Financial Report

foundation for the children of the californias

December 31, 2022

WRR
WEST RHODE & ROBERTS

Contents

WEST RHODE & ROBERTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Foundation for the Children of the Californias
San Diego, California

Opinion

We have audited the accompanying financial statements of Foundation for the Children of the Californias (the Foundation), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foundation for the Children of the Californias, as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for 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 audit. 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 within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2021 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 31, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

West Rhode + Roberts

WEST RHODE & ROBERTS

San Diego, California
March 28, 2023

FOUNDATION FOR THE CHILDREN OF THE CALIFORNIAS

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(With Summarized Financial Information for the December 31, 2021)

	2022	2021 (Note 9)
ASSETS		
Cash and cash equivalents	$ 121,822	$ 181,969
Investments	4,854,352	5,089,166
Accounts receivable	7,393	15,712
Prepaid expenses	16,838	17,055
Right-of-use assets	77,742	-
Furniture and equipment	4,019	6,698
Total assets	$ 5,082,166	$ 5,310,600
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	$ 8,827	$ 5,169
Lease liabilities	79,988	-
Total liabilities	88,815	5,169
Commitments (Note 4)		
Net assets:		
Without donor restrictions	838,151	1,418,074
With donor restrictions	4,155,200	3,887,357
Total net assets	4,993,351	5,305,431
Total liabilities and net assets	$ 5,082,166	$ 5,310,600

FOUNDATION FOR THE CHILDREN OF THE CALIFORNIAS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Summarized Financial Information for the Year Ended December 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total	2021 (Note 9)
Operating activities				
SUPPORT AND REVENUE				
Contributions and grants	$ 113,557	$ 608,206	$ 721,763	$ 604,171
Net assets released from restrictions	297,457	(297,457)	-	-
Total support and revenues	411,014	310,749	721,763	604,171
OPERATING EXPENSES				
Program services	701,373	-	701,373	744,158
Supporting services:				
General and administrative	133,518	-	133,518	118,773
Fundraising	121,294	-	121,294	115,106
Total program and supporting services	956,185	-	956,185	978,037
Costs of direct benefits to donors	54,025	-	54,025	13,154
Total operating expenses	1,010,210	-	1,010,210	991,191
Operating revenue and support in deficits of expenses	(599,196)	310,749	(288,447)	(387,020)
Non-operating activities				
Net investment income	33,467	27,562	61,029	36,005
Realized and unrealized loss on investments	(14,194)	(70,468)	(84,662)	(34,725)
Total nonoperating activities	19,273	(42,906)	(23,633)	1,280
Change in net assets	(579,923)	267,843	(312,080)	(385,740)
NET ASSETS AT BEGINNING OF YEAR	1,418,074	3,887,357	5,305,431	5,691,171
NET ASSETS AT END OF YEAR	$ 838,151	$ 4,155,200	$ 4,993,351	$ 5,305,431

FOUNDATION FOR THE CHILDREN OF THE CALIFORNIAS

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Summarized Financial Information for the Year Ended December 31, 2021)

	Program Services	General & Administrative	Fund-raising	2022 Total	2021 (Note 9)
Salaries	$ 89,453	$ 65,913	$ 80,037	$ 235,403	$ 256,859
Payroll taxes and employee benefits	10,532	7,761	9,424	27,717	33,707
	99,985	73,674	89,461	263,120	290,566
Indigent care	290,169	-	-	290,169	292,243
Clinic - programs	138,620	-	-	138,620	100,334
Professional services	14,395	31,607	12,880	58,882	17,600
Cleft lip and palate/reconstructive surgery	57,794	-	-	57,794	27,513
U.S. nutrition education	46,660	-	-	46,660	36,569
Office expense	8,185	13,845	7,324	29,354	24,985
Physical therapy	28,800	-	-	28,800	38,762
Depreciation and amortization	8,186	8,711	7,324	24,221	1,339
Rent	3,367	2,481	3,013	8,861	21,271
Miscellaneous	2,212	3,200	1,292	6,704	6,655
Scholarships	3,000	-	-	3,000	-
HIC CURARTE building expense	-	-	-	-	120,200
Total expenses	$ 701,373	$ 133,518	$ 121,294	$ 956,185	$ 978,037

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Summarized Financial Information for the Year Ended December 31, 2021)

	2022	2021 (Note 9)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (312,080)	$ (385,740)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation	2,679	1,339
Right-of-use asset amortization	21,542	-
Realized and unrealized loss on investments	84,662	34,725
Change in operating assets and liabilities		
Accounts receivable	8,319	3,728
Prepaid expenses	217	(11,695)
Accounts payable	3,658	(2,940)
Decrease in lease liability obligations	(19,296)	-
Refundable advance	-	(55,189)
Net cash used in operating activities	(210,299)	(415,772)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(8,037)
Net (purchase) sales of investments	(2,084,707)	658,147
Net cash (used in) provided by investing activities	(2,084,707)	650,110
Change in cash and cash equivalents	(2,295,006)	234,338
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,810,062	3,575,724
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,515,056	$ 3,810,062
Cash and cash equivalents consist of :		
Cash and cash equivalents	$ 121,822	$ 181,969
Cash and cash equivalents included in investments	1,393,234	3,628,093
	$ 1,515,056	$ 3,810,062

Note 1. Organization and Significant Accounting Policies

Organization and Activities

The Foundation for the Children of the Californias (the Foundation) was incorporated in May 1990 as a California non-profit organization for the primary purpose of improving the health and nutrition of children in the border region of San Diego, California and Tijuana, Mexico and in the funding of a pediatric medical complex (Hospital Infantil de las Californias) operated in Tijuana, Mexico by Fundación para los Niños de las Californias, a non-profit Mexican organization.

Significant Accounting Policies

Method of Accounting – The financial statements of the Foundation have been prepared on the accrual basis of accounting.

Basis of Presentation –The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

> **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 organization. These net assets may be used at the discretion of the Foundation’s management and the board of directors.
>
> **Net assets with donor restrictions**: Net assets 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. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.
>
> Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Measure of Operations – The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Foundation’s ongoing programs. Nonoperating activities are limited to resources that generate return from long-term investments and other activities considered to be of a more unusual or nonrecurring nature.

Revenue Recognition – Contributions are recognized as revenue when they are received or unconditionally pledged. The Foundation reports contributions as restricted if they are received with donor stipulations as to 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 as net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Contributions with donor restrictions requiring the principal gift to be held in perpetuity are reported as endowment funds. The income earned from such assets is generally considered as purpose restricted.

Cash and Cash Equivalents – The Foundation considers all highly liquid investments with an original maturity of less than three months to be cash equivalents. Cash and cash equivalents include cash in readily available checking accounts.

Investments – Investments are recorded at fair value based on quoted market prices.

Furniture and Equipment – The Foundation capitalizes all furniture and equipment over $500. Furniture and equipment are depreciated on a straight-line basis over useful lives of 3 years. Depreciation expense for the year ended December 31, 2022 was $2,679.

Leases – Under ASC 842, the Foundation determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the balance sheet. ROU assets represent the right to control the use of an identified asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The Foundation does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Functional Allocation of Expenses – The statement of functional expenses presents expense by function and natural classification. Expenses directly attributable to a specific functional area of the Foundation are reported as expenses of those functional areas. A portion of costs that benefit multiple functional areas (indirect costs) have been allocated across programs and supporting services based on the full-time employee equivalents of a program or supporting service.

Cost of Direct Benefits to Donors – The costs of special events that represent a direct benefit to donors are separately reported. For the year ended December 31, 2022 there were special event costs of $54,025.

Income Taxes – The Foundation is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code and is also exempt from state income taxes. The Financial Accounting Standards Board (FASB) issued Accounting Standards Codification No. 740-10, *Accounting for Uncertainties in Income Tax*, which sets a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. The Foundation has reviewed its positions for all open tax years and has determined that it has no uncertain tax positions requiring accrual or disclosure.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Standards – In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) that requires a lessee to recognize on the statement of financial position, a liability to make these payments and a right-of-use asset representing its right to use the underlying asset for the lease term, regardless of classification of a lease as an operating or finance lease. The Foundation adopted ASU 2016-02 on January 1, 2022, using the modified retroactive approach for operating leases with a term greater than 12 months. The Foundation also elected the package of practical expedients permitted under the new standard that allowed the Foundation to carry forward historical lease classification for existing leases on the adoption date, and allowed the Foundation not to assess whether an existing contract contains a lease or initial direct costs. As permitted by the guidance, prior comparative periods will not be adjusted under this method.

The adoption of this standard resulted in recognition of operating right-of-use assets of $99,284 and lease liabilities of $100,209 on the statement of financial position as of January 1, 2022. There was no material impact on the statement of activities, statement of functional expenses or statement of cash flows.

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

The Foundation has evaluated subsequent events through March 28, 2023, which is the date the financial statements are available for issuance, and concluded that there were no events or transactions that needed to be disclosed.

Note 2. Liquidity and Availability of Resources

The Foundation's financial assets available for general expenditure, that is without donor restrictions limiting their use within one year of the statement of position date, are as follows:

Financial Assets	
Cash and cash equivalents	$ 121,822
Investments	4,854,352
Accounts receivable	7,393
Total financial assets available within one year	4,983,567
Less:	
Amounts unavailable for general expenditures within one year due to:	
Restricted by donors with purpose restrictions	(2,946,632)
Restricted by donors in perpetuity	(1,208,568)
Total amounts unavailable for general expenditures within one year	(4,155,200)
Total financial assets available to management for general expenditure within one year	$ 828,367

The Foundation maintains policies of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 3. Investments and Fair Value Measurements

Fair value is defined 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 Foundation uses a fair value hierarchy that to maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

The hierarchy for fair value measurement are described as follows:

Level 1 - quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - observable market-based inputs or unobservable inputs that are corroborated by market data. May include quoted prices in a market that is not active.

Level 3 - unobservable inputs that cannot be corroborated by market data. These inputs reflect management's best estimate of fair value using its own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The following are descriptions of the valuation inputs and techniques that the Foundation utilizes to determine fair value for each major category of assets and liabilities.

Due to the short-term nature of cash equivalents, other assets, accounts payable and accrued expenses, carrying value approximates fair value.

The Foundation's statement of financial position includes investments in publicly traded mutual funds that have been considered Level 1 assets and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date.

The following table summarizes the Foundation's investments by type, including placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis:

	Fair Value Measurements at December 31, 2022, Using:			
	Level 1	Level 2	Level 3	Total
Assets				
Exchange traded funds	$ 2,794,760	$ -	$ -	$ 2,794,760
Cash and money market	1,393,234	-	-	1,393,234
Fixed income	666,358	-	-	666,358
Total	$ 4,854,352	$ -	$ -	$ 4,854,352

The management of the Foundation is responsible for making the fair value measurements and disclosures in the financial statements. As part of fulfilling this responsibility, the management of the Foundation has established an accounting and financial reporting process for determining the fair value measurements and disclosures, which identifies and adequately supports the valuation methods and assumptions used and ensures that the presentation of the fair value measurement is in accordance with U.S. GAAP.

Total investment income shown on the statement of activities at December 31, 2022, is made up of interest and dividends of $79,110, realized loss of $25,761, unrealized loss of $58,901 and $18,081 in investment expenses.

Note 4. Leases

The Foundation evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Foundation's right to use underlying assets for the lease term, and the lease liabilities represent the Foundation's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Foundation has made an accounting policy election to use US treasury rate as of January 1, 2022, to discount future lease payments. The US treasury rate applied to calculate lease liabilities was 1.37%.

The Foundation leases equipment under non-cancellable agreements expiring in 2026. Under this agreement, the Foundation is required to pay a base monthly rent of $1,754.

For the year ended December 31, 2022, total operating lease cost was $31,245, and is included with rent expense on the statement of functional expenses.

Right-of-use assets consists of the following at December 31, 2022:

Right-of-use asset	$ 99,284
Less: accumulated amortization	(21,542)
	$ 77,742

Future minimum base lease payments required under the lease agreement for the years ended December 31 is as follows:

Years Ending December 31,		
2023	$	22,328
2024		22,783
2025		23,257
2026		11,856
Total lease payments		80,224
Less interest		(236)
Present value of lease liability	$	79,988

Note 5. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at December 31, 2022:

Medical clinics	$	2,086,740
U.S. Education / Nutrition Projects		275,188
Dr. Betty Jones Legacy Fund		195,315
Cleft lip and palate		145,206
Physical therapy training		97,080
Indigent care		93,553
Other programs		53,550
	$	2,946,632

Endowments, subject to the Foundation's spending policy and appropriations, the income from which is expendable for:

Langdon Endowment Fund	$	955,860
DARTE Endowment PMA Trust		103,361
Nutrition Endowment Fund		149,347
	$	1,208,568

Total net assets with donor restrictions at December 31, 2022 is $4,155,200.

Note 6. Net Assets Released from Restriction

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Purpose restrictions accomplished:

Medical clinics and equipment	$	137,368
Cleft lip and palate		57,794
U.S. Education / Nutrition Projects		46,660
Indigent care		41,921
Other programs		13,714
	$	297,457

Note 7. Endowment

The Foundation follows the standards codified in FASB ASC 958-205-65, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*, which provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the 2006 Uniform Prudent Management of Institutional Funds Act (UPMIFA). The endowments include only donor-restricted endowment funds.

Interpretation of Relevant Law:

The Board of Trustees of the Foundation has interpreted the 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. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes 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; and
7. The investment policies of the Foundation.

Endowment Investment and Spending Policies:

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 4.25% annually. Actual returns in any given year may vary from this amount.

Funds with 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. Deficiencies of this nature are reported in net assets without donor restrictions. As of December 31, 2022, the Foundation had one fund with a deficiency. The original give value of the funds totaled $103,583, and the balance at December 31, 2022 was $103,361.

The Foundation maintains records of the sum of (a) the original value of gifts donated to its permanent endowment, (b) the original value of subsequent gifts to such permanent endowment, and (c) the value of accumulations to such permanent endowment funds made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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 targets a diversified asset allocation that places a greater emphasis on money market and exchange traded investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy:

The Foundation's spending policy is for each Foundation endowment fund to pay out annually in accordance with established policy and set forth annually in the budget. For the year ended December 31, 2022, there were no distributions from the endowment funds. It is also the Foundation's policy not to take distributions from an endowment's principal value.

Changes in endowment funds during the year ending December 31, 2022, is as follows:

	With Donor Restrictions
Endowment net assets, beginning of year	$ 1,287,750
Investment return:	
Net investment income	27,562
Net depreciation (realized and unrealized)	(70,468)
Total investment return	(42,906)
Appropriation of assets for expenditure	36,276
Endowment net assets, end of year	$ 1,208,568

Note 8. Risks and Uncertainties

Concentration of Credit Risk – The Foundation maintains cash in bank accounts which at times may exceed the federally insure deposit limits. The Foundation has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk.

In addition, the Foundation invests in various investments, including mutual funds and money market accounts. Investment securities, in general, are subject to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments could occur in the near term and that such change could materially affect amounts reported on the financial statements.

COVID-19 Risk - In 2020, the COVID-19 virus was declared a global pandemic. The Foundation has implemented extensive measures to protect the health and safety of its employees and continues to adapt day to day operations and processes to safely carry out its mission. The Foundation continues to monitor and assess the implications to its business and take necessary actions to mitigate potential adverse consequences.

Note 9. December 31, 2021 Financial Information

The financial statements include certain prior year summarized comparative information in total, but not in sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2021, from which the summarized information was derived. Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the changes in net assets.