



**AUDITED
FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021 AND 2020

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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, 2021 and 2020, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free 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, 2021 and 2020, 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.

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

La Jolla, California
April 13, 2022

THE PARKER FOUNDATION

STATEMENTS OF FINANCIAL POSITION

September 30, 2021 and 2020

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 502,703	\$ 140,249
Accrued interest and dividends	7,296	5,522
Prepaid expenses and other assets	23,421	36,424
Current portion of loan receivable	6,372	17,424
Total Current Assets	539,792	199,619
Investments	48,924,770	41,639,030
Loan Receivable, Less Current Portion	-	4,894
Note Receivable	250,000	250,000
Total Assets	\$ 49,714,562	\$ 42,093,543
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued expenses	\$ 70,559	\$ 48,985
Grant payable	20,000	-
Total Liabilities	90,559	48,985
Net Assets		
Without donor restrictions	49,624,003	42,044,558
Total Liabilities and Net Assets	\$ 49,714,562	\$ 42,093,543

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

THE PARKER FOUNDATION

STATEMENTS OF ACTIVITIES

Years Ended September 30, 2021 and 2020

	2021	2020
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Net Investment Income		
Interest and dividends	\$ 691,640	\$ 716,666
Capital gain dividends	634,952	560,129
Partnership income	1,282,408	319,604
Realized gain on sale of investments	1,970,850	989,084
Unrealized gain on investments	5,384,284	322,657
Royalty income	236	236
Miscellaneous income	1,514	4
Advisory and investment fees	(122,656)	(88,641)
Custodian fees	(16,218)	(15,300)
Total Net Investment Income	9,827,010	2,804,439
Expenses		
Program operations	2,089,899	2,076,491
Management and general	157,666	75,397
Total Expenses	2,247,565	2,151,888
Change in Net Assets Without Donor Restrictions	7,579,445	652,551
Net Assets, Beginning	42,044,558	41,392,007
Net Assets, Ending	<u>\$ 49,624,003</u>	<u>\$ 42,044,558</u>

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

THE PARKER FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended September 30, 2021 and 2020

	2021		
	Program Operations	Management and General	Total
Expenses			
Grants	\$ 1,902,960	\$ -	\$ 1,902,960
Administrative	115,830	12,870	128,700
Federal excise, state and foreign taxes	-	77,466	77,466
Accounting and audit	-	59,234	59,234
50th anniversary initiative	45,450	5,050	50,500
Conferences and community functions	9,507	1,056	10,563
Memberships	6,885	765	7,650
Insurance	3,933	437	4,370
File storage	1,832	204	2,036
Technology services	1,596	177	1,773
Postage, printing and reproductions	1,065	118	1,183
Telephone	841	93	934
Filing fees	-	196	196
Total Expenses	\$ 2,089,899	\$ 157,666	\$ 2,247,565

	2020		
	Program Operations	Management and General	Total
Expenses			
Grants	\$ 1,954,300	\$ -	\$ 1,954,300
Administrative	94,860	10,540	105,400
Accounting and audit	-	48,878	48,878
Federal excise, state and foreign taxes	-	12,783	12,783
50th anniversary initiative	9,000	1,000	10,000
Memberships	6,750	750	7,500
Insurance	3,857	429	4,286
Technology services	3,056	339	3,395
File storage	1,423	158	1,581
Postage, printing and reproductions	1,229	136	1,365
Conferences and community functions	1,201	133	1,334
Telephone	810	90	900
Filing fees	-	160	160
Miscellaneous	5	1	6
Total Expenses	\$ 2,076,491	\$ 75,397	\$ 2,151,888

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

THE PARKER FOUNDATION

STATEMENTS OF CASH FLOWS

Years Ended September 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 7,579,445	\$ 652,551
Adjustments to reconcile change in net assets to net cash flows used in operating activities:		
Partnership income	(1,282,408)	(319,604)
Realized gain on sale of investments	(1,970,850)	(989,084)
Unrealized gain on investments	(5,384,284)	(322,657)
Change in assets and liabilities:		
(Increase) decrease in:		
Accrued interest and dividends	(1,774)	(1,848)
Prepaid expenses and other assets	13,003	164,666
Loan receivable	15,946	12,682
Increase in:		
Accrued expenses	21,574	10,308
Grant payable	20,000	-
Net Cash Flows Used in Operating Activities	(989,348)	(792,986)
Cash Flows from Investment Activities		
Purchases of investments	(22,407,701)	(15,532,828)
Proceeds from sale of investments	20,311,099	15,605,286
Cash distributions from investment partnerships	3,448,404	253,010
Net Cash Flows Provided by Investing Activities	1,351,802	325,468
Net Change in Cash and Cash Equivalents	362,454	(467,518)
Cash and Cash Equivalents		
Beginning	140,249	607,767
Ending	\$ 502,703	\$ 140,249
Supplemental Disclosures of Cash Flow Information		
Cash paid for:		
Federal excise tax	\$ 73,981	\$ -

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

THE PARKER FOUNDATION

NOTES TO 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 Principles: 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 Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") that are in effect as of September 30, 2021 and 2020.

The Foundation does not believe that there are any new Accounting Standards Updates ("ASUs") issued by the 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.

Fair Value of Financial Instruments: The Foundation's financial instruments consist principally of cash and cash equivalents, accrued interest and dividends, loan receivable, investments, note receivable, accrued expenses and grant payable. The fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants. Assets and liabilities measured at fair value are categorized based on whether the inputs are observable in the market and the degree that the inputs are observable.

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. All investments are subject to fluctuations due to market conditions.

THE PARKER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

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, 2021 and 2020, accounts at this institution are insured to the extent provided by the Federal Deposit Insurance Corporation. The Foundation's uninsured cash balances totaled \$252,703 and \$0 at September 30, 2021 and 2020, 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 corporate securities, mutual funds, 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 4) 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.

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.

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, 2021 and 2020, the Foundation had no net assets with donor restrictions.

THE PARKER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

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 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. There was no discount on grant payable as of September 30, 2021.

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 1.39% on net investment income of private foundations. Federal excise tax expense for the years ended September 30, 2021 and 2020 was \$63,813 and \$49,603, respectively. At September 30, 2021 and 2020, the Foundation had federal excise tax payable of \$2,580 and \$15,981, respectively. 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 \$63,886 and \$(21,021) of unrelated business income tax for the years ended September 30, 2021 and 2020, respectively. At September 30, 2021 and 2020, the Foundation had prepaid federal unrelated business income taxes of \$7,593 and \$3,605, respectively. Prepaid unrelated business income tax is recorded in prepaid expenses and other assets in the statements of financial position. At September 30, 2021 and 2020, the Foundation had state unrelated business income tax payable of \$3,120 and \$0, respectively. Tax payable is recorded in accrued expenses in the statements of financial position. 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, 2021 and 2020. 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, accounting and audit, 50th anniversary initiative, federal excise, state and foreign taxes, 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, 2021, the percentages used for allocation between the Parker Fund and the Dempster-Larsen Fund were approximately 85.27% and 14.73%, respectively. For the year ended September 30, 2020, the percentages used for allocation between the Parker Fund and the Dempster-Larsen Fund were approximately 84.74% and 15.26%, respectively. The amount of Dempster-Larsen Fund grants is based on grants designated by the Board as such. For the years ended September 30, 2021 and 2020, the percentage of Dempster-Larsen Fund grants to total grants was approximately 26.12% and 10.87%, respectively.

THE PARKER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

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

Risks and Uncertainties: In March 2020, the World Health Organization declared COVID-19 a pandemic. Management has evaluated the potential impact of COVID-19 to areas of operation, including contractors, vendors, and the overall financial activities and does not believe that there has been any adverse impact on the Foundation's operations or financial position.

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 the matter discussed in Note 12, there were no material subsequent events that required recognition or disclosure in the financial statements.

Note 3. Availability and Liquidity of Financial Assets

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

	2021	2020
Financial Assets at Year-End		
Cash and cash equivalents	\$ 502,703	\$ 140,249
Accrued interest and dividends	7,296	5,522
Investments	48,924,770	41,639,030
Loan receivable	6,372	22,318
Note receivable	250,000	250,000
Total Financial Assets	49,691,141	42,057,119
Less: Amounts not available to be used within one year		
Investments	(8,672,975)	(8,874,014)
Loan receivable, long-term portion	-	(4,894)
Note receivable	(250,000)	(250,000)
Financial Assets Available To Meet General Expenditures Over the Next Twelve Months	\$ 40,768,166	\$ 32,928,211

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 99.44% and 99.25% of total assets for the years ended September 30, 2021 and 2020, 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.

THE PARKER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 4. Analysis of Investments

The Foundation's investments consisted of the following at September 30, 2021:

	Carrying Value	Market Value
Corporate securities	\$ 2,806,819	\$ 4,656,839
Mutual funds		
Domestic equity	7,134,274	9,313,783
International equity	12,325,815	17,333,272
Fixed income	8,899,767	8,947,901
Total mutual funds	28,359,856	35,594,956
Investment in limited partnerships		
Domestic equity	708,796	1,236,346
Other	5,859,502	7,076,215
Total investment in limited partnerships	6,568,298	8,312,561
Funds valued at NAV	94,259	360,414
Total	\$ 37,829,232	\$ 48,924,770

The Foundation's investments consisted of the following at September 30, 2020:

	Carrying Value	Market Value
Corporate securities	\$ 2,278,409	\$ 3,894,123
Mutual funds		
Domestic equity	7,778,593	8,271,208
International equity	11,296,766	13,740,028
Fixed income	6,937,196	6,859,657
Total mutual funds	26,012,555	28,870,893
Investment in limited partnerships		
Domestic equity	1,888,340	2,470,291
Other	5,484,828	6,039,616
Total investment in limited partnerships	7,373,168	8,509,907
Funds valued at NAV	263,644	364,107
Total	\$ 35,927,776	\$ 41,639,030

The relationship between carrying values and market values of investments for the years ended September 30, 2021 and 2020 is summarized as follows:

	Carrying Value	Market Value	Excess of Market Value Over Carrying Value
Balance, September 30, 2021	\$ 37,829,232	\$ 48,924,770	\$ 11,095,538
Balance, September 30, 2020	\$ 35,927,776	\$ 41,639,030	\$ 5,711,254
Unrealized Gain			\$ 5,384,284

THE PARKER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 4. Analysis of Investments (Continued)

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, LP. 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.

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 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.

THE PARKER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 4. Analysis of Investments (Continued)

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.

On August 13, 2020, funds were used to purchase a joint investment partnership known as The CCI Core Bond Fund, LP (“CCI Core Bond”). These funds are managed and accounted for by CCI Core Bond. CCI Core Bond prepares quarterly statements detailing fund assets, performance, and partnership balances. In addition, CCI Core Bond 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 6, 2021, funds were used to purchase a joint investment partnership known as Silver Lake Partners VI, LP. These funds are managed and accounted for by Silver Lake Group, LLC (“Silver Lake”). Silver Lake prepares quarterly statements detailing fund assets, performance, and partnership balances. In addition, Silver Lake 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 10, 2021, funds were used to purchase a joint investment partnership known as New Mountain Partners VI, LP (“New Mountain VI”). These funds are managed and accounted for by New Mountain VI. New Mountain VI prepares quarterly statements detailing fund assets, performance, and partnership balances. In addition, New Mountain VI 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 6.

Note 5. Fair Value Measurements

FASB ASC 820, *Fair Value Measurement*, 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.

THE PARKER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 5. Fair Value Measurements (Continued)

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 and are not required to be classified within the fair value hierarchy. For the investments valued at the Foundation's net equity position, in which NAV is not provided by the fund manager, 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 a Fund's underlying investments are classified at Level 1 or 2 and the investment 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 classified as level 2. 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.

Grant payable is 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 this type of liability.

THE PARKER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 5. Fair Value Measurements (Continued)

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, 2021:

Assets at Fair Value as of September 30, 2021

Description	Unadjusted Quoted Prices (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Balance as of September 30, 2021
Investments				
Corporate securities	\$ 4,656,839	\$ -	\$ -	\$ 4,656,839
Mutual funds				
Domestic equity	9,313,783	-	-	9,313,783
International equity	17,333,272	-	-	17,333,272
Fixed income	8,947,901	-	-	8,947,901
Total mutual funds	35,594,956	-	-	35,594,956
Investment in limited partnerships				
Domestic equity	-	1,236,346	-	1,236,346
Other	-	-	7,076,215	7,076,215
Total investment in limited partnerships	-	1,236,346	7,076,215	8,312,561
Funds valued at NAV * (Note 6)	-	-	-	360,414
Total	\$ 40,251,795	\$ 1,236,346	\$ 7,076,215	\$ 48,924,770

*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.

Liabilities at Fair Value as of September 30, 2021

Description	Unadjusted Quoted Prices (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Balance as of September 30, 2021
Grant Payable	\$ -	\$ -	\$ 20,000	\$ 20,000

THE PARKER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 5. 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, 2021:

Level 3 Assets for the Year Ended September 30, 2021

	Limited Partnerships - Other
Beginning balance, October 1, 2020	\$ 6,039,616
Net realized and unrealized losses	885,456
Purchases and contributions	699,829
Sales and distributions	(548,686)
Transfers in (out) of Level 3	-
Ending balance, September 30, 2021	\$ 7,076,215

Level 3 Liabilities for the Year Ended September 30, 2021

	Grant Payable
Beginning balance, October 1, 2020	\$ -
Grants awarded	1,902,960
Grants paid	(1,882,960)
Transfers in (out) of Level 3	-
Ending balance, September 30, 2021	\$ 20,000

The following table summarizes the Foundation's assets carried at fair value within the FASB ASC 820 fair value hierarchy as of September 30, 2020:

Assets at Fair Value as of September 30, 2020

Description	Unadjusted Quoted Prices (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Balance as of September 30, 2020
Investments				
Corporate securities	\$ 3,894,123	\$ -	\$ -	\$ 3,894,123
Mutual funds				
Domestic equity	8,271,208	-	-	8,271,208
International equity	13,740,028	-	-	13,740,028
Fixed income	6,859,657	-	-	6,859,657
Total mutual funds	28,870,893	-	-	28,870,893
Investment in limited partnerships				
Domestic equity	-	2,470,291	-	2,470,291
Other	-	-	6,039,616	6,039,616
Total investment in limited partnerships	-	2,470,291	6,039,616	8,509,907
Funds valued at NAV * (Note 6)	-	-	-	364,107
Total	\$ 32,765,016	\$ 2,470,291	\$ 6,039,616	\$ 41,639,030

THE PARKER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 5. Fair Value Measurements (Continued)

The following table summarizes the changes in the Foundation's Level 3 assets for the year ended September 30, 2020:

Level 3 Assets for the Year Ended September 30, 2020

	Limited Partnerships - Other
Beginning balance, October 1, 2019	\$ 3,138,687
Net realized and unrealized losses	(18,240)
Purchases and contributions	3,171,980
Sales and distributions	(252,811)
Transfers in (out) of Level 3	-
Ending balance, September 30, 2020	\$ 6,039,616

Note 6. 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.

The following table discloses the fair value and redemption frequency for those assets whose fair value is estimated using NAV as of September 30, 2021:

Investment	Percentage of Net Assets	NAV	Unfunded Commitment	Redemption Notice period	Permitted
AG Super Fund, L.P. (a)	0.04%	\$ 19,962	\$ -	60 days	Annually
AG Realty Fund VIII (b)	0.49%	242,106	154,179	60 days	Annually
GoldenTree Offshore Fund, Ltd. (c)	0.20%	98,346	-	90 days	Quarterly
Total	0.73%	\$ 360,414	\$ 154,179		

THE PARKER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 6. Investments in Investment Funds (Continued)

- (a) 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.
- (b) 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.
- (c) 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 7. Loan Receivable

Loan receivable consists of the following at September 30, 2021 and 2020:

	2021	2020
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.	\$ 6,372	\$ 22,318
Less: Current Portion	(6,372)	(17,424)
Loan Receivable, Less Current Portion	\$ -	\$ 4,894

Interest income for the years ended September 30, 2021 and 2020 was \$576 and \$818, respectively.

Note 8. 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. Interest payments on the note have been made annually. Interest income for the years ended September 30, 2021 and 2020 was \$5,000.

THE PARKER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 9. 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, 2021 and 2020.

The Code requires that certain minimum distributions be made in accordance with a specified formula. As of September 30, 2021, the Foundation has distributed \$657,310 in excess of the minimum requirement. Excess distribution carryovers are limited to a five-year period. Specific amounts by year are as follows:

	Excess Distribution Carryover
Excess from September 30, 2017	\$ 157,453
Excess from September 30, 2018	50,996
Excess from September 30, 2019	153,599
Excess from September 30, 2020	133,826
Excess from September 30, 2021	161,436
Total	\$ 657,310

Note 10. 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, 2021 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, 2021 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, 2021 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, 2021 is \$0.

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, 2021 is \$0.

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, 2021 is \$64,433.

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, 2021 is \$25,534.

THE PARKER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 10. Commitments (Continued)

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, 2021 is \$295,182.

In April 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, 2021 is \$488,969.

In May 2020, the Foundation signed a funding commitment of \$500,000 with New Mountain VI, to be drawn-down on an as-needed basis, as determined by New Mountain VI's General Partner. The Foundation's remaining unpaid commitment at September 30, 2021 is \$424,272.

In June 2020, the Foundation signed a funding commitment of \$1,000,000 with Silver Lake, to be drawn-down on an as-needed basis, as determined by Silver Lake's General Partner. The Foundation's remaining unpaid commitment at September 30, 2021 is \$609,634.

In July 2021, the Foundation signed a funding commitment of \$500,000 with Vance Street Capital III, LP, to be drawn-down on an as-needed basis, as determined by Vance Street Capital III, LP's General Partner. The Foundation's remaining unpaid commitment at September 30, 2021 is \$500,000.

Note 11. Conditional Grants

Conditional grants are grants approved by the Board that are subject to certain conditions prior to the funds being paid to the intended recipients. As of September 30, 2020, the Foundation had approved \$85,000 of these conditional grants. During the year ended September 30, 2021, the Foundation approved an additional \$403,400 of conditional grants, disbursed \$218,400, and wrote off \$0 of the approved funds for which the conditions were met. The balance of approved conditional grants as of September 30, 2020 is \$270,000. 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. Subsequent Events

For the period October 2021 through January 2021, the Board approved additional grants totaling \$185,000 of which \$35,000 is conditional.

SUPPLEMENTARY INFORMATION

THE PARKER FOUNDATION

STATEMENT OF FINANCIAL POSITION BY FUND

September 30, 2021

	Parker	Dempster- Larsen	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 502,703	\$ -	\$ 502,703
Accrued interest and dividends	7,296	-	7,296
Prepaid expenses and other assets	23,421	-	23,421
Current portion of loan receivable	6,372	-	6,372
Total Current Assets	539,792	-	539,792
Investments	48,924,770	-	48,924,770
Loan Receivable, Less Current Portion	-	-	-
Note Receivable	250,000	-	250,000
Due (To) From Related Fund	(7,323,556)	7,323,556	-
Total Assets	\$ 42,391,006	\$ 7,323,556	\$ 49,714,562
LIABILITIES AND NET ASSETS			
Liabilities			
Accrued expenses	\$ 70,559	\$ -	\$ 70,559
Grant payable	20,000	-	20,000
Total Liabilities	90,559	-	90,559
Net Assets			
Without donor restrictions	42,300,447	7,323,556	49,624,003
Total Liabilities and Net Assets	\$ 42,391,006	\$ 7,323,556	\$ 49,714,562

See independent auditor's report.

THE PARKER FOUNDATION

STATEMENT OF ACTIVITIES BY FUND

Year Ended September 30, 2021

	Parker	Dempster- Larsen	Total
NET ASSETS WITHOUT DONOR RESTRICTIONS			
Net Investment Income			
Interest and dividends	\$ 589,753	\$ 101,887	\$ 691,640
Capital gain dividends	541,416	93,536	634,952
Partnership income	1,093,494	188,914	1,282,408
Realized gain on sale of investments	1,680,520	290,330	1,970,850
Unrealized gain on investments	4,591,114	793,170	5,384,284
Royalty income	201	35	236
Miscellaneous income	1,291	223	1,514
Advisory and investment fees	(104,587)	(18,069)	(122,656)
Custodian fees	(13,829)	(2,389)	(16,218)
Total Net Investment Income	8,379,373	1,447,637	9,827,010
Expenses			
Grants	1,405,960	497,000	1,902,960
Administrative	109,741	18,959	128,700
Federal excise, state and foreign taxes	66,054	11,412	77,466
Accounting and audit	50,508	8,726	59,234
50th anniversary initiative	43,061	7,439	50,500
Conferences and community functions	9,007	1,556	10,563
Memberships	6,523	1,127	7,650
Insurance	3,726	644	4,370
File storage	1,736	300	2,036
Technology services	1,512	261	1,773
Postage, printing and reproductions	1,009	174	1,183
Telephone	796	138	934
Filing fees	166	30	196
Total Expenses	1,699,799	547,766	2,247,565
Change in Net Assets			
Without Donor Restrictions	6,679,574	899,871	7,579,445
Net Assets, Beginning	35,620,873	6,423,685	42,044,558
Net Assets, Ending	<u>\$ 42,300,447</u>	<u>\$ 7,323,556</u>	<u>\$ 49,624,003</u>

See independent auditor's report.