



REPORT OF INDEPENDENT AUDITORS AND CONSOLIDATED
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

LOS ALAMOS NATIONAL LABORATORY FOUNDATION

December 31, 2019 and 2018

Table of Contents

	PAGE
Report of Independent Auditors	1–2
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4–5
Consolidated Statements of Functional Expenses	6–7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9–24
Supplementary Information	
Consolidating Statements of Financial Position	25–26
Consolidating Statements of Activities	27–28

Report of Independent Auditors

To the Board of Directors
Los Alamos National Laboratory Foundation
Española, New Mexico

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Los Alamos National Laboratory Foundation, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Los Alamos National Laboratory Foundation as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 of the consolidated financial statements, Los Alamos National Laboratory Foundation adopted ASU 2018-08, *Clarifying the scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

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

The image shows a handwritten signature in black ink that reads "Mess Adams LLP". The signature is written in a cursive, flowing style.

Albuquerque, New Mexico
May 19, 2020

Los Alamos National Laboratory Foundation

Consolidated Statements of Financial Position

ASSETS

	December 31,	
	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,208,883	\$ 986,309
Investments	5,334,052	4,090,703
Accounts receivable, net	315,528	210,600
Prepaid expenses	875	20,000
	6,859,338	5,307,612
NONCURRENT ASSETS		
Investments - long term	86,521,300	76,115,276
Property and equipment, net	1,094,580	1,123,950
	87,615,880	77,239,226
	\$ 94,475,218	\$ 82,546,838

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 360,665	\$ 211,281
Grants payable, net	224,493	14,957
Current portion of notes payable	31,347	29,981
	616,505	256,219
LONG-TERM LIABILITIES		
Notes payable, less current portion	872,924	904,273
	1,489,429	1,160,492
NET ASSETS		
Without donor restriction	2,359,659	1,497,762
Donor restricted	90,626,130	79,888,584
	92,985,789	81,386,346
	\$ 94,475,218	\$ 82,546,838

Los Alamos National Laboratory Foundation
Consolidated Statements of Activities
December 31, 2019

	Without Donor Restriction	Donor Restricted	Total
SUPPORT AND REVENUE			
Contributions	\$ 26,889	\$ 650,102	\$ 676,991
Grants and contracts	68,126	1,405,304	1,473,430
Net investment income	2,325,944	12,659,435	14,985,379
Other income	35,537	29,487	65,024
Net assets released from restrictions	4,006,782	(4,006,782)	-
	<u>6,463,278</u>	<u>10,737,546</u>	<u>17,200,824</u>
Total support and revenue			
EXPENSES			
Program			
Inquiry science education consortium & K-12	1,545,467	-	1,545,467
Program operating expenses	448,151	-	448,151
Early childhood	681,440	-	681,440
Scholarships	908,960	-	908,960
Triad Scholars, STEM & Teachers Initiatives	509,600	-	509,600
Educational enrichment grants	459,912	-	459,912
Educational outreach grants	150,500	-	150,500
Community outreach grants	100,000	-	100,000
Total program expenses	4,804,030	-	4,804,030
General and administrative	626,397	-	626,397
Fundraising	170,954	-	170,954
	<u>5,601,381</u>	<u>-</u>	<u>5,601,381</u>
Total expenses			
CHANGE IN NET ASSETS	861,897	10,737,546	11,599,443
NET ASSETS			
Beginning of year	1,497,762	79,888,584	81,386,346
End of year	<u>\$ 2,359,659</u>	<u>\$ 90,626,130</u>	<u>\$ 92,985,789</u>

Los Alamos National Laboratory Foundation
Consolidated Statements of Activities
December 31, 2018

	Without Donor Restriction	Donor Restricted	Total
SUPPORT AND REVENUE			
Contributions	\$ 17,783	\$ 615,246	\$ 633,029
Grants and contracts	65,235	651,652	716,887
Net investment income (loss)	1,233,626	(2,484,330)	(1,250,704)
Other income	30,676	51,730	82,406
Net assets released from restrictions	3,257,020	(3,257,020)	-
 Total support and revenue	 4,604,340	 (4,422,722)	 181,618
EXPENSES			
Program			
Program operating expenses	1,302,792	-	1,302,792
Inquiry science education consortium & K-12	1,141,919	-	1,141,919
Scholarships	601,616	-	601,616
Early childhood	513,865	-	513,865
Educational enrichment grants	249,394	-	249,394
Educational outreach grants	164,052	-	164,052
Community outreach grants	54,000	-	54,000
Teacher awards	7,000	-	7,000
Total program expenses	4,034,638	-	4,034,638
 General and administrative	 442,373	 -	 442,373
Fundraising	174,063	-	174,063
 Total expenses	 4,651,074	 -	 4,651,074
 CHANGES IN NET ASSETS	 (46,734)	 (4,422,722)	 (4,469,456)
NET ASSETS			
Beginning of year	1,544,496	84,311,306	85,855,802
 End of year	 \$ 1,497,762	 \$ 79,888,584	 \$ 81,386,346

Los Alamos National Laboratory Foundation
Consolidated Statement of Functional Expenses
December 31, 2019

	Program Activities							Total Program Expenses	Supporting Activities		Total Expense	
	Inquiry Science Education Consortium & K-12	Program Operating Expenses	Early Childhood	Scholarships	Triad Scholars, STEM & Teachers	Educational Enrichment Grants	Educational Outreach Grants		Community Outreach Grants	General and Administrative Support		Fundraising
Salaries wages and benefits	\$ 691,214	\$ 284,520	\$ 366,587	\$ 193,424	\$ 79,369	\$ -	\$ -	\$ -	\$ 1,615,114	\$ 407,169	\$ 125,122	\$ 2,147,405
Professional services	143,326	38,433	198,276	6,138	223,739	-	-	-	609,912	94,578	12,312	716,802
Public relations	18,991	4,119	24,959	42,825	1,568	-	-	-	92,462	34,385	14,912	141,759
Travel and training	28,755	14,071	48,869	2,967	2,023	-	-	-	96,685	13,186	4,245	114,116
Grants	-	-	19,800	-	65,000	459,912	143,500	100,000	788,212	-	-	788,212
Scholarship payout	-	-	-	655,292	64,750	-	-	-	720,042	-	-	720,042
Teacher awards	-	-	-	-	-	-	7,000	-	7,000	-	-	7,000
STEM Challenge	80,500	-	-	-	25,000	-	-	-	105,500	-	-	105,500
Science Resource Center Operations	522,897	-	-	-	3,333	-	-	-	526,230	-	-	526,230
Office Expenses	59,257	107,008	22,949	8,314	44,818	-	-	-	242,346	40,864	14,363	297,573
Total operating expenses	1,544,940	448,151	681,440	908,960	509,600	459,912	150,500	100,000	4,803,503	590,182	170,954	5,564,639
Depreciation	527	-	-	-	-	-	-	-	527	36,215	-	36,742
Total expenses	\$ 1,545,467	\$ 448,151	\$ 681,440	\$ 908,960	\$ 509,600	\$ 459,912	\$ 150,500	\$ 100,000	\$ 4,804,030	\$ 626,397	\$ 170,954	\$ 5,601,381

Los Alamos National Laboratory Foundation
Consolidated Statement of Functional Expenses
December 31, 2018

	Program Activities							Total Program Expenses	Supporting Activities		Total Expense	
	Program Operating Expenses	Inquiry Science Education Consortium & K-12	Scholarships	Early Childhood	Educational Enrichment Grants	Educational Outreach Grants	Community Outreach Grants		Teacher Awards	General and Administrative Support		Fundraising
Salaries wages and benefits	\$803,138	\$408,027	\$ -	\$316,785	\$ -	\$ -	\$ -	\$ -	\$1,527,950	\$328,429	\$120,789	\$1,977,168
Professional services	295,023	327,612	-	116,367	-	-	-	-	739,002	27,365	11,286	777,653
Public relations	34,271	17,411	-	13,518	-	-	-	-	65,200	22,722	11,941	99,863
Travel and training	49,169	40,022	-	19,394	-	-	-	-	108,585	14,335	6,436	129,356
Grants	-	-	-	-	249,394	164,052	54,000	-	467,446	-	-	467,446
Scholarship payout	-	-	601,616	-	-	-	-	-	601,616	-	-	601,616
Teacher awards	-	-	-	-	-	-	-	7,000	7,000	-	-	7,000
Office expenses	119,626	348,052	-	47,184	-	-	-	-	514,862	16,500	21,272	552,634
Total operating expenses	1,301,227	1,141,124	601,616	513,248	249,394	164,052	54,000	7,000	4,031,661	409,351	171,724	4,612,736
Depreciation	1,565	795	-	617	-	-	-	-	2,977	33,022	2,339	38,338
Total expenses	<u>\$1,302,792</u>	<u>\$1,141,919</u>	<u>\$601,616</u>	<u>\$513,865</u>	<u>\$249,394</u>	<u>\$164,052</u>	<u>\$54,000</u>	<u>\$7,000</u>	<u>\$4,034,638</u>	<u>\$442,373</u>	<u>\$174,063</u>	<u>\$4,651,074</u>

Los Alamos National Laboratory Foundation Consolidated Statements of Cash Flows

	Years Ended December 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 11,599,443	\$ (4,469,456)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation expense	36,742	38,338
Unrealized (gain) loss on investments	(12,119,730)	3,877,878
Provision for losses	21,520	21,520
Effects of changes in operating assets and liabilities		
Accounts receivable, net	(126,448)	(6,400)
Prepaid expenses	19,125	(9,045)
Accounts payable and accrued expenses	149,384	(133,184)
Grants payable, net	209,536	(1,000)
Other liabilities	-	(698)
Deferred revenue	-	(25,700)
	(210,428)	(707,747)
Net cash used in operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(2,381,406)	(4,999,877)
Reinvested interest, dividends and capital gains	(451,968)	(485,634)
Proceeds from sale of investments	3,303,732	6,317,570
Purchases of property and equipment	(7,373)	-
	462,985	832,059
Net cash provided by investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes payable principal paid	(29,983)	(27,118)
	(29,983)	(27,118)
Net cash used in financing activities		
NET CHANGE IN CASH AND CASH EQUIVALENTS	222,574	97,194
CASH AND CASH EQUIVALENTS, beginning of year	986,309	889,115
CASH AND CASH EQUIVALENTS, end of year	\$ 1,208,883	\$ 986,309
SUPPLEMENTAL DISCLOSURES OF CASH		
Cash paid for interest	\$ 41,095	\$ 47,870

Los Alamos National Laboratory Foundation

Notes to Consolidated Financial Statements

Note 1 – Definition of Reporting Entity

Los Alamos National Laboratory Foundation (the Foundation) is a New Mexico nonprofit corporation, incorporated on April 17, 1997, for charitable, educational and other lawful purposes consistent with the New Mexico Nonprofit Corporation Act. In particular, the Foundation is organized for the purpose of receiving and administering gifts and grants dedicated to support charitable and educational public service activities in Northern New Mexico. In May of 2007, the Foundation formed a single member for-profit company, Building Equity, LLC (the LLC). The purpose of the LLC is to construct, own and operate the office building occupied by the Foundation. The building was completed in 2008. For tax purposes, the LLC is disregarded, and all of its activities are reported on the Foundation's annual information return (Internal Revenue Service (IRS) Form 990).

Note 2 – Summary of Significant Accounting Policies

The Foundation's accounting policies conform to accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. The following paragraphs describe the basis of presentation and summarize the more significant accounting policies.

Use of Estimates in Preparing Financial Statements

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and assumptions made by management include the allowance for uncollectible receivables, useful lives of property and equipment, fair value measurements of investments, and functional allocation of expenses.

Basis of Consolidation

As described above, the accompanying consolidated financial statements include the accounts of the Foundation and the LLC. All significant balances and transactions between the entities have been eliminated.

Basis of Accounting

These consolidated financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Foundation as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances and transactions into two classes of net assets – net assets without donor restrictions, and net assets with donor restrictions:

Net Assets Without Donor Restrictions are net assets that are not subject to donor-imposed stipulations.

Donor Restricted Net Assets are subject to explicit restrictions imposed by the donor on the expenditure of contributions or income and gains on contributed assets. These net assets may have stipulations by the donor to be maintained in perpetuity, such as an endowment, or the restrictions may expire due to the passage of time or the occurrence of expenditures that fulfill the restrictions. Net assets with donor restrictions also include accumulated net investment income earned by the net assets held in perpetuity.

Los Alamos National Laboratory Foundation

Notes to Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Concentration of Credit Risk

The Foundation's financial instruments that are exposed to concentrations of credit risk primarily consist of cash and investments. During 2019 and 2018, the Foundation's cash accounts, including all noninterest-bearing transaction accounts, were at an institution insured by the Federal Deposit Insurance Corporation (FDIC) up to the standard maximum deposit insurance amount of \$250,000, for each deposit insurance ownership category. Periodically throughout 2019 and 2018, the Foundation has maintained cash balances in excess of insured limits. At December 31, 2019, the Foundation's cash held in checking accounts that exceeded the insured limit was \$85,386. At December 31, 2018, the Foundation's cash held in checking accounts was fully insured as balances were under the insured limits.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Foundation considers all highly liquid debt instruments with a maturity date of three months or less at the time of purchase to be cash equivalents.

Accounts Receivable, net

Accounts receivable, net include unconditional promises to give and unconditional pledges to the Foundation that have not been received by the consolidated statement of financial position date. The carrying amount of accounts receivable, net is reduced by a valuation allowance based on the Foundation's estimates of uncollectible amounts, which is approximately 5% of the campaign year accrual of payroll pledges receivable at December 31, 2019 and 2018.

Unconditional promises to give and unconditional pledges are recognized as revenue in the period received and are classified as net assets with donor restrictions or net assets without donor restrictions based upon the existence or absence of donor-imposed restrictions. Contributions with donor-imposed stipulations are reported as net assets with donor restrictions and are reclassified to net assets without donor restrictions when requirements are met.

Investments

Investments are reported at fair value, which results in unrealized gains and losses being recognized as fair value changes. Investments are held in a General Endowment Pool by the University of California.

Realized and unrealized gains and losses are recognized in the period in which they occur and are recorded in the consolidated statements of activities. Investment income is presented net of investment management fees. Investment income is pooled and allocated to net assets without donor restrictions and net assets with donor restrictions balances in proportion to their average monthly equity in the pooled investment portfolio.

Property and Equipment

Property and equipment with costs in excess of \$5,000 are capitalized. Purchased equipment is stated at cost. Contributed equipment is reflected at estimated fair value at the date of contribution. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the respective assets, which range from 3 to 39 years.

Los Alamos National Laboratory Foundation

Notes to Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Impairment of Long-Lived Assets and Long-lived Assets to be Disposed

The Foundation reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the assets. Assets to be disposed of, if any, are reported at the lower of the carrying amount or the fair value less costs to sell.

Compensated Absences

All eligible employees accrue vacation time at a rate of 10 to 16.67 hours per month. The maximum amount of vacation accrued by any employee is 240 hours. A liability for compensated absences has been recorded and is included in accrued expenses.

In-Kind Donations

The Foundation receives in-kind donations of stocks, materials and services. Donations of stocks, materials and services are recorded as contributions at their estimated fair value at the date of donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. The Foundation did not receive contributed services during the years ending December 31, 2019 and 2018.

Grants Awarded

Grants awarded by the Foundation are charged to operations and recorded as liabilities upon approval by the Foundation's Board of Directors. The Foundation has no grant payable that will extend beyond the subsequent year.

Income Taxes

The Foundation has adopted the provisions of ASC 740-10, *Accounting for Uncertainty in Income Taxes*. The Foundation recognizes the tax (benefit) expense from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. Any such tax (benefit) expense is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Foundation had no unrecognized tax benefits at December 31, 2019 or 2018. The Foundation files an exempt organization return with the Internal Revenue Service (IRS). It is not a "private foundation" for tax purposes. The Foundation had no taxable unrelated business income for the years ended December 31, 2019 and 2018. Accordingly, a provision for income taxes has not been established in the accompanying consolidated financial statements.

Expenses by Both Nature and Function

The Foundation allocates expenses not applicable to a single activity to the appropriate activities based on the estimated percentage of time employees spend on each of the programs. Depreciation is allocated based on square footage. Most all expenses are recorded directly to the function to which they relate based on the actual personnel assigned and vendor expenses paid.

Los Alamos National Laboratory Foundation

Notes to Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

Accounting Standards Update (ASU) 2016-02 – Leases: Changes the way lessees will recognize leases as they will recognize most leases on-balance sheet and will increase reported assets and liabilities. Lessor accounting remains substantially similar to current U.S. GAAP. ASU 2016-02 is effective for annual periods beginning after December 15, 2020, and interim periods in fiscal years beginning after December 15, 2021. The ASU mandates a modified retrospective transition method for all entities. Management is currently evaluating the impact of this ASU, but does not anticipate a significant impact to the financial statements upon adoption.

ASU 2018-08 – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made: This ASU provides clarification in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and determining whether a contribution is conditional. The guidance is applicable for transactions where the entity serves as the resource recipient beginning after December 15, 2018 and for transactions in which the entity serves as the resource provider beginning after December 15, 2019. The Company adopted the ASU as a resource recipient as of the date of the initial application of January 1, 2019. Management is still in the process of determining the impact of this pronouncement as a resource provider.

The Foundation applied the ASU using the full retrospective method. However, the adoption of the new standard did not have an effect on earnings or on the timing of the Foundation's most significant types of transactions and therefore the effect of applying the new guidance was not material. Therefore, there was no adjustment to the statement of activities for the year ending December 31, 2018.

ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement: This ASU modifies the disclosure requirements on fair value measurements in Topic 820. The amendments in ASU 2018-13 are effective for all entities for fiscal years beginning after December 15, 2019. Changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. Management is in the process of determining the impact of this pronouncement.

Los Alamos National Laboratory Foundation

Notes to Consolidated Financial Statements

Note 3 – Fair Value of Financial Instruments

The Foundation follows Statement ASC 820-10, *Fair Value Measurements*, which provides a framework for measuring fair value under GAAP and expands disclosures about fair value measurement. ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820-10 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels. The three levels defined by the ASC 820-10 hierarchy are as follows:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data.

Level 3 – Inputs are unobservable for the asset or liability. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The following is the fair value of investments at December 31:

	2019		2018	
	Market Value	Cost	Market Value	Cost
General endowment pool managed by the University of California	\$ 86,521,300	\$ 35,641,654	\$ 76,115,276	\$ 36,752,601
General non-endowment pool managed by the University of California	5,334,052	4,767,000	3,820,703	3,859,409
Privately held common stock	-	-	270,000	120,000
	<u>\$ 91,855,352</u>	<u>\$ 40,408,654</u>	<u>\$ 80,205,979</u>	<u>\$ 40,732,010</u>

Privately Held Common Stock

On June 4, 2015, the Foundation Board of Directors agreed to accept the stock subject to the stipulation that the Foundation will not sell the granted shares for at least two (2) years from the date of receipt and may not sell more than twenty percent (20%) of the shares in any twelve-month period. In the event of a change in control of the privately held corporation, this stipulation will cease to exist. The common stock is publicly traded but is not listed on any exchange. The corporation's board includes a Foundation's board member. The common stock value is determined based on quoted market prices in an inactive market since the stock is not traded on a regular basis; therefore, it is considered a Level 2 security. In 2018, 10,000 shares were sold as per the agreement. In 2019, all remaining common stock shares were sold.

Los Alamos National Laboratory Foundation

Notes to Consolidated Financial Statements

Note 3 – Fair Value of Financial Instruments (continued)

Net Asset Value (NAV)

Investments whose fair value is measured at NAV are excluded from the fair value hierarchy. Investments measured at NAV include commingled funds which are invested in the General Endowment Pool (GEP) managed by the University of California.

General Endowment Pool

The General Endowment Pool managed by the University of California is invested in the following at December 31:

	2019	2018
Public equity	33.70%	38.60%
Cash and fixed income	19.10%	14.60%
Absolute return	22.00%	22.40%
Private equity	14.70%	13.30%
Real estate and real assets	10.50%	11.10%
	100.00%	100.00%

The following are the fair values of assets measured on a recurring basis at December 31:

2019				
	Level 1	Level 2	Level 3	Total
Investments				
Privately held common stock	\$ -	\$ -	\$ -	\$ -
Investments measured at net asset value				91,855,352
Total investments				\$ 91,855,352
2018				
	Level 1	Level 2	Level 3	Total
Investments				
Privately held common stock	\$ -	\$ 270,000	\$ -	\$ 270,000
Investments measured at net asset value				79,935,979
Total investments				\$ 80,205,979

Net investment income (loss) consisted of the following for the years ending December 31:

	2019	2018
Interest and dividends on long-term investments	\$ 484,271	\$ 556,606
Realized gain on investments, net	2,381,378	2,070,568
Unrealized gain (loss) on investments, net	12,119,730	(3,877,878)
Total	\$ 14,985,379	\$ (1,250,704)

Los Alamos National Laboratory Foundation

Notes to Consolidated Financial Statements

Note 4 – Accounts Receivable, net

Accounts receivable, net consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Scholarship program pledges, net of \$21,520 and \$21,520, respectively, allowance for doubtful accounts	\$ 224,525	\$ 206,148
Other receivables	91,003	4,452
Total	<u>\$ 315,528</u>	<u>\$ 210,600</u>

Note 5 – Property and Equipment

Property and equipment consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Land	\$ 165,711	\$ 165,711
Building and improvements	1,308,813	1,308,813
Furniture	215,352	207,981
Computers, equipment and software	407,751	407,749
Vehicle	25,333	25,333
	2,122,960	2,115,587
Less accumulated depreciation	<u>(1,028,380)</u>	<u>(991,637)</u>
	<u>\$ 1,094,580</u>	<u>\$ 1,123,950</u>

Depreciation expense for the years ending December 31, 2019 and 2018 was \$36,742 and \$38,338, respectively.

Note 6 – Grants Payable, Net

Grants payable, net consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Educational enrichment	\$ 14,957	\$ 14,957
Grants payable	209,536	-
	<u>\$ 224,493</u>	<u>\$ 14,957</u>

Grants authorized but unpaid at year-end are reported as liabilities. All outstanding grants are expected to be paid in 2020.

Los Alamos National Laboratory Foundation

Notes to Consolidated Financial Statements

Note 7 – Notes Payable

Notes payable of the Foundation consisted of the following at December 31:

	2019	2018
Mortgage, payable to Enterprise Bank & Trust, due on demand, but if no demand is made, monthly payments of \$5,923, with one balloon payment at the end of the loan term which is March 1, 2025, with a fixed rate of interest of 4.464%. The note is secured by a mortgage on the LLC office building.	\$ 904,271	\$ 934,254
Less: current portion	31,347	29,981
	\$ 872,924	\$ 904,273

If no demand is made on the mortgage payable, the future scheduled maturities of debt are as follows for the years ending December 31:

2020	\$ 31,347
2021	32,775
2022	34,269
2023	35,830
2024	37,463
Thereafter	732,587
	\$ 904,271

Los Alamos National Laboratory Foundation

Notes to Consolidated Financial Statements

Note 8 – Donor Restricted Net Assets

	2019		2018	
	Restricted by Purpose or Time	Restricted in Perpetuity	Restricted by Purpose or Time	Restricted in Perpetuity
Educational enrichment	\$ 41,415,139	\$ 41,444,726	\$ 31,520,829	\$ 41,444,726
Early childhood	587,387	-	161,126	-
Leadership endowment	124,708	362,252	68,164	348,863
Scholarships	3,288,281	1,346,574	3,415,700	1,465,657
Cobb endowment	15,325	118,293	-	-
Domenici endowment	650,280	782,050	481,411	773,204
Fearey endowment	-	100,000	-	-
Hiskey endowment	7,151	49,750	(1,315)	33,750
Mueller endowment	9,060	100,000	(5,367)	100,000
Sauer endowment	12,113	114,664	-	-
Tim Martin endowment	19,879	78,498	7,516	74,320
	<u>\$ 46,129,323</u>	<u>\$ 44,496,807</u>	<u>\$ 35,648,064</u>	<u>\$ 44,240,520</u>

All of the scholarships awarded by the Foundation are 1 to 4 year commitments that are conditional on the student maintaining a grade point average of 3.0. These scholarships will be recognized each year if the conditions are met. At December 31, 2019, conditional scholarship awards comprised \$1,027,500 of the \$4,083,148 restricted by purpose or time for scholarships. At December 31, 2018, conditional scholarship awards comprised \$714,700 of the \$3,972,791 restricted by purpose or time for scholarships.

Note 9 – Endowment Funds

The Foundation maintains ten endowment funds, all of which are governed by donor imposed restrictions, as follows:

Educational Enrichment Endowment

The purpose of this endowment is to support public school children in the vicinity of Los Alamos National Laboratory. In addition, a portion of the endowment earnings may support the operations of the Foundation. During 2019 and 2018, the disbursement of funds was focused in the areas of inquiry science education, as well as funding educational projects benefiting K-12 public education students.

Domenici Endowment, John and Marti Browne Leadership Endowment, Scholarship Endowment, Tim Martin Endowment, Mueller Endowment, Cobb Endowment, Hiskey Endowment, Fearey Endowment, and Sauer Endowment

These endowments all provide competitively awarded scholarships to college students in 1 to 4 year commitments.

Los Alamos National Laboratory Foundation Notes to Consolidated Financial Statements

Note 9 – Endowment Funds (continued)

As required by GAAP, net assets associated with endowments are classified and reported based on donor-imposed restrictions. The Foundation has no board-designated endowment funds. The Foundation has adopted investment and spending policies based on the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). According to the Foundation's interpretation of UPMIFA, and in accordance with donor restrictions, contributions to the endowment funds are classified as with donor restricted net assets which are restricted in perpetuity. Donor restricted net assets are restricted in perpetuity net assets are valued at the original value of all gifts donated to the endowments.

The historic dollar value of endowment contributions received must be maintained inviolate. Income earned from endowment investments is classified with donor restriction net assets but restricted by purpose or time based upon the donor-imposed restrictions.

When a donor restriction is met, the net assets are reclassified to net assets without donor restrictions. Donor restricted endowment earnings that are used to support the operations of the Foundation are reclassified to net assets without donor restrictions upon board approval of the annual operating budget.

The composition of endowment net assets by type of fund consisted of the following at December 31:

	2019		
	Restricted by Time or Purpose	Restricted in Perpetuity	Total
Donor-restricted funds	<u>\$ 43,052,062</u>	<u>\$ 44,496,807</u>	<u>\$ 87,548,869</u>
	2018		
	Restricted by Time or Purpose	Restricted in Perpetuity	Total
Donor-restricted funds	<u>\$ 33,389,603</u>	<u>\$ 44,240,519</u>	<u>\$ 77,630,122</u>

Interpretation of Relevant Law

UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Consequently, the Foundation classifies net assets restricted in perpetuity as:

- 1) The original value of gifts donated to the permanent endowment, and 2) the original value of subsequent gifts to the permanent endowment.

Los Alamos National Laboratory Foundation

Notes to Consolidated Financial Statements

Note 9 – Endowment Funds (continued)

The remaining portion of the donor-restricted endowment fund not classified as restricted in perpetuity is classified as net assets restricted by time or purpose until those amounts are appropriated for expenditure by the Foundation's Board. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to spend:

1. The duration and preservation of the fund
2. The purpose of the foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

The following are changes in endowment and similar net assets for the years ending December 31:

	2019		
	<u>Restricted by Time or Purpose</u>	<u>Restricted in Perpetuity</u>	<u>Total</u>
Endowment net assets, December 31, 2018	\$ 33,389,603	\$ 44,240,519	\$ 77,630,122
Investment return			
Investment gain	12,631,146	-	12,631,146
Contributions	117,687	256,288	373,975
Appropriations of endowment Assets for expenditures	<u>(3,086,374)</u>	<u>-</u>	<u>(3,086,374)</u>
Endowment net assets, December 31, 2019	<u>\$ 43,052,062</u>	<u>\$ 44,496,807</u>	<u>\$ 87,548,869</u>
	2018		
	<u>Restricted by Time or Purpose</u>	<u>Restricted in Perpetuity</u>	<u>Total</u>
Endowment net assets, December 31, 2017	\$ 37,429,163	\$ 43,886,279	\$ 81,315,442
Investment return			
Investment loss	(1,268,708)	-	(1,268,708)
Contributions	-	354,240	354,240
Appropriations of endowment Assets for expenditures	<u>(2,770,852)</u>	<u>-</u>	<u>(2,770,852)</u>
Endowment net assets, December 31, 2018	<u>\$ 33,389,603</u>	<u>\$ 44,240,519</u>	<u>\$ 77,630,122</u>

Los Alamos National Laboratory Foundation

Notes to Consolidated Financial Statements

Note 9 – Endowment Funds (continued)

Fund Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations and continued appropriation for certain programs that was deemed prudent by the governing board. No deficiencies of this nature are reported at December 31, 2019 or 2018.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowments while not eroding the future purchasing power of the endowment assets. Endowment assets include donor contributions that the Foundation must hold in perpetuity, plus earnings restricted by time or purpose that have been reinvested. Under the board-approved investment policy, endowment assets are invested in a manner intended to produce a rate of return in excess of the spending rate plus the rate of inflation, while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation's investment objective is to diversify investments to maximize long-term growth of assets within prudent risk constraints. The Foundation has elected to invest in the University of California (UC) GEP and Short Term Investment Pool (STIP). The GEP is an investment pool in which a large number of University-affiliated endowments participate in order to benefit from diversification and economies of scale. The GEP is a balanced portfolio and the primary investment vehicle offered by the UC for endowed gift funds. The investment policy of the fund is established by the Regents of the University, and carried out by the University's Chief Investment Officer.

The GEP includes absolute return hedge funds. Investments in these funds are valued by the University of California at the Foundation's pro rata interest in the GEP. The STIP investments are investment held at net asset value. Investments in these funds consist of approximately 0.65% and 0.69% of the entire portfolio at December 31, 2019 and 2018, respectively. Investment fees are eight basis points, netted from income earned before it is distributed. For information on the University of California's endowment investment policy, holdings, unit values and the annual endowment report, please visit www.ucop.edu/treasurer.

Spending Policy and How Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for annual distribution between 3% and 5% of the five-year weighted average market value of endowment assets. The decision to use a five-year average allows the spending stream from the Foundation to be less volatile than the underlying market, and thereby provides more steady and predictable funding to programs. In establishing this policy, the Foundation considered the long term expected return on its endowment and the accumulated earnings in the endowment accounts. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowments to grow. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Los Alamos National Laboratory Foundation

Notes to Consolidated Financial Statements

Note 10 – Contributions

Contributions consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Individuals and business:		
Scholarship program	\$ 393,814	\$ 261,008
Scholarship endowments	256,288	354,238
General and other	<u>26,889</u>	<u>17,783</u>
	<u>\$ 676,991</u>	<u>\$ 633,029</u>

Note 11 – Grants and Contracts

Grants and contracts consisted of the following for the years ending December 31:

	<u>2019</u>	<u>2018</u>
TRIAD National Security, LLC	\$ 713,600	\$ -
W. K. Kellogg Foundation	700,330	365,337
Brindle Foundation	40,000	50,000
Pritzker	14,500	-
Anonymous	5,000	-
Los Alamos National Security, LLC	-	291,550
Daniels Fund	<u>-</u>	<u>10,000</u>
Total	<u>\$ 1,473,430</u>	<u>\$ 716,887</u>

Note 12 – Rental Income

The LLC leases a portion of the office building also occupied by the Foundation to another entity. Building lease income for the years ending December 31, 2019 and 2018 was \$0 and \$6,300, respectively. This lease expired on June 30, 2018 and was not renewed.

Note 13 – Operating Leases

The Foundation leases office space from Building Equity, LLC. The lease is for five years with an automatic renewal for an additional five years. The rent income and expense has been eliminated from the consolidated financial statements through the consolidating entries.

The Foundation leases a warehouse facility for storage of its Inquiry Science Education Consortium supplies. Total lease cost for this space for the years ending December 31, 2019 and 2018 was \$68,400 for each year.

Los Alamos National Laboratory Foundation

Notes to Consolidated Financial Statements

Note 13 – Operating Leases (continued)

The Foundation leases office equipment under long-term operating lease agreements. Total lease costs for this office equipment for the years ending December 31, 2019 and 2018 was \$9,655 and \$8,013, respectively.

The minimum future office equipment and warehouse facility rental payments under these leases are as follows for the years ending December 31:

2020	\$ 36,942
2021	<u>704</u>
	<u>\$ 37,646</u>

Note 14 – Retirement Plan

The Foundation has a 401(k) plan. All employees who work for twelve consecutive months and at least 1,000 hours are eligible for a discretionary employer-paid benefit. For both 2019 and 2018, the benefit was 5% of annual compensation. The retirement expense was \$65,421 and \$62,150 for the years ending December 31, 2019 and 2018, respectively.

Note 15 – Advertising and Interest Expense

The Foundation uses advertising to promote its programs among the public it serves. Advertising and interest expense are expensed as incurred. The Foundation included the following in the consolidated statement of activities expenses for the years ending December 31:

	<u>2019</u>	<u>2018</u>
Advertising	<u>\$ 39,355</u>	<u>\$ 22,296</u>
Interest	<u>\$ 41,095</u>	<u>\$ 47,870</u>

Note 16 – Related Party Transactions

Members of the Board and employees of the Foundation provide financial assistance to the Foundation through restricted and unrestricted support. Included in contributions is \$37,758 and \$131,427 from members of the Board and employees for the years ending December 31, 2019 and 2018, respectively.

Los Alamos National Laboratory Foundation

Notes to Consolidated Financial Statements

Note 17 – Liquidity and Availability

Financial assets available for general expenditure within one year of the consolidated statement of financial position date comprise the following:

Financial Assets as of December 31, 2019	
Cash and cash equivalents	\$ 1,208,883
Investments	91,855,352
Accounts receivables	<u>315,528</u>
Total financial assets	<u>93,379,763</u>
Less those unavailable for general expenditure within one year due to	
Scholarship commitments greater than one year	(513,500)
Accounts receivables to be collected in more than one year	(63,000)
Restrictions by purpose or time subject to appropriation beyond one year	(45,615,823)
Add Allowable Amount as per Endowment Spending Policy	3,887,384
Add Amount released from restriction	1,201,681
Perpetual endowments	<u>(44,496,807)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,779,698</u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation has a cash management policy to hold cash in the STIP account with UC to cover approximately three months of operating expenses. The Foundation can draw on the endowment quarterly up to the spending policy of 4.95%. The Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

Note 18 – Contingency

The Foundation has received funds from federal agencies in the past. These funds are subject to audit and adjustment by the granting agency. Any disallowed amounts resulting from these audits would be required to be refunded. Management does not believe any disallowed amounts would be material.

Note 19 – Subsequent Events

Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before the consolidated financial statements are issued. The Foundation recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Foundation's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after the consolidated statement of financial position date and before consolidated financial statements are available to be issued.

Los Alamos National Laboratory Foundation

Notes to Consolidated Financial Statements

Note 19 – Subsequent Events (continued)

The Foundation has evaluated subsequent events through May 19, 2020, which is the date the consolidated financial statements were available to be issued. See Note 20.

Note 20 – Uncertainties

Subsequent to December 31, 2019, the World Health Organization declared the novel coronavirus outbreak a public health emergency. In March 2020, the State of New Mexico declared a state of emergency and has issued several measures in an attempt to prevent the spread of the coronavirus including the closing of all schools. The outbreak has disrupted the Foundation since its mission is to support charitable and educational public service activities in Northern New Mexico which have been impacted by the outbreak. The duration and economic impact of the outbreak is uncertain but could have a material impact to the Foundation's liquidity.

Supplementary Information

Los Alamos National Laboratory Foundation
Consolidating Statements of Financial Position
December 31, 2019

	Foundation	Building Equity, LLC	Elimination Entries	Consolidated Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,198,694	\$ 10,189	\$ -	\$ 1,208,883
Investments	5,334,052	-	-	5,334,052
Accounts receivable, net	315,528	-	-	315,528
Due from LLC	77,619	-	(77,619)	-
Prepaid expenses	875	-	-	875
Total current assets	6,926,768	10,189	(77,619)	6,859,338
NONCURRENT ASSETS				
Investments - long term	86,521,300	-	-	86,521,300
Property and equipment, net	10,243	1,084,337	-	1,094,580
Investment in LLC	111,549	-	(111,549)	-
Total noncurrent assets	86,643,092	1,084,337	(111,549)	87,615,880
Total assets	\$ 93,569,860	\$ 1,094,526	\$ (189,168)	\$ 94,475,218
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 359,578	1,087	\$ -	\$ 360,665
Grants payable, net	224,493	-	-	224,493
Due to Foundation	-	77,619	(77,619)	-
Current portion of notes payable	-	31,347	-	31,347
Total current liabilities	584,071	110,053	(77,619)	616,505
LONG-TERM LIABILITIES				
Notes payable, less current portion	-	872,924	-	872,924
Total liabilities	584,071	982,977	(77,619)	1,489,429
NET ASSETS	92,985,789	111,549	(111,549)	92,985,789
TOTAL LIABILITIES AND NET ASSETS	\$ 93,569,860	\$ 1,094,526	\$ (189,168)	\$ 94,475,218

Los Alamos National Laboratory Foundation
Consolidating Statements of Financial Position
December 31, 2018

	Foundation	Building Equity, LLC	Elimination Entries	Consolidated Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 974,014	\$ 12,295	\$ -	\$ 986,309
Investments	4,090,703	-	-	4,090,703
Accounts receivable, net	210,600	-	-	210,600
Due from LLC	52,182	-	(52,182)	-
Prepaid expenses	20,000	-	-	20,000
Total current assets	5,347,499	12,295	(52,182)	5,307,612
NONCURRENT ASSETS				
Investments - Endowment	76,115,276	-	-	76,115,276
Property and equipment, net	5,126	1,118,824	-	1,123,950
Investment in LLC	144,206	-	(144,206)	-
Total noncurrent assets	76,264,608	1,118,824	(144,206)	77,239,226
Total assets	\$ 81,612,107	\$ 1,131,119	\$ (196,388)	\$ 82,546,838
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 210,804	\$ 477	\$ -	\$ 211,281
Grants payable, net	14,957	-	-	14,957
Due to Foundation	-	52,182	(52,182)	-
Current portion of notes payable	-	29,981	-	29,981
Total current liabilities	225,761	82,640	(52,182)	256,219
LONG-TERM LIABILITIES				
Notes payable, less current portion	-	904,273	-	904,273
Total liabilities	225,761	986,913	(52,182)	1,160,492
NET ASSETS	81,386,346	144,206	(144,206)	81,386,346
TOTAL LIABILITIES AND NET ASSETS	\$ 81,612,107	\$ 1,131,119	\$ (196,388)	\$ 82,546,838

Los Alamos National Laboratory Foundation
Consolidating Statements of Activities
Year Ended December 31, 2019

	Foundation	Building Equity, LLC	Elimination Entries	Consolidated Total
SUPPORT AND REVENUE				
Contributions	\$ 676,991	\$ -	\$ -	\$ 676,991
Grants and contracts	1,473,430	-	-	1,473,430
Net investment income	14,985,379	-	-	14,985,379
Other income	32,367	92,620	(59,963)	65,024
	<u>17,168,167</u>	<u>92,620</u>	<u>(59,963)</u>	<u>17,200,824</u>
EXPENSES				
Program				
Inquiry science education consortium	1,545,467	-	-	1,545,467
Program operating expenses	448,151	-	-	448,151
Early childhood	681,440	-	-	681,440
Scholarships	908,960	-	-	908,960
Triad Scholars, STEM & Teachers Initiatives	509,600	-	-	509,600
Educational enrichment grants	459,912	-	-	459,912
Educational outreach grants	150,500	-	-	150,500
Community outreach grants	100,000	-	-	100,000
Total program expenses	<u>4,804,030</u>	<u>-</u>	<u>-</u>	<u>4,804,030</u>
General and administrative	593,740	125,277	(92,620)	626,397
Fundraising	170,954	-	-	170,954
Total expenses	<u>5,568,724</u>	<u>125,277</u>	<u>(92,620)</u>	<u>5,601,381</u>
CHANGES IN NET ASSETS	11,599,443	(32,657)	32,657	11,599,443
NET ASSETS				
Beginning of year	<u>81,386,346</u>	<u>144,206</u>	<u>(144,206)</u>	<u>81,386,346</u>
End of year	<u>\$ 92,985,789</u>	<u>\$ 111,549</u>	<u>\$ (111,549)</u>	<u>\$ 92,985,789</u>

Los Alamos National Laboratory Foundation
Consolidating Statements of Activities
Year Ended December 31, 2018

	Foundation	Building Equity, LLC	Elimination Entries	Consolidated Total
SUPPORT AND REVENUE				
Contributions	\$ 633,029	\$ -	\$ -	\$ 633,029
Grants and contracts	716,887	-	-	716,887
Net investment loss	(1,250,704)	-	-	(1,250,704)
Other income	62,729	98,920	(79,243)	82,406
	<u>161,941</u>	<u>98,920</u>	<u>(79,243)</u>	<u>181,618</u>
EXPENSES				
Program:				
Program operating expenses	1,302,792	-	-	1,302,792
Inquiry science education consortium	1,141,919	-	-	1,141,919
Scholarships	601,616	-	-	601,616
Early childhood	513,865	-	-	513,865
Educational enrichment grants	249,394	-	-	249,394
Educational outreach grants	164,052	-	-	164,052
Community outreach grants	54,000	-	-	54,000
Teacher awards	7,000	-	-	7,000
Total program expenses	<u>4,034,638</u>	<u>-</u>	<u>-</u>	<u>4,034,638</u>
General and administrative	430,894	104,099	(92,620)	442,373
Fundraising	165,865	8,198	-	174,063
Total expenses	<u>4,631,397</u>	<u>112,297</u>	<u>(92,620)</u>	<u>4,651,074</u>
CHANGES IN NET ASSETS	(4,469,456)	(13,377)	13,377	(4,469,456)
NET ASSETS				
Beginning of year	<u>85,855,802</u>	<u>157,583</u>	<u>(157,583)</u>	<u>85,855,802</u>
End of year	<u>\$ 81,386,346</u>	<u>\$ 144,206</u>	<u>\$ (144,206)</u>	<u>\$ 81,386,346</u>