The Parker Foundation

GERALD T. & INEZ GRANT PARKER

AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Parker Foundation
San Diego, California

We have audited the accompanying financial statements of The Parker Foundation (a non-profit organization), which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities, functional expenses, 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 audit. We conducted our audit 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 of 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 audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Parker Foundation as of September 30, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 3 to the financial statements, in 2019, The Parker Foundation adopted Financial Accounting Standards Board Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of financial statements of Not-for-Profit Entities* for the year ended September 30, 2019 and retrospectively applied to 2018. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information in the statement of financial position by fund and statement of activities by fund are presented only for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, but was compiled from information that is the representation of management, without the performance of additional audit procedures. Accordingly, we do not express an opinion or provide any other form of assurance on the supplementary information.

Lindsay & Brownell, LLP

Lindsay & Brownell, LLP

La Jolla, California
January 27, 2020

THE PARKER FOUNDATION

STATEMENTS OF FINANCIAL POSITION
September 30, 2019 and 2018

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 607,767**	$ 357,424
Accrued interest and dividends	**3,674**	17,619
Prepaid expenses and other assets	**201,090**	17,697
Loan receivable	**12,682**	5,964
Total Current Assets	**825,213**	398,704
Investments	**40,333,153**	42,251,652
Loan Receivable, Less Current Portion	**22,318**	-
Note Receivable	**250,000**	-
Property and Equipment, Net	**-**	42
Total Assets	**$ 41,430,684**	$ 42,650,398
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued expenses	**$ 38,677**	$ 37,636
Grants payable	**-**	95,000
Total Liabilities	**38,677**	132,636
Net Assets		
Without donor restrictions	**41,392,007**	42,517,762
Total Liabilities and Net Assets	**$ 41,430,684**	$ 42,650,398

The accompanying notes are an integral part of these financial statements.

THE PARKER FOUNDATION

STATEMENTS OF ACTIVITIES
Years Ended September 30, 2019 and 2018

	2019	2018
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Net Investment Income		
Interest and dividends	**$ 750,750**	$ 626,653
Capital gain dividends	**622,729**	619,220
Partnership income	**350,840**	358,058
Net gain on sale of investments	**1,189,687**	608,121
Unrealized (loss) gain on investments	**(1,829,743)**	117,236
Royalty income	**236**	236
Miscellaneous income	**3,254**	1,851
Advisory and investment fees	**(102,112)**	(97,742)
Custodian fees	**(14,802)**	(14,313)
Total Net Investment Income	**970,839**	2,219,320
Expenses		
Program operations	**1,962,806**	2,159,443
Management and general	**133,788**	120,324
Total Expenses	**2,096,594**	2,279,767
Change in Net Assets Without Donor Restrictions	**(1,125,755)**	(60,447)
Net Assets, Beginning	**42,517,762**	42,578,209
Net Assets, Ending	**$ 41,392,007**	$ 42,517,762

The accompanying notes are an integral part of these financial statements.

THE PARKER FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended September 30, 2019 and 2018

	2019		
	Program Operations	**Management and General**	**Total**
Expenses			
Grants	**$ 1,849,950**	**$ -**	**$ 1,849,950**
Administrative	**89,939**	**9,993**	**99,932**
Federal excise, state and foreign taxes	**-**	**68,115**	**68,115**
Accounting and audit	**-**	**52,660**	**52,660**
Memberships	**6,750**	**750**	**7,500**
Conferences and community functions	**6,709**	**745**	**7,454**
Insurance	**3,777**	**420**	**4,197**
Technology services	**1,690**	**188**	**1,878**
Postage, printing and reproductions	**1,347**	**150**	**1,497**
File storage	**1,320**	**147**	**1,467**
Telephone	**1,175**	**130**	**1,305**
Legal	**-**	**250**	**250**
Filing fees	**-**	**181**	**181**
Miscellaneous	**149**	**17**	**166**
Depreciation	**-**	**42**	**42**
Total Expenses	**$ 1,962,806**	**$ 133,788**	**$ 2,096,594**

	2018		
	Program Operations	**Management and General**	**Total**
Expenses			
Grants	$ 2,047,000	$ -	$ 2,047,000
Administrative	88,258	9,806	98,064
Federal excise, state and foreign taxes	-	54,940	54,940
Accounting and audit	-	52,526	52,526
Memberships	6,750	750	7,500
Conferences and community functions	6,445	716	7,161
Technology services	4,194	466	4,660
Insurance	3,906	434	4,340
Postage, printing and reproductions	1,035	115	1,150
Telephone	1,033	115	1,148
File storage	822	91	913
Depreciation	-	205	205
Filing fees	-	160	160
Total Expenses	$ 2,159,443	$ 120,324	$ 2,279,767

The accompanying notes are an integral part of these financial statements.

THE PARKER FOUNDATION

STATEMENTS OF CASH FLOWS
Years Ended September 30, 2019 and 2018

		2019		2018
Cash Flows from Operating Activities				
Change in net assets	**$**	**(1,125,755)**	$	(60,447)
Adjustments to reconcile change in net assets to net cash flows used in operating activities:				
Undistributed partnership income		**(350,840)**		(358,058)
Net gain on sale of investments		**(1,189,687)**		(608,121)
Unrealized loss (gain) on investments		**1,829,743**		(117,236)
Depreciation		**42**		205
Change in assets and liabilities:				
Decrease (increase) in:				
Accrued interest and dividends		**13,945**		(14,501)
Prepaid expenses and other assets		**(183,393)**		(3,282)
Loan receivable		**(29,036)**		17,383
Note receivable		**(250,000)**		-
Increase (decrease) in:				
Accrued expenses		**1,041**		(8,025)
Grants payable		**(95,000)**		50,000
Net Cash Flows Used in Operating Activities		**(1,378,940)**		(1,102,082)
Cash Flows from Investment Activities				
Purchases of investments		**(18,787,129)**		(8,992,155)
Proceeds from sale of investments		**20,063,860**		9,408,845
Cash distributions from investment partnerships		**352,552**		786,133
Net Cash Flows Provided by Investing Activities		**1,629,283**		1,202,823
Net Increase in Cash and Cash Equivalents		**250,343**		100,741
Cash and Cash Equivalents				
Beginning		**357,424**		256,683
Ending	**$**	**607,767**	$	357,424
Supplemental Disclosures of Cash Flow Information				
Cash paid for:				
Federal excise tax	**$**	**63,100**	$	47,355
State tax	**$**	**1,500**	$	-

The accompanying notes are an integral part of these financial statements.

Note 1. Organization and Nature of Activities

The Parker Foundation (the "Foundation") is an independent, private foundation and California non-profit corporation. The Foundation provides grants to charitable organizations operating in San Diego County, with the goal of bettering the lives of San Diego County residents. Grants cover a broad range of organizations and services, with special consideration given to matching or challenge grants. Individuals are not eligible to receive grants.

The assets of the Foundation are denoted as either the Parker Fund, originally created by a gift from Gerald and Inez Grant Parker, or the Dempster-Larsen Fund, created by a subsequent separate gift to the Foundation. This separate gift was without donor restrictions; however, the decision was made to report it separately from the Parker Fund for grant-making purposes only, allowing the Board of Directors (the "Board") to specifically award grants in support of the arts, an interest of the benefactor. When the Dempster-Larsen Fund was created, it represented 4.76% of the total assets of the Foundation; therefore, all investments made with the subsequent earnings on the entire fund are allocated between the Parker and Dempster-Larsen Funds in this same ratio. Allocated investments not specifically held in the Dempster-Larsen Fund are shown as Due (To) From Related Fund in the supplementary statement of financial position by fund.

Note 2. Summary of Significant Accounting Policies and Other Information

Accounting Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Adopted Accounting Pronouncements: The Foundation has implemented all applicable accounting pronouncements within the Accounting Standards Codification (“ASC”) that are in effect as of September 30, 2019 and 2018 including the accounting pronouncement discussed below.

On August 18, 2016, the Financial Accounting Standards Board (“FASB”) issued accounting standards update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has adjusted the presentation of these financial statements accordingly. This ASU has been applied retrospectively to all periods presented (see Note 3).

The Foundation does not believe that there are any other new ASU’s issued by FASB that might have a material impact on its financial position or results of activities.

Use of Estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of Market Risk: The Foundation invests the corpus of the Foundation and its excess cash in various types of investments. The Foundation has established guidelines relative to diversification and maturities that maximize safety and liquidity. These guidelines are periodically reviewed with the Foundation's investment professionals.

Note 2. Summary of Significant Accounting Policies and Other Information (Continued)

Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits: The Foundation maintains its cash balances at one financial institution. As of September 30, 2019 and 2018, accounts at this institution are insured to the extent provided by the Federal Deposit Insurance Corporation. The Foundation’s uninsured cash balances totaled $357,767 and $107,424 at September 30, 2019 and 2018, respectively. The Foundation has not experienced any losses on these accounts and does not believe it is exposed to any significant credit risk with respect to cash and cash equivalents.

Cash and Cash Equivalents: Cash and cash equivalents include highly liquid investments with an initial maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Investments: The Foundation records its fixed-income, equity securities, partnership interests, and alternative investments at fair value. The fair value of investments in securities traded on national security exchanges is based on the closing price on the last business day of the fiscal year. Investments which are not publicly traded consist primarily of alternative investments in hedge funds and private equity investments and are recorded at the Foundation's net equity position as reported by each respective fund at the valuation date. When provided by the fund, the Foundation uses Net Asset Value (“NAV”) to determine the fair value of the underlying investments which (a) do not have a readily determinable fair value, and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

Depending on the underlying assets, NAV is determined by the underlying asset's manager through national exchange prices for securities with a readily determinable value or valuations and estimates.

Investment transactions are recorded on a trade-date basis. Dividend income is recorded as of the ex-dividend date and interest income is recorded as earned using the accrual basis. Realized gains or losses on the sale of share or unit-based investments are calculated using the average cost. Unrealized gains and losses represent the change in the fair market value of the individual investments for the year, or since the acquisition date if acquired during the year, and are recorded as a component of net assets without donor restrictions. Marketable securities included in investments (see Note 5) are held jointly by the Parker Fund and the Dempster-Larsen Fund. Net gain or loss on sale of the securities is recognized on a proportionate basis based upon the fund allocation percentage of these securities.

Property and Equipment: Property and equipment are recorded at cost on the date of purchase. The Foundation’s policy is to capitalize assets with a useful life greater than one year and a value of $500 or more. Property and equipment are depreciated using a straight-line method over the estimated useful lives of the related assets (three to ten years).

Net Assets: The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

> *Net assets without donor restrictions*: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation’s management and the board of directors.
>
> *Net assets with donor restrictions*: Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. As of September 30, 2019 and 2018, the Foundation had no net assets with donor restrictions.

Note 2. Summary of Significant Accounting Policies and Other Information (Continued)

Grants: Grant expenditures are recognized in the period the grant is approved and communicated to the recipients, provided the grant is not subject to future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the recipient meets the terms of the conditions. Grants paid and payable expense is shown net of grants that have been repaid to the Foundation from grant recipients. Repayments of grants previously disbursed may be required by the Foundation's Board if a change in the use or purpose of the grants is not acceptable to the Board. Grants payable that are expected to be paid in future years are recorded at the net present value of expected future payments discounted using a risk adjusted rate at each grant date for a commensurate period.

Refunds Due from Grants Awarded to Other Organizations: Unexpended balances of grants awarded by the Foundation are required to be returned to the Foundation. Grants refunded to the Foundation are recorded as a reduction in grant expense when the amount of the refund due becomes known. For the years ended September 30, 2019 and 2018, there were $35,000 and $0 of grants refunded to the Foundation, respectively.

Income Taxes: The Foundation is generally exempt from income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code (“Tax Code”) and comparable statutes of the state of California. The Tax Code imposes an excise tax of 2% (reduced to 1% if certain requirements are met) on net investment income of private foundations. Federal excise tax expense for the years ended September 30, 2019 and 2018 was $63,100 and $47,355, respectively. At September 30, 2019 and 2018, the Foundation had excise tax payable of $1,500 and $0, respectively. Excise tax payable is recorded in accrued expenses in the statements of financial position. Income from certain activities not directly related to the Foundation’s tax-exempt purpose is subject to taxation as unrelated business income. There was no unrelated business income tax for the years ended September 30, 2019 and 2018. The Tax Code also requires certain minimum distributions to be made in accordance with a specified formula. The calculation of the minimum distribution is performed annually.

In accordance with FASB ASC 740, *Accounting for Uncertainty in Income Taxes*, the Foundation evaluates annually any uncertain tax positions taken or expected to be taken in a tax return by applying a threshold of more-likely-than-not for recognition. Management evaluated its tax positions and determined that it has no uncertain tax positions at September 30, 2019 and 2018. There have been no related tax penalties or interest which would be classified as tax expense in the statements of activities.

Functional Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates of management. Grants, taxes, accounting and audit, and legal are based on use of expense. All other expenses are allocated based on time and effort.

Allocation of Expenses: Beginning in 1993, all expenses between the Parker Fund and the Dempster-Larsen Fund have been allocated based on the relative year-end fund balances. For the year ended September 30, 2019, the percentages used for allocation between the Parker Fund and the Dempster-Larsen Fund were approximately 84.94% and 15.06%, respectively. For the year ended September 30, 2018, the percentages used for allocation between the Parker Fund and the Dempster-Larsen Fund were approximately 85.13% and 14.87%, respectively. The amount of Dempster-Larsen Fund grants is based on grants designated by the Board as such. For the years ended September 30, 2019 and 2018, the percentage of Dempster-Larsen Fund grants to total grants was approximately 11.52% and 16.85%, respectively.

Note 2. Summary of Significant Accounting Policies and Other Information (Continued)

Reclassifications: Certain items in the prior year financial statements have been reclassified to conform to the presentation in the current year financial statements.

Subsequent Events: The Foundation evaluated subsequent events through the date these financial statements were available to be issued. With the exception of those matters discussed in Note 14, there were no material subsequent events that required recognition or disclosure in the financial statements.

Note 3. Change in Accounting Principle

During 2019, the Foundation adopted the provisions of ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of financial statements of Not-for-Profit Entities*. This change had no impact on the total change in net assets for 2018. A summary of the changes by financial statement area applicable to the Foundation is as follows:

Statement of financial position:

- The standard now requires that the statement of financial position distinguish between two new classes of net assets – those with donor-imposed restrictions and those without. This is a change from the previously required three classes of net assets – unrestricted, temporarily restricted, and permanently restricted.

Statement of activities:

- The standard now requires the Foundation to report expenses by both nature and function, either in the statement of activities, as a separate financial statement or within the notes, including a description of methods of allocation utilized. The standard also now requires the Foundation to net internal and external investment expense with investment return.

Notes to financial statements:

- The standard now requires enhanced quantitative and qualitative disclosures to provide additional information useful in assessing liquidity and cash flows, including a description of the time horizon used to manage its liquidity and near-term availability and demands for cash as of the reporting date.

Note 4. Availability and Liquidity of Financial Assets

The following represents the Foundation's financial assets at September 30:

	2019	2018
Financial Assets at Year-End		
Cash and cash equivalents	**$ 607,767**	$ 357,424
Accrued interest and dividends	**3,674**	17,619
Investments	**40,333,153**	42,251,652
Loan receivable	**35,000**	5,964
Note receivable	**250,000**	-
Total Financial Assets	**41,229,594**	42,632,659
Less: Amounts not available to be used within one year		
Investments	**(5,911,840)**	(8,505,179)
Loan receivable, long-term portion	**(22,318)**	-
Note receivable	**(250,000)**	-
Financial Assets Available To Meet General Expenditures Over the Next Twelve Months	**$ 35,045,436**	$ 34,127,480

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation maintains cash and cash equivalents and investments without donor restriction which account for 98.82% and 99.90% of total assets for the years ended September 30, 2019 and 2018, respectively, to help manage unanticipated liquidity needs. Investments may be sold to help manage unanticipated liquidity needs; however, it is the Foundation's intent to retain its investments. Accrued interest and dividends are subject to implied time restrictions but are expected to be collected within one year, excluding the accrued interest on note receivable.

Note 5. Analysis of Investments

The Foundation's investments consisted of the following at September 30, 2019:

	Carrying Value	Market Value
Corporate securities	**$ 2,072,720**	**$ 3,312,775**
Mutual funds		
Domestic equity	**8,407,839**	**9,360,397**
International equity	**10,875,562**	**13,015,016**
Fixed income	**8,851,155**	**8,733,125**
Total mutual funds	**28,134,556**	**31,108,538**
Investment in limited partnerships		
Domestic equity	**1,680,291**	**2,052,290**
Other	**2,574,011**	**3,138,687**
Total investment in limited partnerships	**4,254,302**	**5,190,977**
Funds valued at NAV	**482,978**	**720,863**
Total	**$ 34,944,556**	**$ 40,333,153**

Note 5. Analysis of Investments (Continued)

The Foundation's investments consisted of the following at September 30, 2018:

	Carrying Value	Market Value
Corporate securities	$ 2,341,441	$ 3,952,966
Mutual funds		
Domestic equity	5,991,358	7,655,801
International equity	10,310,118	13,000,052
Fixed income	9,690,617	9,137,654
Total mutual funds	25,992,093	29,793,507
Investment in limited partnerships		
Domestic equity	1,496,542	1,967,721
Other	2,319,633	2,933,347
Total investment in limited partnerships	3,816,175	4,901,068
Funds valued at NAV	2,883,603	3,604,111
Total	$ 35,033,312	$ 42,251,652

The relationship between carrying values and market values of investments for the years ended September 30, 2019 and 2018 is summarized as follows:

	Carrying Value	Market Value	Excess of Market Value Over (Under) Carrying Value
Balance, September 30, 2019	**$ 34,944,556**	**$ 40,333,153**	**$ 5,388,597**
Balance, September 30, 2018	$ 35,033,312	$ 42,251,652	$ 7,218,340
Unrealized Loss			**$ (1,829,743)**

Detailed information regarding the Foundation's investments in limited partnerships valued at their net equity position are as follows:

In January 2003, funds were used to purchase a domestic equity partnership known as Frontier Mid Cap Growth Fund, L.P. These funds are managed and accounted for by Frontier Capital Management Co., LLC ("Frontier"). Frontier prepares monthly statements detailing fund assets, performance, and partnership balances. In addition, Frontier provides calendar year audited financial statements annually. Other than investment management fees, no expenditures or grants are paid out of the investment partnership.

On March 18, 2008, funds were used to purchase a joint investment partnership known as Montauk TriGuard Fund IV LP. These funds are managed and accounted for by TriGuard Management LLC ("TriGuard"). TriGuard prepares quarterly statements detailing fund assets, performance, and partnership balances. In addition, TriGuard provides calendar year audited financial statements annually. Other than investment management fees, no expenditures or grants are paid out of the investment partnership.

On July 1, 2011, funds were used to purchase a joint investment partnership known as Montauk TriGuard Fund V LP. These funds are managed and accounted for by TriGuard. TriGuard prepares quarterly statements detailing fund assets, performance, and partnership balances. In addition, TriGuard provides calendar year audited financial statements annually. Other than investment management fees, no expenditures or grants are paid out of the investment partnership.

Note 5. Analysis of Investments (Continued)

On September 21, 2013, funds were used to purchase a joint investment partnership known as Crescent Capital High Income Fund, L.P. These funds are managed and accounted for by Crescent Capital Group High Income LLC ("Crescent Capital"). Crescent Capital prepares monthly statements detailing fund assets, performance, and partnership balances. In addition, Crescent Capital provides calendar year audited financial statements annually. Other than investment management fees, no expenditures or grants are paid out of the investment partnership.

On June 30, 2014, funds were used to purchase a joint investment partnership known as Montauk TriGuard Fund VI LP. These funds are managed and accounted for by TriGuard. TriGuard prepares quarterly statements detailing fund assets, performance, and partnership balances. In addition, TriGuard provides calendar year audited financial statements annually. Other than investment management fees, no expenditures or grants are paid out of the investment partnership.

On January 22, 2016, funds were used to purchase a joint investment partnership known as Salient MLP Total Return Fund, LP. These funds are managed and accounted for by SS&C Technologies, Inc (“SS&C”). SS&C prepares quarterly statements detailing fund assets, performance, and partnership balances. In addition, SS&C provides calendar year audited financial statements annually. Other than investment management fees, no expenditures or grants are paid out of the investment partnership.

On February 3, 2016, funds were used to purchase a joint investment partnership known as Rialto Real Estate Fund III-Debt, LP and Rialto Real Estate Fund III-Property, LP. These funds are managed and accounted for by Rialto Capital Management (“Rialto”). Rialto prepares quarterly statements detailing fund assets, performance, and partnership balances. In addition, Rialto provides calendar year audited financial statements annually. Other than investment management fees, no expenditures or grants are paid out of the investment partnership.

On November 29, 2017, funds were used to purchase a joint investment partnership known as New Mountain Partners V, LP (“New Mountain”). These funds are managed and accounted for by New Mountain. New Mountain prepares quarterly statements detailing fund assets, performance, and partnership balances. In addition, New Mountain provides calendar year audited financial statements annually. Other than investment management fees, no expenditures or grants are paid out of the investment partnership.

On June 11, 2018, funds were used to purchase a joint investment partnership known as Silver Lake Partners V, LP. These funds are managed and accounted for by Brown Advisory, LLC (“Brown Advisory”). Brown Advisory prepares quarterly statements detailing fund assets, performance, and partnership balances. In addition, Brown Advisory provides calendar year audited financial statements annually. Other than investment management fees, no expenditures or grants are paid out of the investment partnership.

On June 15, 2018, funds were used to purchase a joint investment partnership known as Centerbridge Partners Real Estate Fund, LP (“Centerbridge”). These funds are managed and accounted for by Centerbridge. Centerbridge prepares quarterly statements detailing fund assets, performance, and partnership balances. In addition, Centerbridge provides calendar year audited financial statements annually. Other than investment management fees, no expenditures or grants are paid out of the investment partnership.

On April 23, 2019, funds were used to purchase a joint investment partnership known as Canterbury Consulting SPFS Fund VIII. These funds are managed and accounted for by Canterbury Consulting GP I, LLC (“Canterbury”). Canterbury prepares quarterly statements detailing fund assets, performance, and partnership balances. In addition, Canterbury provides calendar year audited financial statements annually. Other than investment management fees, no expenditures or grants are paid out of the investment partnership.

For further details on all alternative investments whose fair value is estimated using NAV, see Note 7.

Note 6. Fair Value Measurements

FASB ASC 820, *Fair Value Measurements,* defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The provisions of FASB ASC 820 establish a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs by requiring that observable inputs be used when available. The three-level hierarchy for fair value measurements is defined as follows:

> Level 1 - quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
>
> Level 2 - observable market-based inputs or unobservable inputs that are corroborated by market data. May include quoted prices in a market that is not active.
>
> Level 3 - unobservable inputs that cannot be corroborated by market data. These inputs reflect management's best estimate of fair value using its own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The Foundation endeavors to utilize the best available information in measuring fair value.

Investments are reported at fair value and assigned a fair value hierarchy based on the inputs to valuation techniques used to measure fair value. The Foundation measures fair value at the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value is based on quoted market prices, except for alternative investments for which quoted market prices are not available. Investments in limited partnerships and alternative investments are less liquid than the Foundation's other investments.

Marketable securities, including publicly traded investments such as corporate securities, mutual funds and exchange traded funds that trade on an active exchange, are classified within Level 1 because they are valued using quoted market prices.

The investments in limited partnerships and alternative investments are valued at the Foundation's net equity position as reported by each respective fund at the valuation date. When provided by the fund manager, the investment funds are valued at NAV as a practical expedient to measuring fair value. In consideration of the fair value hierarchy, investments valued using NAV are no longer required to be classified within the hierarchy in accordance with FASB ASU 2015-07. For the investments valued at the Foundation’s net equity position, the fair value measurement classifications are based on the Foundation's ability to redeem the investments as of the measurement date and the underlying investments. If the funds can be redeemed at the Foundation’s net equity position (or its equivalent) as of the measurement date or can be redeemed within the near term, they are categorized as Level 2 fair value measurements. If the Foundation does not have the ability to redeem the investment in the near term or does not have the ability to redeem the investment, and thereby does not know when the investment can be redeemed, they are categorized as Level 3 fair value measurements.

Grants payable are valued at the net present value of expected future cash outflows which approximates fair value and are classified within Level 3 as there is no market for these liabilities.

Note 6. Fair Value Measurements (Continued)

The following table summarizes the Foundation's assets carried at fair value within the FASB ASC 820 fair value hierarchy levels as of September 30, 2019:

Assets at Fair Value as of September 30, 2019

Description	Unadjusted Quoted Prices (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Balance as of September 30, 2019
Investments				
Corporate securities	$ 3,312,775	$ -	$ -	$ 3,312,775
Mutual funds				
Domestic equity	9,360,397	-	-	9,360,397
International equity	13,015,016	-	-	13,015,016
Fixed income	8,733,125	-	-	8,733,125
Total mutual funds	31,108,538	-	-	31,108,538
Investment in limited partnerships				
Domestic equity	-	2,052,290	-	2,052,290
Other	-	-	3,138,687	3,138,687
Total investment in limited partnerships	-	2,052,290	3,138,687	5,190,977
Funds valued at NAV * (Note 7)	-	-	-	720,863
Total	$ 34,421,313	$ 2,052,290	$ 3,138,687	$ 40,333,153

*Certain investments measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The following tables summarize the changes in the Foundation's Level 3 assets and liabilities for the year ended September 30, 2019:

Level 3 Assets for the Year Ended September 30, 2019

	Limited Partnerships - Other
Beginning balance, October 1, 2018	$ 2,933,347
Realized and unrealized losses	111,779
Purchases and contributions	369,833
Sales and distributions	(276,272)
Transfers in (out) of Level 3	-
Ending balance, September 30, 2019	$ 3,138,687

Note 6. Fair Value Measurements (Continued)

Level 3 Liabilities for the Year Ended September 30, 2019

	Grants Payable
Beginning balance, October 1, 2018	**$ 95,000**
Grants awarded	**1,884,950**
Grants paid	**(1,979,950)**
Transfers in (out) of Level 3	-
Ending balance, September 30, 2019	**$ -**

The following tables summarize the Foundation's assets and liabilities carried at fair value within the FASB ASC 820 fair value hierarchy levels as of September 30, 2018:

Assets at Fair Value as of September 30, 2018

Description	Unadjusted Quoted Prices (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Balance as of September 30, 2018
Investments				
Corporate securities	$ 3,952,966	$ -	$ -	$ 3,952,966
Mutual funds				
Domestic equity	7,655,801	-	-	7,655,801
International equity	13,000,052	-	-	13,000,052
Fixed income	9,137,654	-	-	9,137,654
Total mutual funds	29,793,507	-	-	29,793,507
Investment in limited partnerships				
Domestic equity	-	1,967,721	-	1,967,721
Other	-	-	2,933,347	2,933,347
Total investment in limited partnerships	-	1,967,721	2,933,347	4,901,068
Funds valued at NAV * (Note 7)	-	-	-	3,604,111
Total	$ 33,746,473	$ 1,967,721	$ 2,933,347	$ 42,251,652

*See previous page.

Liabilities at Fair Value as of September 30, 2018

Description	Unadjusted Quoted Prices (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Balance as of September 30, 2018
Grants Payable	$ -	$ -	$ 95,000	$ 95,000

Note 6. Fair Value Measurements (Continued)

The following tables summarize the changes in the Foundation's Level 3 assets and liabilities for the year ended September 30, 2018:

Level 3 Assets for the Year Ended September 30, 2018

	Limited Partnerships - Other
Beginning balance, October 1, 2017	$ 2,461,936
Realized and unrealized gains	(46,193)
Purchases and contributions	787,517
Sales and distributions	(269,913)
Transfers in (out) of Level 3	-
Ending balance, September 30, 2018	$ 2,933,347

Level 3 Liabilities for the Year Ended September 30, 2018

	Grants Payable
Beginning balance, October 1, 2017	$ 45,000
Grants awarded	2,047,000
Grants paid	(1,997,000)
Transfers in (out) of Level 3	-
Ending balance, September 30, 2018	$ 95,000

Note 7. Investments in Investment Funds

The Foundation may liquidate its investments in all private equity investments periodically, generally ranging from monthly to annually, or not at all, depending on the provisions of the respective funds' offering documents and any negotiated liquidity agreements between the Foundation and the funds. The Foundation's investments in the private equity investments are subject to the terms of the respective funds' agreements, private placement memoranda, and other governing agreements.

Due to the liquidity limitations of the Foundation's investments in the investment funds and the inherent uncertainty of the valuation of certain investments held by certain investment funds, the values that the respective investment managers have ascribed to their investment funds may differ from the values that would have been used had a ready market existed. Such values may not necessarily represent amounts that will be ultimately realized in the near term through distribution, sale or liquidation of the investment.

The Foundation's investments in the investment funds are subject to the market and credit risk of those financial instruments held or sold short by the investment funds. The investment funds in which the Foundation invests utilize a variety of financial instruments in their trading strategies, which contain varying degrees of off-balance-sheet risk. The Foundation's risk of loss related to any one investment fund is generally limited to its investment in that fund.

Note 7. Investments in Investment Funds (Continued)

The following table discloses the fair value and redemption frequency for those assets whose fair value is estimated using NAV as of September 30, 2019:

Investment	Percentage of Net Assets	NAV	Unfunded Commitment	Redemption Notice period	Permitted
Maverick Stable Fund, Ltd. (a)	0.61%	$ 253,908	$ -	95 days	Quarterly
AG Super Fund, L.P. (b)	0.12%	48,115	-	60 days	Annually
AG Realty Fund VIII (c)	0.69%	285,397	250,881	60 days	Annually
GoldenTree Offshore Fund, Ltd. (d)	0.32%	133,443	-	90 days	Quarterly
Total	1.74%	$ 720,863	$ 250,881		

(a) Maverick Stable Fund, Ltd. is a Cayman Islands exempted company with limited liability that was organized in May 2002. This company's objective is to preserve and grow capital by identifying high-quality investment managers with above-average investment histories and investing assets in private investment vehicles managed by such portfolio managers.

(b) AG Super Fund, L.P. is a joint investment partnership whose funds are managed and accounted for by Angelo, Gordon & Co., L.P. ("Angelo"). Angelo prepares monthly statements detailing fund assets, performance, and partnership balances. In addition, Angelo provides calendar year audited financial statements annually. The partnership engages in various investment strategies, including investments in distressed corporate securities, convertible hedging, residential and consumer debt, real estate debt, merger arbitrage, real estate and private equity. Other than investment management fees, no expenditures or grants are paid out of the investment partnership.

(c) AG Realty Fund VIII is a joint investment partnership whose funds are managed and accounted for by Angelo. Angelo prepares monthly statements detailing fund assets, performance, and partnership balances. In addition, Angelo provides calendar year audited financial statements annually. The partnership's principal objective is capital appreciation primarily through investments in distressed real assets and sub-performing and non-performing mortgages. Other than investment management fees, no expenditures or grants are paid out of the investment partnership.

(d) GoldenTree Offshore Fund, Ltd. is a Cayman Islands exempted company primarily invested in GoldenTree Offshore Intermediate Fund, L.P. which is in turn primarily invested in GoldenTree Master Fund, Ltd. (72%) and fixed income securities (28%). The master fund holds approximately 68% of their investments in fixed income securities, 28% in equity securities, and the remaining 4% in various derivative securities, including warrants, forward currency contracts, swap agreements, and options.

Note 8. Loan Receivable

Loan receivable consists of the following at September 30, 2019 and 2018:

		2019		2018
Promissory note with Kitchens for Good dated March 14, 2016; principal and interest payments are due in monthly installments of $1,500 beginning January 15, 2017 and ending February 23, 2019, at which time all remaining unpaid interest and principal shall be due in full; interest rate is accrued at 4% per annum and accrual of interest will be deferred until January 1, 2017. This promissory note was paid in full in February 2019.	**$**	**-**	$	5,964
Promissory note with Kitchens for Good dated September 6, 2019; principal and interest payments are due in monthly installments of $1,500 beginning January 15, 2020 and ending February 15, 2022, at which time all remaining unpaid interest and principal shall be due in full; interest rate is accrued at 4% per annum and accrual of interest will be deferred until January 1, 2020.		**35,000**		-
Less: Current Portion		**(12,682)**		(5,964)
Loan Receivable, Less Current Portion	**$**	**22,318**	$	-

Interest income for the years ended September 30, 2019 and 2018 was $50 and $617, respectively.

Note 9. Note Receivable

In June 2019, the Foundation issued a non-recourse investment note for $250,000 to MDF Fund I, LP, a California limited partnership. The note matures in January 2024. Commencing in June 2019 and until the indebtedness is paid in full, the principal amount shall bear simple interest at the rate of 2%. Principal and interest payments are due at the maturity date and the note can be repaid at any time without premium or penalty.

Note 10. Property and Equipment, Net

Property and equipment, net of accumulated depreciation, consists of the following at September 30, 2019 and 2018:

		2019		2018
Office equipment	**$**	**8,908**	$	8,908
Less: Accumulated depreciation		**(8,908)**		(8,866)
Total	**$**	**-**	$	42

Depreciation expense for the years ended September 30, 2019 and 2018 was $42 and $205, respectively.

Note 11. Grants Payable

Grants which have been approved by the Board but not yet disbursed are reported as grants payable. Grants that are payable in greater than one year are discounted to present value using risk-adjusted rates of return. For the years ended September 30, 2019 and 2018, management determined the discount to be minor and the face value of the grant approximates fair value. Grants payable totaled $0 and $95,000 for the years ended September 30, 2019 and 2018, respectively.

Note 11. Grants Payable (Continued)

Not included in grants payable are specific grants which have been approved by the Board but are subject to certain conditions prior to the funds being paid to the intended recipients. As of September 30, 2018, the Foundation had approved $160,000 of these conditional grants. During the year ended September 30, 2019, the Foundation approved an additional $350,500 of conditional grants, disbursed $375,000, and wrote off $0 of the approved funds for which the conditions were met. The balance of approved conditional grants as of September 30, 2019 is $135,500. The Board anticipates that the conditions related to these grants will be satisfied and all funds will be disbursed within the coming year.

Note 12. Minimum Distribution Requirement

The Board, on an annual basis, determines a grant budget that is intended to equal or exceed the minimum distribution requirement of the Tax Code applicable to that fiscal year. The Foundation has exceeded the minimum distribution requirement for the years ended September 30, 2019 and 2018.

The Code requires that certain minimum distributions be made in accordance with a specified formula. As of September 30, 2019, the Foundation has distributed $762,526 in excess of the minimum requirement. Excess distribution carryovers are limited to a five-year period. Specific amounts be year are as follows:

	Excess Distribution Carryover
Excess from September 30, 2015	$ 220,431
Excess from September 30, 2016	180,047
Excess from September 30, 2017	157,453
Excess from September 30, 2018	50,996
Excess from September 30, 2019	153,599
Total	$ 762,526

Note 13. Commitments

In March 2008, the Foundation signed a funding commitment of $1,000,000 with the Montauk TriGuard Fund IV, to be drawn-down on an as-needed basis, as determined by Montauk TriGuard Fund's General Partner. The Foundation’s remaining unpaid commitment at September 30, 2019 is $90,000.

In February 2011, the Board voted to commit $500,000 to an investment in Montauk TriGuard Fund V, subject to capital calls over approximately four years. The Foundation's unfunded commitment at September 30, 2019 is $115,000.

In June 2014, the Foundation signed a funding commitment of $750,000 with Montauk TriGuard Fund VI, to be drawn-down on an as-needed basis, as determined by Montauk TriGuard Fund’s General Partner. The Foundation’s remaining unpaid commitment at September 30, 2019 is $157,500.

In February 2016, the Foundation signed a funding commitment of $450,000 with Rialto Real Estate Fund III-Debt, to be drawn-down on an as-needed basis, as determined by Rialto Real Estate Fund - Debt’s General Partner. The Foundation’s remaining unpaid commitment at September 30, 2019 is $71,955.

Note 13. Commitments (Continued)

In February 2016, the Foundation signed a funding commitment of $300,000 with Rialto Real Estate Fund III-Property, to be drawn-down on an as-needed basis, as determined by Rialto Real Estate Fund - Property's General Partner. The Foundation's remaining unpaid commitment at September 30, 2019 is $126,573.

In November 2017, the Foundation signed a funding commitment of $500,000 with New Mountain, to be drawn-down on an as-needed basis, as determined by New Mountain's General Partner. The Foundation's remaining unpaid commitment at September 30, 2019 is $290,949.

In June 2018, the Foundation signed a funding commitment of $380,742 with Brown Advisory, to be drawn-down on an as-needed basis, as determined by Brown Advisory Fund's General Partner. The Foundation's remaining unpaid commitment at September 30, 2019 is $223,945.

In June 2018, the Foundation signed a funding commitment of $500,000 with Centerbridge, to be drawn-down on an as-needed basis, as determined by Centerbridge's General Partner. The Foundation's remaining unpaid commitment at September 30, 2019 is $336,349.

In May 2019, the Foundation signed a funding commitment of $750,000 with Canterbury, to be drawn-down on an as-needed basis, as determined by Canterbury's General Partner. The Foundation's remaining unpaid commitment at September 30, 2019 is $664,297.

Note 14. Subsequent Events

For the period October 2019 through January 2020, the Board approved additional grants totaling, $280,000 of which $25,000 is conditional.

SUPPLEMENTARY INFORMATION

THE PARKER FOUNDATION

STATEMENT OF FINANCIAL POSITION BY FUND
Year Ended September 30, 2019

	Parker	Dempster-Larsen	Total
ASSETS			
Current Assets			
Cash and cash equivalents	$ 607,767	$ -	$ 607,767
Accrued interest and dividends	3,674	-	3,674
Prepaid expenses and other assets	201,090	-	201,090
Loan receivable	12,682	-	12,682
Total Current Assets	825,213	-	825,213
Investments	40,333,153	-	40,333,153
Loan Receivable, Less Current Portion	22,318	-	22,318
Note Receivable	250,000	-	250,000
Due (To) From Related Fund	(6,238,367)	6,238,367	-
Total Assets	$ 35,192,317	$ 6,238,367	$ 41,430,684
LIABILITIES AND NET ASSETS			
Liabilities			
Accrued expenses	$ 38,677	$ -	$ 38,677
Total Liabilities	38,677	-	38,677
Net Assets			
Without donor restrictions	35,153,640	6,238,367	41,392,007
Total Liabilities and Net Assets	$ 35,192,317	$ 6,238,367	$ 41,430,684

See independent auditor's report.

THE PARKER FOUNDATION

STATEMENT OF ACTIVITIES BY FUND
Year Ended September 30, 2019

	Parker	Dempster-Larsen	Total
NET ASSETS WITHOUT DONOR RESTRICTIONS			
Net Investment Income			
Interest and dividends	$ 637,707	$ 113,043	$ 750,750
Capital gain dividends	528,962	93,767	622,729
Partnership income	298,013	52,827	350,840
Net gain on sale of investments	1,010,552	179,135	1,189,687
Unrealized loss on investments	(1,554,232)	(275,511)	(1,829,743)
Royalty income	200	36	236
Miscellaneous income	2,764	490	3,254
Advisory and investment fees	(86,737)	(15,375)	(102,112)
Custodian fees	(12,573)	(2,229)	(14,802)
Total Net Investment Income	824,656	146,183	970,839
Expenses			
Grants	1,636,850	213,100	1,849,950
Administrative	84,885	15,047	99,932
Federal excise, state and foreign taxes	57,859	10,256	68,115
Accounting and audit	44,731	7,929	52,660
Memberships	6,371	1,129	7,500
Conferences and community functions	6,332	1,122	7,454
Insurance	3,565	632	4,197
Technology services	1,595	283	1,878
Postage, printing and reproductions	1,272	225	1,497
File storage	1,246	221	1,467
Telephone	1,109	196	1,305
Legal	212	38	250
Filing fees	154	27	181
Miscellaneous	141	25	166
Depreciation	36	6	42
Total Expenses	1,846,358	250,236	2,096,594
Change in Net Assets Without Donor Restrictions	(1,021,702)	(104,053)	(1,125,755)
Net Assets, Beginning	36,175,342	6,342,420	42,517,762
Net Assets, Ending	$ 35,153,640	$ 6,238,367	$ 41,392,007

See independent auditor’s report.