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MEMBERS OF AMERICAN  
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Independent Auditor's Report

The Board of Directors of  
The Tinker Foundation, Incorporated

We have audited the accompanying financial statements of The Tinker Foundation, Incorporated (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Tinker Foundation, Incorporated as of December 31, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of investments as of December 31, 2020 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

*Owen J. Flanagan & Co.*

New York, NY  
June 4, 2021

THE TINKER FOUNDATION, INCORPORATEDSTATEMENTS OF FINANCIAL POSITIONDECEMBER 31, 2020 AND 2019

|  | <u>2020</u>              | <u>2019</u>              |
|--|--------------------------|--------------------------|
| <b>ASSETS</b>                            |                          |                          |
| Cash and cash equivalents                | \$ 1,950,920             | \$ 3,856,204             |
| Investments                              | 86,107,600               | 81,560,701               |
| Prepaid expenses and other assets        | 13,175                   | 13,995                   |
| Prepaid taxes                            | -                        | 9,089                    |
| Property and equipment, net              | <u>338,532</u>           | <u>395,063</u>           |
| <br>Total Assets                         | <br><u>\$ 88,410,227</u> | <br><u>\$ 85,835,052</u> |
| <br><b>LIABILITIES AND NET ASSETS</b>    |                          |                          |
| Liabilities                              |                          |                          |
| Accounts payable and accrued expenses    | \$ 49,970                | \$ 3,605                 |
| Grants payable                           | 1,140,500                | -                        |
| Post-retirement liability                | 96,000                   | 110,000                  |
| Taxes payable                            | 1,844                    | -                        |
| Deferred federal excise tax payable      | <u>288,398</u>           | <u>260,359</u>           |
| <br>Total Liabilities                    | <br>1,576,712            | <br>373,964              |
| <br>Net assets without donor restriction | <br><u>86,833,515</u>    | <br><u>85,461,088</u>    |
| <br>Total Liabilities and Net Assets     | <br><u>\$ 88,410,227</u> | <br><u>\$ 85,835,052</u> |

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

THE TINKER FOUNDATION, INCORPORATED  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

|                               | <u>2020</u>          | <u>2019</u>          |
|-------------------------------|----------------------|----------------------|
| REVENUE                       |                      |                      |
| Net investment return         | \$ 7,623,848         | 11,988,717           |
| Tax expense                   | <u>(104,973)</u>     | <u>(89,998)</u>      |
|                               | 7,518,875            | 11,898,719           |
| Donated services              | <u>-</u>             | <u>19,323</u>        |
| Total Revenue                 | <u>7,518,875</u>     | <u>11,918,042</u>    |
| EXPENSES                      |                      |                      |
| Program                       | 5,574,569            | 4,569,264            |
| Management and governance     | 455,677              | 647,644              |
| Investment oversight          | <u>116,202</u>       | <u>113,772</u>       |
| Total Expenses                | <u>6,146,448</u>     | <u>5,330,680</u>     |
| Change in Net Assets for Year | <u>1,372,427</u>     | <u>6,587,362</u>     |
| NET ASSETS                    |                      |                      |
| Beginning of year             | <u>85,461,088</u>    | <u>78,873,726</u>    |
| End of Year                   | <u>\$ 86,833,515</u> | <u>\$ 85,461,088</u> |

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

THE TINKER FOUNDATION, INCORPORATED  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

|  | <u>2020</u>         | <u>2019</u>         |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:  |                     |                     |
| Change in Net Assets   | \$ 1,372,427        | \$ 6,587,362        |
| Adjustments to reconcile change in net assets to net cash from operating activities: |                     |                     |
| Depreciation expense   | 56,531              | 56,531              |
| Deferred federal excise tax expense  | 28,039              | 56,411              |
| Realized gain and change in unrealized appreciation on investments                   | (6,453,215)         | (10,268,254)        |
| Change in operating assets and liabilities   |                     |                     |
| Prepaid expenses and other assets  | 820                 | 2,344               |
| Prepaid taxes  | 9,089               | 8,587               |
| Proceeds receivable  | -                   | 175,000             |
| Accounts payable and accrued expenses  | 46,365              | (10,946)            |
| Grants payable   | 1,140,500           | -                   |
| Post-retirement liability  | (14,000)            | (18,000)            |
| Taxes payable  | <u>1,844</u>        | <u>-</u>            |
| <u>Net Cash Used In Operating Activities</u>   | <u>(3,811,600)</u>  | <u>(3,410,965)</u>  |
| CASH FLOWS FROM INVESTING ACTIVITIES:  |                     |                     |
| Purchase of investments  | (24,915,807)        | (5,641,528)         |
| Proceeds from sale of investments  | <u>26,822,123</u>   | <u>8,112,634</u>    |
| <u>Net Cash Provided By Investing Activities</u>                                     | <u>1,906,316</u>    | <u>2,471,106</u>    |
| Net Change in Cash and Cash Equivalents  | (1,905,284)         | (939,859)           |
| CASH AND CASH EQUIVALENTS  |                     |                     |
| Beginning of year  | <u>3,856,204</u>    | <u>4,796,063</u>    |
| End of Year  | <u>\$ 1,950,920</u> | <u>\$ 3,856,204</u> |
| Supplemental disclosure:   |                     |                     |
| Taxes Paid   | <u>\$ 66,000</u>    | <u>\$ 25,000</u>    |

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

THE TINKER FOUNDATION, INCORPORATED  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

|  | 2020                |                           |                      | 2019                |                     |                           |                      |                     |
|--|---------------------|---------------------------|----------------------|---------------------|---------------------|---------------------------|----------------------|---------------------|
|  | Program             | Management and Governance | Investment Oversight | Total               | Program             | Management and Governance | Investment Oversight | Total               |
| Grants                                 | \$ 4,790,750        |                           |                      | \$ 4,790,750        | \$ 3,756,201        |                           |                      | \$ 3,756,201        |
| Salaries, benefits and post-retirement | 622,766             | \$ 302,717                | \$ 86,828            | 1,012,311           | 578,749             | \$ 283,635                | \$ 81,427            | 943,811             |
| Consulting and professional fees       | 6,884               | 69,281                    | 9,750                | 85,915              | 7,127               | 249,493                   | 9,000                | 265,620             |
| Directors fees                         | -                   | 16,000                    | -                    | 16,000              | -                   | 28,000                    | -                    | 28,000              |
| Occupancy                              | 47,858              | 22,504                    | 6,672                | 77,034              | 50,961              | 24,480                    | 7,170                | 82,611              |
| Office expenses                        | 57,785              | 27,171                    | 8,055                | 93,011              | 80,099              | 38,478                    | 11,269               | 129,846             |
| Travel                                 | 13,406              | 1,490                     | -                    | 14,896              | 61,254              | 6,806                     | -                    | 68,060              |
| Depreciation                           | 35,120              | 16,514                    | 4,897                | 56,531              | 34,873              | 16,752                    | 4,906                | 56,531              |
|  | <u>\$ 5,574,569</u> | <u>\$ 455,677</u>         | <u>\$ 116,202</u>    | <u>\$ 6,146,448</u> | <u>\$ 4,569,264</u> | <u>\$ 647,644</u>         | <u>\$ 113,772</u>    | <u>\$ 5,330,680</u> |

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

THE TINKER FOUNDATION, INCORPORATED  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

**Note 1 Organization**

The Tinker Foundation, Incorporated (the “Foundation”) is a private foundation which supports activities to promote the development of an equitable, sustainable and productive society in Latin America. The Foundation’s primary source of revenue is investment revenue.

**Note 2 Summary of Significant Accounting Policies**

**Basis of Presentation**

The financial statements are prepared in accordance with United States generally accepted accounting principles. Revenue is recorded when earned and expenses are recorded when incurred. Net assets are classified based on the existence or absence of donor-imposed restrictions. All net assets of the Foundation are considered net assets without donor restriction.

**Change in Accounting Principle**

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 provides a framework for evaluating whether grants and contributions should be accounted for as exchange or nonexchange transactions as well as conditional and unconditional grants. For resource providers, the ASU was effective for fiscal years beginning after December 15, 2019. The adoption of the ASU no longer considers interim reporting as a contingency which resulted in the implementation of grants payable in which grants are recognized as an expense when approved by the Board of Directors if no other conditions exist.

**Cash and Cash Equivalents**

Cash and cash equivalents represent short-term investments with maturities of three months or less, at the time of purchase, except for those short-term investments managed by the Foundation’s investment managers as part of their long-term investment strategies.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Allocation of Expenses**

The financial statements report certain categories of expenses, such as occupancy, office expenses, travel and depreciation expenses that are attributable to one or more program or supporting functions of the Foundation. Those expenses are allocated based on time and effort in addition to salary and benefit costs. Other expenses incurred are allocated directly to the applicable program or supporting service.

THE TINKER FOUNDATION, INCORPORATED  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

**Note 2 Summary of Significant Accounting Policies (Continued)**

**Fair Value Measurements**

The Foundation follows Financial Accounting Standards Board (FASB) guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

**Investment Valuation**

Investments are carried at fair value. The fair value of alternative investments has been estimated using the Net Asset Value (“NAV”) as reported by the management of the respective alternative investment fund. FASB guidance provides for the use of NAV as a “Practical Expedient” for estimating fair value of alternative investments. NAV reported by each alternative investment fund is used as a practical expedient to estimate the fair value of the Foundation’s interest therein. These investments have been excluded from classification within the fair value hierarchy as required under U.S. GAAP.

**Investment Income Recognition**

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

**Property and Equipment**

Property and equipment are recorded at cost and depreciated using the straight-line method. The office space of the Foundation, a condominium, is being depreciated over a forty-year period. Furniture and fixtures are being depreciated over seven years. Computer equipment is being depreciated over a three-year period. The Foundation capitalizes all property and equipment items purchased over \$10,000.

**Uncertain Tax Positions**

The Foundation has not entered into any uncertain tax positions that would require financial statement recognition. It is no longer subject to audits by the applicable taxing jurisdictions prior to periods ending December 31, 2017.

**Subsequent Events**

In connections with the preparation of the financial statements, the Foundation evaluated subsequent events after the statement of financial position date of December 31, 2020 through June 4, 2021, which was the date the financial statements were available to be issued.



THE TINKER FOUNDATION, INCORPORATED  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

**Note 3 Federal Excise Taxes**

The Foundation is a nonprofit organization exempt from Federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (the Code), and is a private foundation as defined in Section 509(a) of the Code. The Foundation is subject to a federal excise tax of 1.39% on its net investment income, as defined, for tax purposes. The tax rate was 1% for 2019. Excise tax expense totaled approximately \$76,934 and \$33,587 for 2020 and 2019, respectively.

Deferred excise taxes principally arise from differences between the cost and fair value of investments. At December 31, 2020 and 2019, the fair value of the Foundation's investments exceeded the total cost; accordingly, provisions for deferred federal excise tax were made for the tax on the net appreciation of investments using the 1.39% tax rate in 2020 and 2019. Deferred excise tax expense totaled \$28,039 and \$56,411 for 2020 and 2019, respectively.

**Note 4 Unrelated Business Income Tax**

The Foundation is subject to unrelated business income tax on certain income generated through its investment vehicles. The Foundation's investments generated unrelated business losses in 2020 and 2019, resulting in no federal tax for the respective years.

**Note 5 Fair Value Measurements**

The following are major categories of investments measured at estimated fair value as of December 31:

|                            | 2020                 |                     |                      |                      |
|----------------------------|----------------------|---------------------|----------------------|----------------------|
|                            | Level 1              | Level 2             | NAV                  | Total                |
| Treasury notes             | \$ 1,005,000         | \$ -                | \$ -                 | \$ 1,005,000         |
| Mutual Funds               |                      |                     |                      |                      |
| Large cap equity funds     | 16,327,214           | 9,546,234           | -                    | 25,873,448           |
| Small cap equity funds     | 4,266,271            | -                   | -                    | 4,266,271            |
| Emerging markets funds     | 4,940,145            | -                   | -                    | 4,940,145            |
| All asset funds            | 2,789,710            | -                   | -                    | 2,789,710            |
| Global equity funds        | 9,618,866            | -                   | -                    | 9,618,866            |
| Fixed income funds         | 9,439,449            | -                   | -                    | 9,439,449            |
| Hedge Funds                | -                    | -                   | 21,055,712           | 21,055,712           |
| Fixed income funds         | -                    | -                   | 3,686,194            | 3,686,194            |
| International equity funds | -                    | -                   | 3,279,633            | 3,279,633            |
| Limited partnerships       |                      |                     |                      |                      |
| Private equity             | -                    | -                   | 20,732               | 20,732               |
| Real estate                | -                    | -                   | 132,440              | 132,440              |
|                            | <u>\$ 48,386,655</u> | <u>\$ 9,546,234</u> | <u>\$ 28,174,711</u> | <u>\$ 86,107,600</u> |

THE TINKER FOUNDATION, INCORPORATED  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

**Note 5 Fair Value Measurements (Continued)**

|                            | 2019                 |                     |                      |                      |
|----------------------------|----------------------|---------------------|----------------------|----------------------|
|                            | Level 1              | Level 2             | Reported at<br>NAV   | Total                |
| Treasury note              | \$ 2,994,540         | \$ -                | \$ -                 | \$ 2,994,540         |
| Mutual Funds               |                      |                     |                      |                      |
| Large cap equity funds     | 13,103,327           | 8,021,079           | -                    | 21,124,406           |
| Small cap equity funds     | 3,581,905            | -                   | -                    | 3,581,905            |
| Emerging markets funds     | 5,264,586            | -                   | -                    | 5,264,586            |
| All asset funds            | 2,573,261            | -                   | -                    | 2,573,261            |
| Fixed income funds         | 9,592,412            | -                   | -                    | 9,592,412            |
| Hedge Funds                | -                    | -                   | 16,551,569           | 16,551,569           |
| Fixed income funds         | -                    | -                   | 3,398,472            | 3,398,472            |
| International equity funds | -                    | -                   | 16,144,256           | 16,144,256           |
| Limited partnerships       |                      |                     |                      |                      |
| Private equity             | -                    | -                   | 164,215              | 164,215              |
| Real estate                | -                    | -                   | 171,079              | 171,079              |
|                            | <u>\$ 37,110,031</u> | <u>\$ 8,021,079</u> | <u>\$ 36,429,591</u> | <u>\$ 81,560,701</u> |

Information regarding the investments reported at NAV at December 31, 2020 is as follows:

|   | Fair Value           | Unfunded<br>Commitments | Redemption<br>Frequency | Redemption<br>Notice Period |
|---|----------------------|-------------------------|-------------------------|-----------------------------|
| Hedge Funds (a)                           | \$ 5,527,987         | \$ -                    | Quarterly               | 65 days                     |
| Hedge Funds (b)                           | 678,826              | -                       | Quarterly               | 60 days                     |
| Hedge Funds (c)                           | 4,867,689            | -                       | Quarterly               | 90 days                     |
| Hedge Funds (d)                           | 2,231,063            | -                       | Quarterly               | 90 days                     |
| Hedge Funds (e)                           | 4,128,031            | -                       | Quarterly               | 60 days                     |
| Hedge Funds (f)                           | 3,622,116            | -                       | Quarterly               | 65 days                     |
| Fixed income funds (g)                    | 3,686,194            | -                       | Monthly                 | 10 days                     |
| International equity funds (h)            | 3,279,633            | -                       | Monthly                 | 10 days                     |
| Private equity limited<br>partnership (i) | 20,732               | 20,000                  | Not eligible            |                             |
| Real estate limited<br>partnership (j)    | 132,440              | -                       | Not eligible            |                             |
|   | <u>\$ 28,174,711</u> | <u>\$ 20,000</u>        |                         |                             |

THE TINKER FOUNDATION, INCORPORATED  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

**Note 5 Fair Value Measurements (Continued)**

- a. The investment objective of this fund is to achieve capital appreciation through event-driven investments which seek to exploit situations in which announced or anticipated events create inefficiencies in the pricing of investments. The fund primarily invests in the securities and financial instruments of issuers (i) that are experiencing financial distress, that are attempting to complete an out-of-court restructuring, are involved in a bankruptcy or similar proceedings and/or involved in substantial litigation or (ii) that are the subject of proposed changes in corporate structure or control, such as tender or exchange offers, mergers, unsolicited merger proposals, spin-offs, split-offs, liquidations and recapitalizations. In making event-driven investments, the fund may invest at any or all levels of an issuer's capital structure. The fund also engages in convertible arbitrage and volatility arbitrage.
- b. The investment objective of this fund is to generate long-term, superior, risk-adjusted returns by investing primarily in publicly traded equity securities. The investment manager seeks to achieve the investment objective by employing a strict fundamentals-based investment approach. The fund generally invests in companies that appear to be trading at a discount to their intrinsic value, and short companies that it believes are trading at a premium to their intrinsic value. It is a generalist fund and invests across all sectors and geographies. During 2020, the fund began liquidating and as of December 31, 2020 the Foundation received approximately 82.5% of their investment. The remaining proceeds are expected to be fully distributed in 2021. An additional \$463,172 was liquidated from the fund during February 2021.
- c. The fund's investment objective is to generate positive absolute returns on capital through investments, long and short, in the securities and other financial instruments including, without limitation, senior, secured and unsecured bank debt and public debt, junior debt, trade claims, equities, convertible securities, options, swaps, credit default swaps and other derivatives of companies that are (i) experiencing financial distress; (ii) attempting to complete an out-of-court restructuring, including spin-offs and recapitalization; (iii) involved in bankruptcy, liquidation, or similar proceeding; and/or (iv) involved in substantial litigation.
- d. This fund was created to provide investors with a vehicle that has a nimble and relatively flexible mandate across the fund's investment universe. Asset allocation shifts are more pronounced compared to its flagship fund and the fund has a higher tolerance for holding more concentrated positions. The investment focus is on a concentrated subset of strategies which offer equity-like potential.
- e. This fund seeks to achieve equity like returns while taking on significantly less market risk than the broad market indices. The fund strives to achieve this goal through superior security selection on both long and short positions. Net long-term exposure will vary between 40%-60%. Gross exposure will range from 100%-160%. The fund will have 20-40 long positions. Core long positions will be 4%-8% of NAV. The fund will typically have 15-35 short positions, sized in the .5%-2.5% range. Concentration in any one industry will be less than 35% on a net long-term basis.

THE TINKER FOUNDATION, INCORPORATED  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

**Note 5 Fair Value Measurements (Continued)**

- f. This fund seeks to target traditional and non-traditional sources of alpha by employing a diverse set of catalyst-driven absolute return strategies that are intended to be uncorrelated to each other and to the major indices. The fund utilizes the four core absolute return strategies by investing across the corporate capital structure and often trade around or in conjunction with an event or catalyst.
- g. The fund was organized with the objective of achieving interest income and long-term capital appreciation by investing in non-U.S. debt securities. The fund concentrates its investments in bonds of countries having the best value in the form of high real interest rates.
- h. The investment objective of these funds is to obtain long-term capital gains and income through investing in diversified portfolios of international equities.
- i. This limited partnership was formed to invest in a select group of private equity funds in the venture capital, buyout and capital restructuring sectors. The partnership began operations on November 12, 2004 and will dissolve and terminate upon the later to occur of, (i) December 31, 2014, (ii) one year after the date by which all of the partnership investments have been liquidated (which is estimated to be July 1, 2021) or (iii) the occurrence of another liquidating event, as defined by the partnership agreement.
- j. This limited partnership was formed on September 14, 2007 to invest in real estate assets, with a goal of achieving superior risk-adjusted returns. The investment period, as defined by the partnership agreement, terminated in 2012.

**Note 6 Net Investment Return**

Net investment return as of December 31, 2020 and 2019 consists of the following:

|                            | 2020         | 2019          |
|----------------------------|--------------|---------------|
| Interest and dividends     | \$ 1,520,797 | 2,123,639     |
| Realized gains             | 4,436,045    | 1,734,804     |
| Unrealized gains (losses)  | 2,017,170    | 8,533,450     |
|                            | 7,974,012    | 12,391,893    |
| Direct investment expenses | (350,164)    | (403,176)     |
|                            | \$ 7,623,848 | \$ 11,988,717 |

THE TINKER FOUNDATION, INCORPORATED  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

**Note 7 Liquidity and Availability of Financial Assets**

The following reflects the Foundation's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general expenditures within one year of the statement of financial position date. Amounts not available include amounts set aside for long-term investing.

|  | 2020          | 2019          |
|--|---------------|---------------|
| Cash and cash equivalents  | \$ 1,950,920  | \$ 3,856,204  |
| Investments  | 86,107,600    | 81,560,701    |
|  | 88,058,520    | 85,416,905    |
| Illiquid investments   | (153,172)     | (335,294)     |
| Total financial assets available for general expenditure within next 12 months | \$ 87,905,348 | \$ 85,081,611 |

The annual spending rate is proposed by the Finance Committee as part of the budget each year and communicated to the Board for its approval based on current conditions.

**Note 8 Property and Equipment**

Property and equipment consist of the following as of December 31:

|                          | 2020         | 2019         |
|--------------------------|--------------|--------------|
| Office condominium       | \$ 2,152,757 | \$ 2,152,757 |
| Furniture and fixtures   | 130,099      | 130,099      |
|                          | 2,282,856    | 2,282,856    |
| Accumulated depreciation | 1,944,324    | 1,887,793    |
|                          | \$ 338,532   | \$ 395,063   |

**Note 9 Retirement Benefits**

The Foundation provides a 401(K) Plan covering all of its employees who are 21 years of age or older. Employees are permitted to contribute to this plan from pre-tax compensation up to the dollar limit established annually by the Internal Revenue Service as well. Employees who have 12 months of service at the Foundation are eligible for the Foundation's discretionary contribution benefit. The Foundation contributed 15% of eligible compensation, 3% as a safe harbor contribution and 12% as a discretionary contribution, to each eligible participant. This benefit totaled \$110,309 and \$97,353 in 2020 and 2019, respectively.

THE TINKER FOUNDATION, INCORPORATED  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

**Note 10 Grant Activity**

Grants authorized are recognized when approved by the Foundation's Board of Directors. Grants payable represent amounts authorized but scheduled for future payment. Grants to be paid in more than one year are discounted to present value, if material. The commitments outstanding at December 31, 2020 are scheduled for payment as follows:

|      |                     |
|------|---------------------|
| 2021 | \$ 1,051,500        |
| 2022 | <u>89,000</u>       |
|      | <u>\$ 1,140,500</u> |

After the implementation of ASU 2018-08, \$638,500 of grants scheduled to be paid in 2021, that were previously considered as contingent grants when approved in prior years, were expensed during 2020.

As of December 31, 2020, \$710,000 of contingent grants have been awarded with contractual requirements that have not been met at year-end and therefore not reflected in these financial statements.

**Note 11 Concentration of Risk**

The Foundation maintains cash in banks, which at times exceed federally insured limits. The Foundation uses only large well-established banks to minimize this risk and has not experienced any losses on its cash deposits.

**Note 12 Post-Retirement Liability**

In 2016, the Tinker Foundation adopted a formal post-retirement medical policy for long-time employees that either were approaching retirement or retired from the Foundation at that time. Under the policy the employees will receive \$6,000 per year for medical costs for the first five years and \$3,000 per year for the next five years, ending at 10 years of benefits. There is one elderly past-employee whom the Foundation has promised to cover up to \$6,000 per year of medical costs for the remainder of her life.

|   | 2020       | 2019       |
|---|------------|------------|
| Benefit obligation at December 31                                       | \$ 117,000 | \$ 136,000 |
| Accrued benefit costs recognized in the statement of financial position | \$ 96,000  | \$ 110,000 |
| Benefit cost  | \$ 9,874   | \$ 5,619   |
| Employer contributions  | \$ 23,874  | \$ 23,619  |
| Benefit paid  | \$ 23,874  | \$ 23,619  |

A 6% discount rate was used in determining the current accrued benefit obligation in 2020 and 2019. This plan is not funded.

THE TINKER FOUNDATION, INCORPORATED  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

**Note 12 Post-Retirement Liability** (Continued)

The expected benefit payments over the next ten years are as follows:

|           |                   |
|-----------|-------------------|
| 2021      | \$ 25,000         |
| 2022      | 19,000            |
| 2023      | 16,000            |
| 2024      | 16,000            |
| 2025      | 16,000            |
| 2026-2027 | <u>25,000</u>     |
|           | <u>\$ 117,000</u> |

**Note 13 COVID-19**

The COVID-19 pandemic has resulted in substantial volatility in the global economy and financial markets. Because of these changing conditions, the impact of these changes to the Foundation's financial position, if any, cannot be determined at this time.

THE TINKER FOUNDATION, INCORPORATEDSCHEDULE OF INVESTMENTSDECEMBER 31, 2020 AND 2019

|  | <u>2020</u><br><u>Fair Value</u> | <u>2019</u><br><u>Fair Value</u> |
|--|----------------------------------|----------------------------------|
| <b>Treasury Notes</b>  |                                  |                                  |
| US Treasury Note, 1.5% due on 6/15/20                        | \$ -                             | \$ 999,640                       |
| US Treasury Note, 1.875% due on 12/15/20                     | -                                | 1,002,100                        |
| US Treasury Note, 1.125% due on 6/30/21                      | 1,005,000                        | 992,800                          |
| <b>Mutual Funds</b>  |                                  |                                  |
| Baillie Gifford  | 5,189,242                        | -                                |
| Edgewood Growth  | 5,691,197                        | -                                |
| GQG Partners   | 4,429,624                        | -                                |
| Independent Franchise Partners                               | 9,546,234                        | 8,021,079                        |
| PIMCO Total Return Fund                                      | 9,439,449                        | 9,592,412                        |
| PIMCO All Asset Fund   | 2,789,710                        | 2,573,261                        |
| The Vanguard Group Institutional Index Fund                  | 10,636,017                       | 13,103,327                       |
| The Vanguard Group Small Cap Value Index Fund                | 4,266,271                        | 3,581,905                        |
| The Vanguard Group Emerging Markets Equity Index Fund        | 4,940,145                        | 5,264,586                        |
| <b>Hedge Funds</b>   |                                  |                                  |
| Canyon Balanced  | 2,231,063                        | -                                |
| Davidson Kempner Institutional Partners, L.P.                | 5,527,987                        | 8,167,562                        |
| Davidson Kempner Distressed Opportunities International Ltd. | 4,867,689                        | 4,773,988                        |
| Hawk Ridge Partners  | 4,128,031                        | -                                |
| Hudson Bay   | 3,622,116                        | -                                |
| Valinor Capital Partners                                     | 678,826                          | 3,610,019                        |
| <b>Fixed Income Funds</b>                                    |                                  |                                  |
| Brandywine International Fixed Income Portfolio              | 3,686,194                        | 3,398,472                        |
| <b>International Equity Funds</b>                            |                                  |                                  |
| Highclere International Investors                            | 3,279,633                        | 3,046,908                        |
| Silchester International Value Equity Fund                   | -                                | 13,097,348                       |
| <b>Limited Partnerships</b>                                  |                                  |                                  |
| Park Street Capital Private Equity VI, LP                    | 20,732                           | 164,215                          |
| Westbrook Real Estate  | 132,440                          | 171,079                          |
|  | <u>                    </u>      | <u>                    </u>      |
| Total Investments  | <u>\$ 86,107,600</u>             | <u>\$ 81,560,701</u>             |

See accompanying independent auditor's report.