



Financial Statements
April 30, 2022 and 2021
Jerome Foundation

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Independent Auditor's Report

To the Board of Directors and Members
Jerome Foundation, Inc.
Saint Paul, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jerome Foundation (the Foundation), which comprise the statements of financial position as of April 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of April 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities of the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Minneapolis, Minnesota
August 8, 2022

Jerome Foundation
Statements of Financial Position
April 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 108,711	\$ 577,641
Other receivables	-	59
Prepaid expenses	64,689	52,985
Investments (Note 3)	114,002,229	127,845,891
Property and equipment, net (Note 4)	222,370	263,823
	\$ 114,397,999	\$ 128,740,399
Liabilities and Net Assets		
Liabilities		
Grant commitments payable (Note 6)	\$ 3,077,052	\$ 3,420,550
Accounts payable	7,687	26,850
Accrued liabilities	86,543	106,907
Deferred excise tax payable (Note 9)	301,316	603,996
Total liabilities	3,472,598	4,158,303
Net Assets		
Without donor restrictions	110,925,401	124,582,096
Total net assets	110,925,401	124,582,096
	\$ 114,397,999	\$ 128,740,399

Jerome Foundation
Statements of Activities
Years Ended April 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains						
Net investment return	\$ (8,040,582)	\$ -	\$ (8,040,582)	\$ 35,442,616	\$ -	\$ 35,442,616
Other income	113,778	-	113,778	-	-	-
Total revenue, support, and gains	<u>(7,926,804)</u>	<u>-</u>	<u>(7,926,804)</u>	<u>35,442,616</u>	<u>-</u>	<u>35,442,616</u>
Expenses and Losses						
Program services	5,291,069	-	5,291,069	4,614,143	-	4,614,143
Management and general	438,822	-	438,822	944,047	-	944,047
Total expenses and losses	<u>5,729,891</u>	<u>-</u>	<u>5,729,891</u>	<u>5,558,190</u>	<u>-</u>	<u>5,558,190</u>
Change in Net Assets	(13,656,695)	-	(13,656,695)	29,884,426	-	29,884,426
Net Assets, Beginning of Year	<u>124,582,096</u>	<u>-</u>	<u>124,582,096</u>	<u>94,697,670</u>	<u>-</u>	<u>94,697,670</u>
Net Assets, End of Year	<u>\$ 110,925,401</u>	<u>\$ -</u>	<u>\$ 110,925,401</u>	<u>\$ 124,582,096</u>	<u>\$ -</u>	<u>\$ 124,582,096</u>

Jerome Foundation
Statement of Functional Expenses
Year Ended April 30, 2022

	Program Services	Management and General	Total
Salaries and Wages	\$ 304,656	\$ 255,713	\$ 560,369
Payroll Taxes	19,659	12,192	31,851
Benefits	69,218	31,629	100,847
Total personnel expenses	<u>393,533</u>	<u>299,534</u>	<u>693,067</u>
Grants	4,621,050	-	4,621,050
Professional Fees	23,940	72,618	96,558
Contract Services	53,505	9,260	62,765
Travel Expenses	37,452	2,329	39,781
Postage and Mailing	671	1,007	1,678
Printing and Copying	1,426	2,139	3,565
Telephone	2,772	4,159	6,931
Supplies	103	923	1,026
Rent	53,682	18,861	72,543
Professional Development	75	465	540
Membership and Dues	42,185	7,082	49,267
Technology	17,643	2,855	20,498
General Insurance	12,357	2,075	14,432
Miscellaneous Expenses	-	4,737	4,737
Depreciation	30,675	10,778	41,453
	<u> </u>	<u> </u>	<u> </u>
Total expenses included in the expense section on the statement of activities	<u>\$ 5,291,069</u>	<u>\$ 438,822</u>	<u>\$ 5,729,891</u>

Jerome Foundation
Statement of Functional Expenses
Year Ended April 30, 2021

	Program Services	Management and General	Total
Salaries and Wages	\$ 318,233	\$ 253,614	\$ 571,847
Payroll Taxes	20,873	12,944	33,817
Benefits	85,056	48,599	133,655
Total personnel expenses	<u>424,162</u>	<u>315,157</u>	<u>739,319</u>
Grants	3,866,400	-	3,866,400
Professional Fees	137,185	67,097	204,282
Contract Services	58,462	10,570	69,032
Travel Expenses	3,863	612	4,475
Postage and Mailing	684	1,026	1,710
Printing and Copying	738	1,107	1,845
Telephone	3,082	4,622	7,704
Supplies	228	2,056	2,284
Rent	51,346	18,040	69,386
Professional Development	75	2,001	2,076
Membership and Dues	11,328	4,855	16,183
Technology	17,244	3,446	20,690
General Insurance	8,671	3,716	12,387
Miscellaneous Expenses	-	4,858	4,858
Depreciation	30,675	10,778	41,453
Federal Excise Tax	-	494,106	494,106
	<u> </u>	<u> </u>	<u> </u>
Total expenses included in the expense section on the statement of activities	<u>\$ 4,614,143</u>	<u>\$ 944,047</u>	<u>\$ 5,558,190</u>

Jerome Foundation
Statements of Cash Flows
Years Ended April 30, 2022 and 2021

	2022	2021
Reconciliation of Change in Net Assets to Net Cash from Operating Activities		
Change in net assets	\$ (13,656,695)	\$ 29,884,426
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation	41,453	41,453
Realized and unrealized (gain) loss on investments	11,469,545	(32,930,372)
Deferred excise tax payable	(302,680)	307,307
Changes in operating assets and liabilities		
Other receivables	59	(27)
Prepaid expenses	(11,704)	(30,359)
Grant commitments payable	(343,498)	(1,436,594)
Accounts payable	(19,163)	26,297
Accrued liabilities	(20,364)	42,590
Net Cash used for Operating Activities	(2,843,047)	(4,095,279)
Investing Activities		
Purchases of investments	(3,405,883)	(2,562,056)
Proceeds from sales of investments	5,780,000	6,875,000
Net Cash from Investing Activities	2,374,117	4,312,944
Net Change in Cash and Cash Equivalents	(468,930)	217,665
Cash and Cash Equivalents, Beginning of Year	577,641	359,976
Cash and Cash Equivalents, End of Year	\$ 108,711	\$ 577,641
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for		
Excise tax	\$ 185,000	\$ 182,000

Note 1 - Principal Activity and Significant Accounting Policies

Organization

The Jerome Foundation, Inc. (the Foundation) is a private foundation incorporated under the laws of Minnesota. Grants are made to individuals and organizations to support programs and projects located in the State of Minnesota and New York City in the areas of dance, literature, film and video, digital media, multidisciplinary arts, music, theater, and visual arts.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for, nor restricted by, donors for long-term purposes, are considered to be cash and cash equivalents.

Property and Equipment

Property and equipment additions over \$3,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 4 to 10 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Foundation reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended April 30, 2022 and 2021.

Investments

Investments are recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. The Foundation records the change of ownership of bonds and stocks on the day a trade is made. Net investment return/loss is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

New Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were no net assets with donor restrictions as of April 30, 2022 and 2021.

Contributions

Revenue is recognized when earned. The Foundation recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. As of April 30, 2022 and 2021, there were no conditional promises to give.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent, general insurance, and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, contract services, travel expenses, postage and mailing, printing and copying, telephone, supplies, technology, professional development, membership and dues, and professional fees which are allocated on the basis of estimates of time and effort.

Tax-Exempt Status

The Foundation has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and corresponding provisions of State law. Due to the Foundation's classification as a private foundation under the Internal Revenue Code, it pays an excise tax of 1.39% of its net taxable investment income. Any unrelated business income may also be subject to taxation. The Foundation is not currently under examination by any taxing jurisdiction.

The Foundation follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Foundation for uncertain tax positions as of April 30, 2022 and 2021. The Foundation's tax returns are subject to review and examination by federal and state authorities.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Foundation to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Grants

Grant commitments are charged to operations when grant contracts are signed by the grantee following approval by the Jerome Board of Directors or President as designated by the Board.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Foundation to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of the Foundation's mission. Investments are made by diversified investment managers whose performance is monitored by the Foundation and the Investment Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Foundation and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

Subsequent Events

The Foundation has evaluated subsequent events through August 8, 2022, the date on which the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, for the years ended April 30, 2022 and 2021, comprise the following:

	2022	2021
Cash and cash equivalents	\$ 108,711	\$ 577,641
Operating investments	111,712,229	125,975,891
	\$ 111,820,940	\$ 126,553,532

As part of its liquidity management, the Foundation maintains liquid assets sufficient to meet its ongoing funding needs, which include IRS distribution requirements, general expenditures, and other obligations. Its main source of income is derived from investment earnings. The investment strategy of the Foundation emphasizes total return, i.e. the aggregated return from capital appreciation and dividend and interest income. The primary objective of the investment policy is to achieve returns equal to or greater than the rate of inflation, the annual excise tax on net investment income, and the annual required minimum distribution amount. These earnings are expected to be adequate to meet the Foundation’s ongoing funding needs.

Note 3 - Fair Value Measurements and Disclosures

Fair Value Hierarchy

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Foundation’s assessment of the quality, risk, or liquidity profile of the asset.

A significant portion of investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values. The fair value of timber and timberlands has no readily determinable fair value, therefore the valuation is based on significant unobservable inputs. The Foundation has estimated the fair value of the timber and timberlands using market price data from comparable transactions for land and timber in close proximity and review of discounted cash flow analyses of forestry activities. This is considered to be a Level 3 measurement.

The following table presents assets measured at fair value on a recurring basis at April 30, 2022:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds and short-term investments	\$ 1,233	\$ 1,233	\$ -	\$ -
Mutual funds - domestic stocks	65,482,072	65,482,072	-	-
Mutual funds - international stocks	13,256,618	13,256,618	-	-
Mutual funds - real estate	8,270,435	8,270,435	-	-
Mutual funds - bonds	24,701,871	24,701,871	-	-
Timber and timberlands	2,290,000	-	-	2,290,000
Total	<u>\$ 114,002,229</u>	<u>\$ 111,712,229</u>	<u>\$ -</u>	<u>\$ 2,290,000</u>

The following table presents assets measured at fair value on a recurring basis at April 30, 2021:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds and short-term investments	\$ 1,233	\$ 1,233	\$ -	\$ -
Mutual funds - domestic stocks	74,058,492	74,058,492	-	-
Mutual funds - international stocks	24,675,597	24,675,597	-	-
Mutual funds - bonds	27,240,569	27,240,569	-	-
Timber and timberlands	1,870,000	-	-	1,870,000
Total	<u>\$ 127,845,891</u>	<u>\$ 125,975,891</u>	<u>\$ -</u>	<u>\$ 1,870,000</u>

The following table presents a reconciliation of the assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended April 30, 2022:

	Balances April 30, 2021	Investment Return, Net	Purchases/ Contributions of Investments	Distributions	Balances April 30, 2022
Timber and timberlands	\$ 1,870,000	\$ 420,000	\$ -	\$ -	\$ 2,290,000
	<u>\$ 1,870,000</u>	<u>\$ 420,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,290,000</u>

The following table presents a reconciliation of the assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended April 30, 2021:

	Balances April 30, 2020	Investment Return, Net	Purchases/ Contributions of Investments	Distributions	Balances April 30, 2021
Timber and timberlands	\$ 2,258,700	\$ (388,700)	\$ -	\$ -	\$ 1,870,000
	<u>\$ 2,258,700</u>	<u>\$ (388,700)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,870,000</u>

There were no transfers in or out of level 3 investments.

Note 4 - Property and Equipment

A summary of property costs and accumulated depreciation at April 30 is as follows:

	2022	2021
Equipment	\$ 92,156	\$ 92,156
Vehicle	28,821	28,821
Leasehold improvements	283,490	283,490
	404,467	404,467
Less accumulated depreciation	182,097	140,644
	\$ 222,370	\$ 263,823

Note 5 - Lease Commitments

Office space is leased under an operating lease expiring during 2028.

Future minimum lease payments are as follows:

Years Ending April 30,	Amount
2023	\$ 58,855
2024	60,614
2025	62,433
2026	64,313
2027	66,253
Thereafter	97,045
	\$ 409,513

Rent expense for the years ended April 30, 2022 and 2021, totaled \$72,543 and \$69,386, respectively.

Note 6 - Grant Commitments Payable

Grant activity for the years ended April 30, 2022 and 2021, is summarized as follows:

	2022	2021
Grant commitments payable, beginning of year	\$ 3,420,550	\$ 4,857,144
Grants awarded	4,621,050	3,866,400
Payments	(4,964,548)	(5,302,994)
Grant commitments payable, end of year	\$ 3,077,052	\$ 3,420,550

At April 30, 2022, grant commitments payable are expected to be paid as follows:

Year Ending April 30	
2023	\$ 2,284,452
2024	792,600
Total grant commitments payable	\$ 3,077,052

Note 7 - Employee Benefits

The Foundation has a defined contribution profit-sharing and 401(k) plan for all eligible employees. Contributions are subject to the Board of Directors' discretion. Employer contributions for the years ended April 30, 2022 and 2021, amounted to 7.5% and 7.5% of qualified compensation per employee, respectively. The Foundation also matched up to and including 7.5% of qualified compensation for any employee who contributed up to and including 7.5% to the retirement plan for the years ended April 30, 2022 and 2021. Retirement plan expense was \$61,446 and \$84,285, respectively.

Note 8 - Related Party Transactions

The following grant commitments were to related parties due to Members of the Jerome Corporation or Directors of the Board of Jerome Foundation also being a part of the board or management at these organizations during the year ended April 30, 2022: \$120,000 to First Peoples Fund and \$174,000 to Pillsbury House Theatre. As of April 30, 2022, the following payables were to related parties: \$60,000 to First Peoples Fund and \$87,000 to Pillsbury House Theatre.

The following grant commitments were to related parties due to Members of the Jerome Corporation or Directors of the Board of Jerome Foundation also being a part of the board or management at these organizations during the year ended April 30, 2021: \$600,000 to Propel Nonprofits and \$190,000 to Camargo Foundation. As of April 30, 2021, the following payables were to related parties: \$300,000 to Propel Nonprofits and \$110,000 to Camargo Foundation.

Note 9 - Federal Excise Tax

The Foundation is subject to an excise tax on its taxable investment income, which includes income from investments plus net realized capital gains. Deferred excise taxes are calculated based upon the 1.39% rate for the year ended April 30, 2022 and 2021, respectively and result from the difference between the carrying value and tax basis of the Foundation's investments, as well as from certain income and expense items being accounted for in different time periods for financial statement purposes than for federal excise tax purposes.