\$ 291,000	\$ (44,000)
Deferred	1,731,000	(1,083,000)
	<u>\$ 2,022,000</u>	<u>\$ (1,127,000)</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, 2021, the Trust had an excess distribution carryover, which is estimated to be approximately \$7,700,000, 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.

Roy J. Carver Charitable Trust

Notes to Financial Statements

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.

Refer to the statements of cash flows which identifies the sources and uses of the Trust's cash.

	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	\$ 5,441,346	\$ 3,058,727
Accrued investment income	494,678	504,758
Excise taxes receivable	68,000	226,000
Investments	400,377,754	280,081,650
Total financial assets as of April 30	406,381,778	283,871,135
Less amounts not available to meet cash needs for general expenditures within one year, investments valued at net asset value	133,627,332	90,760,571
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 272,754,446</u>	<u>\$ 193,110,564</u>

Roy J. Carver Charitable Trust

Notes to Financial Statements

Note 5. Summary of Functional Expenses

The Trust enhances charitable, educational and scientific programs by making grants that are distributed to various academic and charitable institutions. Grants approved are direct program expenses while the excise tax expense is an administrative expense related to investment income. Substantially all other expenses are related to the management of the grant programs or administration of the Trust.

	Program Service Grant-Making	Support Service Administration	Total Expenses
<u>2021</u>			
Grants approved	\$ 11,280,547	\$ -	\$ 11,280,547
Trustee fees	71,525	62,225	133,750
Salaries and payroll taxes	173,326	898,116	1,071,442
Professional fees	-	113,174	113,174
Provision for federal excise taxes	-	2,022,000	2,022,000
Depreciation and facility expenses	-	189,137	189,137
Travel and other	-	84,849	84,849
Total expenses	<u>\$ 11,525,398</u>	<u>\$ 3,369,501</u>	<u>\$ 14,894,899</u>
<u>2020</u>			
Grants approved	\$ 13,707,137	\$ -	\$ 13,707,137
Trustee fees	86,675	78,725	165,400
Salaries and payroll taxes	174,496	882,487	1,056,983
Professional fees	-	116,934	116,934
Provision for federal excise taxes	-	(1,127,000)	(1,127,000)
Depreciation and facility expenses	-	181,976	181,976
Travel and other	-	93,422	93,422
Total expenses	<u>\$ 13,968,308</u>	<u>\$ 226,544</u>	<u>\$ 14,194,852</u>

Note 6. Grants Payable

Grants payable are summarized as follows as of April 30, 2021 and 2020:

	2021	2020
In one year or less	\$ 6,236,141	\$ 5,706,781
1 to 2 years	5,362,908	4,859,851
2 to 3 years	4,600,000	4,500,000
3 to 4 years	4,600,000	4,500,000
4 to 5 years	4,600,000	4,500,000
After 5 years	12,250,000	17,350,000
	<u>37,649,049</u>	<u>41,416,632</u>
Present value discount	2,355,410	1,255,680
	<u>\$ 35,293,639</u>	<u>\$ 40,160,952</u>

Roy J. Carver Charitable Trust

Notes to Financial Statements

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 \$210,477,693 and \$136,148,457 as of April 30, 2021 and 2020, respectively. There were no transfers in or out of Level 1 during the year ended April 30, 2021.

The following table sets forth the breakdown of the fair value of Level 1 securities as of April 30, 2021 and 2020:

	2021	2020
Common stock:		
Consumer discretionary	\$ 18,073,704	\$ 8,073,750
Consumer staples	4,123,972	2,687,775
Energy	1,598,819	1,911,342
Financials	20,319,905	14,588,739
Health care	16,354,395	10,998,545
Industrials	15,691,358	8,855,678
Information technology	15,951,648	9,985,066
Materials	4,753,851	2,255,329
Telecommunication services	3,797,880	2,132,959
Utilities	2,443,841	1,197,579
Real estate investment trusts	2,488,616	443,008
Domestic equity mutual funds:		
Real estate investment trust	19,863,783	14,679,056
Mid cap funds	43,189,237	28,639,594
Large cap funds	21,186,519	15,896,494
Small cap funds	20,640,165	13,803,543
	<u>\$ 210,477,693</u>	<u>\$ 136,148,457</u>

Roy J. Carver Charitable Trust

Notes to Financial Statements

Note 7. Fair Value Measurements (Continued)

The remaining investments totaling \$56,272,829 and \$53,172,622 as of April 30, 2021 and 2020, 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, 2021 and 2020:

Investment	April 30, 2021		April 30, 2020		Redemption Frequency	Redemption Notice Period
	Fair Value	Unfunded Commitment	Fair Value			
Investments:						
International equity fund (A)	\$ 41,799,384	\$ -	\$ 28,726,232		Daily	30 days
Private equity limited partnerships (B)	26,427,778	2,855,744	19,190,059		None	N/A—see (B)
Venture capital and emerging markets limited partnership (C)	65,400,170	-	42,844,280		Monthly	30 days
	<u>\$133,627,332</u>	<u>\$ 2,855,744</u>	<u>\$ 90,760,571</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.
- (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 0% 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.

Roy J. Carver Charitable Trust

Notes to Financial Statements

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.

Changes in net assets for the years ended April 30, 2021 and 2020:

	<u>Total Net Assets Without Donor Restrictions</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)	(26,494,443)
Appropriation of assets for expenditures	<u>(14,194,852)</u>
Net assets, April 30, 2020	244,294,336
Investment return (loss):	
Investment income	4,703,179
Net (depreciation) of investments (realized and unrealized), net of investment fees	<u>135,810,344</u>
Total investment return (loss)	140,513,523
Appropriation of assets for expenditures	<u>(14,894,899)</u>
Net assets, April 30, 2021	<u><u>\$ 369,912,960</u></u>

Roy J. Carver Charitable Trust

**Book to GAAP Basis Conversion
April 30, 2021**

	April 30, 2021 Book Balance	Item	Adjustments	April 30, 2021 Balance Accrual Basis
Statement of Financial Position				
Assets				
Investments, including cash and money market funds	\$ 229,505,494	(1, 4)	\$ 176,313,606	\$ 405,819,100
Accrued investment income	21,698	(1, 3)	472,980	494,678
Excise taxes receivable	-	(6)	68,000	68,000
Property and equipment, net of accumulated depreciation	<u>1,388,715</u>	(5)	<u>(70,053)</u>	<u>1,318,662</u>
Total assets	<u><u>\$ 230,915,907</u></u>		<u><u>\$ 176,784,533</u></u>	<u><u>\$ 407,700,440</u></u>
Liabilities and Net Assets				
Liabilities:				
Grant obligations payable	\$ -	(1, 7)	\$ 35,293,639	\$ 35,293,639
Other accrued expenses	-	(1, 2)	42,841	42,841
Deferred excise taxes	<u>-</u>	(1, 6)	<u>2,451,000</u>	<u>2,451,000</u>
Total liabilities	<u>-</u>		<u>37,787,480</u>	<u>37,787,480</u>
Net assets without donor restrictions	<u>230,915,907</u>		<u>138,997,053</u>	<u>369,912,960</u>
Total liabilities and net assets	<u><u>\$ 230,915,907</u></u>		<u><u>\$ 176,784,533</u></u>	<u><u>\$ 407,700,440</u></u>

See page 16 for description of adjustments.

Roy J. Carver Charitable Trust

**Book to GAAP Basis Conversion
Year Ended April 30, 2021**

	April 30, 2021 Book Balance	Item	Adjustments	April 30, 2021 Balance Accrual Basis
Statement of Activities				
Unrestricted revenue:				
Interest	\$ 2,000,893	(1, 3)	\$ (57,631)	\$ 1,943,262
Dividends	2,716,255	(1, 3)	43,662	2,759,917
Net realized and unrealized gains on investments, net of investment fees	11,310,555	(2, 4)	124,499,789	135,810,344
Total unrestricted revenue	<u>16,027,703</u>		<u>124,485,820</u>	<u>140,513,523</u>
Unrestricted expenses:				
Grants approved	16,147,860	(7)	(4,867,313)	11,280,547
Trustee fees	133,750		-	133,750
Salaries and payroll taxes	1,071,442		-	1,071,442
Professional fees	113,174		-	113,174
Provision for federal excise taxes	133,000	(6)	1,889,000	2,022,000
Depreciation	-	(5)	67,723	67,723
Building repair and maintenance	77,460		-	77,460
Travel	881		-	881
Office	43,954		-	43,954
Insurance	11,504		-	11,504
Telephone	6,181		-	6,181
Miscellaneous	67,215	(3)	(932)	66,283
Total unrestricted expenses	<u>17,806,421</u>		<u>(2,911,522)</u>	<u>14,894,899</u>
Increase (decrease) in net assets	(1,778,718)		127,397,342	125,618,624
Net assets without donor restrictions:				
Beginning	<u>232,694,625</u>		<u>11,599,711</u>	<u>244,294,336</u>
Ending	<u>\$ 230,915,907</u>		<u>\$ 138,997,053</u>	<u>\$ 369,912,960</u>

See page 16 for description of adjustments.

Roy J. Carver Charitable Trust

**Book to GAAP Basis Conversion
Year Ended April 30, 2021**

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.