

LONGWOOD FOUNDATION, INC.

FINANCIAL STATEMENTS

**YEAR ENDED SEPTEMBER 30, 2020
WITH COMPARATIVE TOTALS
FOR YEAR ENDED SEPTEMBER 30, 2019**

**WITH
INDEPENDENT AUDITOR'S REPORT**

Independent Auditor's Report

Board of Trustees
Longwood Foundation, Inc.
Wilmington, Delaware

We have audited the accompanying financial statements of Longwood Foundation, Inc. (the "Foundation"), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 from 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 Longwood Foundation, Inc. as of September 30, 2020, and the changes in its net assets, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Foundation's September 30, 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated March 5, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of contributions, appropriations and expenditures on pages 20-21 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.



Certified Public Accountants

March 3, 2021
Wilmington, Delaware

LONGWOOD FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020
WITH COMPARATIVE TOTALS AS OF SEPTEMBER 30, 2019

ASSETS	2020	2019
Cash and cash equivalents	\$ 15,716,766	\$ 15,581,697
Prepaid excise taxes	-	147,476
Investment securities - at fair value:		
Stocks (cost \$2,730,093)	5,074,146	51,653,912
Short-term deposits (cost \$21,485,562)	21,485,562	40,905,842
Limited partnerships (cost \$137,015,474)	172,988,318	169,141,347
Mutual fund shares (cost \$405,986,788)	595,498,592	432,275,693
Contributions and other receivables (remainder trusts)	219,796	220,326
TOTAL ASSETS	\$ 810,983,180	\$ 709,926,293
 LIABILITIES AND NET ASSETS		
Accounts payable and accrued liabilities	\$ 40,401	\$ 25,520
Accrued taxes payable	519,612	-
Grants payable	93,242,367	85,723,672
Actuarial pension liability	16,773	125,492
TOTAL LIABILITIES	93,819,153	85,874,684
Net assets without donor restrictions	716,948,549	623,836,131
Net assets with donor restrictions	215,478	215,478
TOTAL NET ASSETS	717,164,027	624,051,609
TOTAL LIABILITIES AND NET ASSETS	\$ 810,983,180	\$ 709,926,293

See accompanying notes to financial statements

LONGWOOD FOUNDATION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>2020</u>			<u>2019</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Totals</u>
REVENUES AND OTHER SUPPORT:				
Investment income, net	\$ 7,299,308	\$ -	\$ 7,299,308	\$ 10,676,898
Total revenues and other support	<u>7,299,308</u>	<u>-</u>	<u>7,299,308</u>	<u>10,676,898</u>
EXPENSES:				
Program expenses	34,602,055	-	34,602,055	16,522,491
Management and general	805,920	-	805,920	824,935
Total expenses	<u>35,407,975</u>	<u>-</u>	<u>35,407,975</u>	<u>17,347,426</u>
Change in net assets from operations	<u>(28,108,667)</u>	<u>-</u>	<u>(28,108,667)</u>	<u>(6,670,528)</u>
Other changes in net assets:				
Net realized and unrealized gains on investments	122,079,454	-	122,079,454	4,449,745
Federal excise tax	(967,088)	-	(967,088)	(432,371)
Change in value - pension plan liability	108,719	-	108,719	33,403
Total other changes in net assets	<u>121,221,085</u>	<u>-</u>	<u>121,221,085</u>	<u>4,050,777</u>
CHANGE IN NET ASSETS	93,112,418	-	93,112,418	(2,619,751)
NET ASSETS AT BEGINNING OF YEAR	<u>623,836,131</u>	<u>215,478</u>	<u>624,051,609</u>	<u>626,671,360</u>
NET ASSETS AT END OF YEAR	<u>\$ 716,948,549</u>	<u>\$ 215,478</u>	<u>\$ 717,164,027</u>	<u>\$ 624,051,609</u>

See accompanying notes to financial statements

LONGWOOD FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2019

	2020			2019
	Program Services	Management and General	Total	Total
Grants approved, (net grants rescinded of \$71,704 during the year ended September 30, 2020)	\$ 33,796,126	\$ -	\$ 33,796,126	\$ 15,697,556
Salaries	406,497	406,496	812,993	829,594
Employee benefits	129,750	129,750	259,500	282,128
Office rent	40,040	40,039	80,079	69,846
Payroll taxes	23,302	23,301	46,603	49,482
Insurance	1,508	1,508	3,016	12,428
Dues & Subscriptions	16,811	16,810	33,621	36,150
Telephone	6,429	6,428	12,857	14,620
Travel	11,831	11,831	23,662	13,977
Miscellaneous	7,612	7,612	15,224	13,995
Accounting	13,965	13,964	27,929	28,606
Supplies and equipment	6,866	6,865	13,731	15,234
Legal	940	940	1,880	8,756
Computer consultant fees	13,108	13,107	26,215	53,100
Computer equipment	5,903	5,903	11,806	7,862
Computer services	3,005	3,004	6,009	3,664
Management consultants	12,300	12,300	24,600	52,928
Office renovations	78,562	78,562	157,124	-
Payments into pension plan	27,500	27,500	55,000	157,500
TOTAL EXPENSES	\$ 34,602,055	\$ 805,920	\$ 35,407,975	\$ 17,347,426

See accompanying notes to financial statements

LONGWOOD FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Investment income received	\$ 11,950,751	\$ 14,267,374
Grants paid	(26,277,431)	(18,265,403)
Program services expenses	(805,929)	(824,935)
Management and general expenses	(790,509)	(790,549)
Investment management fees	(4,651,443)	(3,590,476)
Federal excise and income tax paid	(300,000)	(200,000)
Net cash used by operating activities	<u>(20,874,561)</u>	<u>(9,403,989)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from security sales	179,886,137	153,184,946
Cost of security purchases	<u>(158,876,507)</u>	<u>(129,099,999)</u>
Net cash provided by investing activities	<u>21,009,630</u>	<u>24,084,947</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	135,069	14,680,958
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>15,581,697</u>	<u>900,739</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 15,716,766</u></u>	<u><u>\$ 15,581,697</u></u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES		
Change in net assets	\$ 93,112,418	\$ (2,619,751)
Adjustment to reconcile change in net assets to net cash used by operating activities		
Net unrealized and realized gains on investments	(122,079,454)	(4,449,745)
Decrease in assets:		
Prepaid excise taxes	147,476	232,371
Contributions and other receivables (remainder trusts)	530	8,866
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	14,881	25,520
Increase in accrued taxes payable	519,612	
Unpaid grants	7,518,695	(2,567,847)
Actuarial pension liability adjustment	<u>(108,719)</u>	<u>(33,403)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u><u>\$ (20,874,561)</u></u>	<u><u>\$ (9,403,989)</u></u>

See accompanying notes to financial statements

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Foundation

Longwood Foundation, Inc. (the “Foundation”) is a nonprofit private foundation operated exclusively for charitable, educational, religious, scientific, literary, and public safety purposes. The Foundation provides grants to other nonprofit organizations, primarily in the 50-mile area surrounding Wilmington, Delaware. The income of the Foundation is primarily investment income derived from previous contributions.

Income Recognition

Interest on bonds, notes and short-term deposits is recorded as revenue when earned. Dividends on stocks are recorded as of the date the dividends are paid.

Realized gains or losses on security transactions are determined principally using the cost or adjusted tax basis on the first-in, first-out (FIFO) or specific identification method.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at quoted market values in the statement of financial position. Unrealized gains and losses for the year are included in the statement of activities and changes in net assets. Security transactions are recorded as of the date of trade. Net asset value (NAV) is used as a practical expedient for privately held investments and investments in limited partnerships for which readily determinable fair value is not available.

Fair Value Hierarchy

FASB ASC 820-10 establishes a fair value hierarchy and specifies that a valuation technique used to measure fair value shall maximize the use of observable inputs and minimize the use of unobservable inputs. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Hierarchy (Continued)

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Taxes

The Foundation is a tax-exempt private foundation as defined in Internal Revenue Code Section 501(c)(3); accordingly, excise taxes are provided at the rate of 1% or 2% of defined net investment income. Under certain circumstances, the Foundation may be subject to other taxes, among which is a tax on annual distributable income, as defined, not distributed within a specified period or not offset by excess distributions of the five preceding fiscal years. At September 30, 2020, the Foundation had \$9,803,225 required to be distributed prior to September 30, 2021 in order to avoid punitive taxes on undistributed amounts.

On December 20, 2019, the Taxpayer Certainty and Disaster Relief Act (the “Act”) was signed into law simplifying the federal excise tax on private foundations. The Act eliminates the two-tiered system of excise tax on the net investment income described above and replaced it with a flat excise tax rate of 1.39%. The flat rate is effective October 1, 2020 for the Foundation.

Use of Estimates

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all funds in checking and imprest accounts to be cash or cash equivalents. Highly liquid investment balances held as a part of an investment portfolio are considered to be investments for financial statement purposes.

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Uncollectible Receivables

No allowance for uncollectible contributions has been made. Management estimates that all contributions will be collected.

Functional Expenses

The cost of providing the various programs and activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on personnel costs. The Foundation did not incur fundraising expenses for the year ended September 30, 2020 or 2019.

Capitalization Policy

The Foundation does not capitalize furniture and equipment. Total value of the furniture and equipment is immaterial to the financial statements.

Financial Statement Presentation

Information regarding financial position and activities is reported in accordance to the following net asset classifications:

Net assets without donor restrictions – net assets available for use in general operations and not subject to donor-imposed restrictions.

Net assets with donor restrictions – net assets subject to donor imposed restrictions. 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, where by the donor has stipulated the funds be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Net assets with donor restrictions are related to the charitable remainder trust assets held in the amount of \$215,478 at September 30, 2020.

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prior Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended September 30, 2019, from which the summarized information was derived.

CONTRIBUTIONS RECEIVABLE

Contributions received are recorded as an increase in net assets without donor restrictions and net assets with donor restrictions, depending on the existence or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon expiration of the donor restrictions.

The Foundation is the beneficiary of five trusts. All are charitable remainder trusts under which the Foundation will receive the assets held in the trust upon the death of the income beneficiaries.

Two of the income beneficiaries of the trusts are currently being paid from annuities purchased for that purpose. While the Foundation may be entitled to a remainder interest in the annuities under certain conditions, no amount has been recorded in the financial statements to reflect that remote possibility.

Aside from the annuities, the trusts have cash equivalent balances held in the amount of \$215,478 at September 30, 2020. A share of this balance will be due to the Foundation upon the passing of each of the remaining beneficiaries. This amount has been recorded as contribution receivable increasing net assets with donor restrictions.

Changes in the value of the trust assets are recognized as contribution income or operating expense in the net assets with donor restrictions each year until the trust assets are received.

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2019

LIQUIDITY AND AVAILABILITY

As part of the Foundation's liquidity policy, management strives to maintain fixed income and short-term deposits to manage liquidity needs. As of September 30, 2020, the Foundation had \$21,485,562 invested in short-term deposits and fixed income in its investment portfolio.

The Foundation's financial assets available to meet cash needs for general expenditures within one year of September 30, 2020 are as follows:

Cash and cash equivalents	\$	15,716,766
Investments		795,046,618
	\$	<u>810,763,384</u>

The Foundation's investment portfolio includes approximately \$795,000,000 of funding that is not subject to donor restrictions and/or board designations for long-term use. The Foundation estimates approximately \$173,000,000 of investments are subject to redemption restrictions and could not be liquidated immediately.

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2019

INVESTMENTS

Investments are recorded at fair value. The cost and fair values at September 30, 2020 were:

Investment Type	Level 1 Valuation:	Cost	Fair Value	Unrealized Appreciation (Depreciation)
ST deposit	Short-term deposits	\$ 21,485,562	\$ 21,485,562	\$ -
Common stock	E.I. du Pont Common Stock	1,291,335	2,647,616	1,356,281
Common stock	AJO Managed Volatility	3	3	-
Common stock	10x Genomics, Inc.	352,431	417,553	65,122
Common stock	Datadog, Inc.	1,086,324	2,008,977	922,653
Mutual	Baillie Gifford Long Term Global Growth	26,180,856	86,248,408	60,067,552
Mutual	Baillie Gifford WWD	26,645,509	45,996,087	19,350,578
Mutual	Dodge and Cox Open Ended Fund	36,325,330	36,939,112	613,782
Mutual	Focused Investor	41,445,362	55,267,084	13,821,722
Mutual	Highclere Int. Smaller Company Fund	12,381,547	13,778,730	1,397,183
Mutual	Kiltearn Global Equity Fund	38,115,438	29,500,051	(8,615,387)
Mutual	State Street S&P 500 ETF	95,902,445	148,642,868	52,740,423
Mutual	T. Rowe Price Asia	19,331,910	23,693,009	4,361,099
Mutual	T. Rowe Price Global Large Cap	40,574,287	64,986,941	24,412,654
Mutual	Vanguard Div Growth	35,656,543	55,449,905	19,793,362
Mutual	Vanguard Total Bond Fund	33,427,561	34,996,394	1,568,833
	Total Level 1	430,202,443	622,058,300	191,855,857
	NAV Valuation:			
LP	Accel Growth Fund V	1,914,626	1,915,561	935
LP	Accel Leaders Fund 2	913,350	889,100	(24,250)
LP	Accel XIV	445,299	431,359	(13,940)
LP	Accel India VI	247,500	222,421	(25,079)
LP	Carlyle Partners 4, LP	2,113,805	4,074,389	1,960,584
LP	Carlyle Partners 5, LP	861,181	866,727	5,546
LP	Carlyle Partners 6, LP	5,345,697	9,953,156	4,607,459
LP	Carlyle Partners 7, LP	1,871,592	1,749,758	(121,834)
Alternative	Centerbridge Credit Partners Offshore Ltd.	1,004,231	1,129,916	125,685
LP	Commonfund Global Distressed	4,818,470	762,365	(4,056,105)
LP	Commonfund International Partners 7	3,498,302	4,200,297	701,995
LP	Commonfund Private Equity 8	2,638,773	5,263,905	2,625,132
LP	Commonfund Venture Partners 9	1,916,593	4,886,296	2,969,703
LP	Drive Capital Overdrive Fund I	1,615,778	1,610,852	(4,926)
LP	Drive Capital Fund III	162,923	131,660	(31,263)
LP	Flagship Opportunities Fund II	1,188,615	1,170,036	(18,579)
LP	Flagship Pioneering Fund VI	1,067,472	2,629,909	1,562,437
LP	Flagship Pioneering Fund VII	200,000	166,504	(33,496)
Hedge Fund	GQG Partners	25,000,000	30,454,326	5,454,326
LP	IDG Breyer Capital	442,838	382,110	(60,728)
LP	IDG China Venture Fund 3, LP	4,250,599	5,754,901	1,504,302
LP	IDG China Venture Fund 4, LP	4,218,223	12,426,111	8,207,888
LP	IDG China Venture Fund 5, LP	1,541,231	1,803,641	262,410
LP	IDG China Venture Fund 6, LP	100,000	100,000	-
LP	Marcus Capital Partners II	2,829,502	4,026,893	1,197,391
LP	Marcus Capital Partners III	473,249	460,597	(12,652)
LP	Meritech Capital Partners V, LP	1,436,659	13,787,869	12,351,210
LP	Meritech Capital Partners VI, LP	1,873,370	2,109,628	236,258
LP	Orbis Global Equity	33,999,357	34,781,134	781,777
Alternative	Renaissance Alpha Fund	19,721,342	17,301,597	(2,419,745)
LP	Riverstone Global Energy & Power Fund V, LP	5,555,604	2,010,717	(3,544,887)
LP	Summit Partners Growth Equity Partners IX-A	2,513,556	4,212,245	1,698,689
LP	Summit Partners Subordinated Debt V-A	969,937	1,015,413	45,476
LP	Summit Partners Growth Equity Fund X-A	265,800	306,925	41,125
	Total investments measured at NAV	137,015,474	172,988,318	35,972,844
	Total Investments at Fair Market Value	\$ 567,217,917	\$ 795,046,618	\$ 227,828,701

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2019

INVESTMENTS (CONTINUED)

As required by FASB ASC 820-10, investments are classified within the level of the lowest significant input considered in determining fair value. In evaluating the level at which the Foundation's investments have been classified, management has assessed factors including, but not limited to price transparency, subscription activity, redemption activity and the existence or absence of certain restrictions. All of the Foundation's investments valued using Level 1 inputs are based on unadjusted quoted market prices within active markets.

COMMITMENTS

Fair value measurements of investments that are measured at net asset value per share as a practical expedient on a recurring or nonrecurring basis have the following commitments and restrictions or conditions of redemption as of September 30, 2020:

	<u>Fair Value</u>	<u>Outstanding Capital Commitments</u>	<u>Redemption Frequency (If currently eligible)</u>	<u>Redemption Notice Period</u>
Accel Growth Fund V	\$ 1,915,561	\$ 1,800,000	private equity, non marketable	n/a
Accel Leaders Fund 2	889,100	400,000	private equity, non marketable	n/a
Accel XIV	431,359	800,000	private equity, non marketable	n/a
Accel India VI	222,421	1,300,000	private equity, non marketable	n/a
Carlyle Partners 4, LP	4,074,389	-	private equity, non marketable	n/a
Carlyle Partners 5, LP	866,727	3,900,000	private equity, non marketable	n/a
Carlyle Partners 6, LP	9,953,156	-	private equity, non marketable	n/a
Carlyle Partners 7, LP	1,749,758	2,900,000	private equity, non marketable	n/a
Commonfund Global Distressed	762,365	2,000,000	private equity, non marketable	n/a
Commonfund International Partners 7	4,200,297	600,000	private equity, non marketable	n/a
Commonfund Private Equity 8	5,263,905	800,000	private equity, non marketable	n/a
Commonfund Venture Partners 9	4,886,296	100,000	private equity, non marketable	n/a
Drive Capital Overdrive Fund I	1,610,852	1,400,000	private equity, non marketable	n/a
Drive Capital Fund III	131,660	1,800,000	private equity, non marketable	n/a
Flagship Opportunities Fund II	1,170,036	3,800,000	private equity, non marketable	n/a
Flagship Pioneering Fund VI	2,629,909	800,000	private equity, non marketable	n/a
Flagship Pioneering Fund VII	166,504	3,800,000	private equity, non marketable	n/a
IDG Breyer Capital	382,110	3,600,000	private equity, non marketable	n/a
IDG China Venture Fund 3, LP	5,754,901	200,000	private equity, non marketable	n/a
IDG China Venture Fund 4, LP	12,426,111	100,000	private equity, non marketable	n/a
IDG China Venture Fund 5, LP	1,803,641	400,000	private equity, non marketable	n/a
IDG China Venture Fund 6, LP	100,000	1,900,000	private equity, non marketable	n/a
Marcus Capital Partners II	4,026,893	1,500,000	private equity, non marketable	n/a
Marcus Capital Partners III	460,597	3,500,000	private equity, non marketable	n/a
Meritech Capital Partners V, LP	13,787,869	400,000	private equity, non marketable	n/a
Meritech Capital Partners VI, LP	2,109,628	600,000	private equity, non marketable	n/a
Riverstone Global Energy & Power Fund V, LP	2,010,717	-	private equity, non marketable	n/a
Summit Partners Growth Equity Partners IX-A	4,212,245	-	private equity, non marketable	n/a
Summit Partners Growth Equity Partners X-A	306,925	2,700,000	private equity, non marketable	n/a
Summit Partners Subordinated Debt V-A	1,015,413	2,000,000	private equity, non marketable	n/a
Mertich Capital Partners VII, LP	-	3,000,000	private equity, non marketable	n/a
	<u>\$ 89,321,345</u>	<u>\$ 46,100,000</u>		

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2019

ENDOWMENT MANAGEMENT

The Foundation's endowment includes only assets that were derived from the original gifts which established the Foundation and the net assets are not considered to be restricted beyond the overall charitable purpose of the Foundation under FASB ASC 958-205.

As a Delaware corporation, the Foundation is subject to the Delaware-enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). In accordance with the standards of prudence prescribed by UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate endowment funds:

1. The duration and preservation of the endowment
2. The Foundation's mission and purpose
3. General economic conditions
4. The possible effect of inflation or deflation
5. The expected total return from income and appreciation of investments
6. The Foundation's other resources
7. The Foundation's investment policies
8. IRS regulations governing required distributions

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for grants while seeking to maintain the long-term purchasing power of the endowment assets. Under these policies, professional investment managers are utilized and the assets are invested in a manner that is intended to maintain the current level of financial support while assuming a moderate level of investment risk.

The Foundation expects that its endowment funds, over time, to provide an average rate of return of at least 8% annually. Actual rates in any given year may vary from this amount.

Endowment net assets at September 30, 2020 were as follows:

Without Donor Restrictions	With Donor Restrictions	Total
\$ 795,046,618	\$ -	\$ 795,046,618
<u>\$ 795,046,618</u>	<u>\$ -</u>	<u>\$ 795,046,618</u>

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2019

ENDOWMENT MANAGEMENT (CONTINUED)

Changes in endowment net assets for the year ended September 30, 2020 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, September 30, 2019	\$ 693,976,794	\$ -	\$ 693,976,794
Investment return, net:	129,378,762	-	129,378,762
Grant payments	(26,277,431)	-	(26,277,431)
Operating expenses	(2,031,507)	-	(2,031,507)
Endowment net assets, September 30, 2020	<u>\$ 795,046,618</u>	<u>\$ -</u>	<u>\$ 795,046,618</u>

PENSION PLAN

The Foundation sponsored a noncontributory defined benefit pension plan (the “Plan”). In September 2018, the Board of Trustees approved an amendment to reflect benefits will no longer accrue under the Plan and new hires on or after September 30, 2018 are no longer eligible to enter the Plan. Benefits are based on years of service and the employees' average compensation during the three consecutive calendar years prior to September 30, 2018 in which the average was highest. The Entry Age Normal Actuarial Cost Method is used to determine contributions to the Plan and the Projected Unit Credit Cost Method is used to determine pension expense.

The annual measurement date is September 30 for pension benefits. The following table sets forth the Plan’s funded status and non-current liability recognized in the statement of financial position at September 30, 2020:

Projected benefit obligation for services rendered to date	\$ 3,045,608
Plan assets at fair value	<u>3,028,835</u>
Funded status at September 30, 2020	<u>\$ (16,773)</u>

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
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PENSION PLAN (CONTINUED)

Amounts recognized in the statement of activities and changes in net assets for the year ended September 30, 2020 include the following components:

Payments from the Foundation into the Plan: \$55,000.
Change in the Plan's Funded Status based on actuarial calculations: (\$55,959).

As allowed under FASB ASC 958-715, the Foundation does not recognize an intermediate measure of pension expense and the entire amount of the change in the Plan's funded status is recognized in the change in net assets for the current year.

Since the accrual of benefits has been frozen, the accumulated benefit obligation is equal to the projected benefit obligation for the pension plan at September 30, 2020.

The following table sets forth the Plan's net periodic benefit cost for the year ended September 30, 2020:

Service cost	\$ -
Interest cost	131,983
Expected return on plan assets	(183,785)
Other components	<u>73,039</u>
Net periodic pension cost	<u>\$ 21,237</u>

Assumptions used in determining the benefits, cost, and funded status of the Plan were as follows:

Weighted-average assumptions used to determine net periodic benefit cost at September 30, 2020:

Discount rate for net periodic benefit cost	4.50%
Rate of increase in compensation levels	N/A
Expected long-term rate of return on assets	6.50%

Weighted-average assumptions used to determine benefit obligations at September 30, 2020:

Discount rate on benefit obligation	4.50%
Rate of increase in compensation levels	N/A

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2019

PENSION PLAN (CONTINUED)

The Foundation's expected rate of return on plan assets is determined by the plan assets' historical long-term investment performance, current asset allocation, and estimates of future long-term returns by asset class. The asset class allocations of the Foundation's pension plan at September 30, 2020 were as follows:

<u>Asset Class</u>	<u>Amount</u>	<u>Percentage</u>
Domestic equity mutual funds	\$ 1,403,710	46.34%
International equity funds	590,591	19.50%
Closed end equity mutual funds	427,510	14.11%
International closed end equity funds	410,947	13.57%
Global equity hedge fund	116,070	3.83%
Fixed income funds	27,660	0.91%
Cash	52,347	1.74%
Total	<u>\$ 3,028,835</u>	<u>100.00%</u>

The Foundation's investment strategy is designed to enable the Plan to meet its current annual pension payment obligations, maintain its over-funded status and provide sufficient growth to meet future pension payment obligations. The Foundation's Plan investment asset allocation has been designed to meet this strategy.

All Plan assets are invested in readily marketable debt and equity securities and cash equivalents which are considered to be Level 1 investments under FASB ASC 820-10.

The Foundation expects to contribute \$43,000 to the pension plan in fiscal year 2021. No plan assets are expected to be returned to the Foundation during fiscal year 2021.

Benefits paid during the year ended September 30, 2020 totaled \$153,556. The following benefit payments are expected to be paid for the years ending:

<u>September 30,</u>	
2021	\$ 151,000
2022	285,000
2023	285,000
2024	285,000
2025	300,000
Next 5 years	1,500,000

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
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DEFINED CONTRIBUTION PLAN

The Foundation provides its employees the opportunity to participate in an Employer Matching 403(b) defined contribution plan. Participants who are at least 18 years of age during the plan year and complete 1,000 hours of service are eligible to receive an employer matching contribution equal to 100% of the participants deferred compensation, but no more than 4% of each such participant's compensation for the plan year. Additionally, the Foundation contributes an amount equal to 4% of each participant's compensation for the plan year, regardless of whether or not the participant receives the employer matching contribution. During the year ended September 30, 2020, employer contributions to the plan charged to operations was \$58,043.

LEASE COMMITMENTS

The Foundation has an office facility lease with a related party, Community Service Building Corporation. The lease expires July 31, 2022. Future minimum lease payments are as follows for the years ending:

<u>September 30,</u>	
2021	\$ 86,846
2022	<u>72,372</u>
Total	<u>\$ 159,218</u>

Net rent expense for the year ended September 30, 2020 totaled \$80,079. The Foundation sub-rents a portion of its office space. Sub-rental income, which is deducted from *Office rent expense* on the statement of functional expenses, for the year ended September 30, 2020 totaled \$20,500. The Foundation appoints two board members to the Community Service Building Corporation board.

UNPAID GRANTS

The Board of Trustees approved \$93,242,367 of contributions that were unpaid as of September 30, 2020. Unpaid grants are expected to be paid as follows for the years ending:

<u>September 30,</u>	
2021	13,968,723
2022	10,473,644
2023	10,300,000
2024	10,300,000
2025	10,300,000
Thereafter	<u>37,900,000</u>
	<u>\$ 93,242,367</u>

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2019

LOAN GUARANTEE

The Community Education Building bond issue dated December 7, 2018 in the amount of \$32,000,000 payable over a 20-year period through 2039 was guaranteed by the Foundation. The Foundation has pledged payments to the Community Education Building and those payments will be paid directly to the Bank holding the bonds in an amount designed to satisfy the bond payments.

FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Foundation to estimate the fair values of financial instruments as disclosed herein:

Cash Equivalents and Short-Term Deposits

The carrying amount approximates fair value because of the short period to maturity of the instruments.

Investment Securities

For all investment securities, the carrying amounts approximate fair value. The Foundation's investments are subject to various risks such as interest rate, credit and market risks. The Foundation mitigates its risks by placing its investment assets with several professional investment management firms subject to the Foundation's investment management policy.

Contributions Receivable

The fair value of contributions receivable is estimated to be equal to the market value of trust assets and other receivables at September 30, 2020.

CONCENTRATION OF CREDIT RISK

The Foundation maintains cash balances at two financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. In the normal course of business, the Foundation's balances may exceed this amount. The Foundation considers the possibility of incurring a loss remote.

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
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PROGRAM RELATED LOANS

From time to time, the Foundation will be called upon to support various charitable initiatives which involve charitable loans. The Foundation may count such loans as charitable distributions under certain circumstances which the Foundation believes it has met in every case.

At the time when the loans are made, they are treated in all respects as grants since the possibility and amount of any future economic benefit is uncertain. Although these loans are tracked internally and regular reporting is submitted, no program-related loans appear as assets on the Foundation's statement of financial position at September 30, 2020.

SUBSEQUENT EVENTS

The Foundation's management has evaluated events and transactions subsequent to the year end for potential recognition or disclosure in these financial statements. Management has evaluated subsequent events through March 3, 2021, which is the date the financial statements were available to be issued.

LONGWOOD FOUNDATION, INC.
SUPPLEMENTAL SCHEDULE OF CONTRIBUTIONS,
APPROPRIATIONS AND EXPENDITURES
YEAR ENDED SEPTEMBER 30, 2020

	Grants Payable at 09/30/19	Amount Approved	Amount Disbursed	Amount Rescinded	Grants Payable at 09/30/20
Longwood Gardens	\$ 40,000,000	\$ 16,000,000	\$ (8,000,000)	\$ -	\$ 48,000,000
American Civil Liberties Foundation of Delaware, Inc.	25,000	-	(25,000)	-	-
Community Education Building	43,700,000	-	(2,300,000)	-	41,400,000
Delaware Community Foundation - Blood Bank of Delmarva	339,019	-	-	-	339,019
Seveiam Girls Academy	134,653	-	(134,653)	-	-
Nativity Preparatory School of Wilmington	15,000	-	(15,000)	-	-
Cinnaire	100,000	-	(100,000)	-	-
Cheer, Inc.	300,000	-	-	-	300,000
Metropolitan Wilmington Urban League	60,000	-	(60,000)	-	-
Jefferson Street Center, Inc.	50,000	-	(50,000)	-	-
K12 Education Landscape	1,000,000	-	(846,052)	-	153,948
Delaware Botanic Gardens	-	105,000	(105,000)	-	-
Lewes Historical Society	-	100,000	-	-	100,000
Delaware Arts Alliance	-	105,000	(105,000)	-	-
Kennett Symphony	-	25,000	(25,000)	-	-
Tech Impact	-	200,000	(200,000)	-	-
Salesianum School	-	150,000	(150,000)	-	-
Sussex Montessori School	-	750,000	(650,000)	-	100,000
TeenSHARP	-	300,000	(300,000)	-	-
Delaware College Scholars	-	160,000	(160,000)	-	-
Primeros Pasos	-	200,000	(200,000)	-	-
Lori's Hands	-	150,000	(75,000)	-	75,000
Cancer Care Connection	-	50,500	(50,500)	-	-
Home of the Brave Foundation	-	12,500	(12,500)	-	-
Milton Theatre (c.o Calliope Project)	-	250,000	(100,000)	-	150,000
Friends of Auburn Heights	-	125,000	(125,000)	-	-
Grow America Fund	-	475,000	(475,000)	-	-
Science, Technology and Research Institute of Delaware	-	400,000	(400,000)	-	-
Philanthropy Delaware	-	350,000	(350,000)	-	-
Pete du Pont Freedom Foundation	-	300,000	(300,000)	-	-
Delaware Community Foundation	-	299,000	(299,000)	-	-
Friends of New Castle County Southern Library	-	250,000	(250,000)	-	-
True Access Capital	-	200,000	(200,000)	-	-
The DESCA Foundation	-	175,000	(175,000)	-	-
Leadership Delaware	-	82,500	(82,500)	-	-
DelawareCAN (c/o 50CAN)	-	400,000	(400,000)	-	-
Reading Assist Institute	-	312,220	(312,220)	-	-
4th-Dimension Leaders	-	225,000	(225,000)	-	-
Urban Promise Ministries	-	150,000	(150,000)	-	-
Chesapeake Conservancy	-	250,000	(250,000)	-	-
Planned Parenthood of Delaware	-	300,000	(300,000)	-	-
Milford Housing Development Corp	-	450,000	(450,000)	-	-
YMCA of Delaware	-	1,000,000	(1,000,000)	-	-
Kind to Kids Foundation	-	400,000	(400,000)	-	-
Year Up Wilmington	-	350,000	(350,000)	-	-
Bellevue Community Center	-	200,000	(200,000)	-	-
A Better Chance for Our Children	-	190,000	(190,000)	-	-
FORWARDED:	<u>\$ 85,723,672</u>	<u>\$ 25,441,720</u>	<u>\$ (20,547,425)</u>	<u>\$ -</u>	<u>\$ 90,617,967</u>

LONGWOOD FOUNDATION, INC.
SUPPLEMENTAL SCHEDULE OF CONTRIBUTIONS,
APPROPRIATIONS AND EXPENDITURES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020

	Grants Payable at 09/30/19	Amount Approved	Amount Disbursed	Amount Rescinded	Grants Payable at 09/30/20
FORWARDED:	\$ 85,723,672	\$ 25,441,720	\$ (20,547,425)	\$ -	\$ 90,617,967
Peter Spencer Family Life Foundation	-	100,000	(100,000)	-	-
Friendship House	-	75,000	(75,000)	-	-
TRIAD Ministry	-	72,100	(72,100)	-	-
Multiplying Good	-	129,500	(129,500)	-	-
Collaborative Effort to Reinforce Transition Success	-	50,000	(50,000)	-	-
Cancer Support Community Delaware	-	45,000	(45,000)	-	-
United Way of Chester County	-	45,000	(45,000)	-	-
United Way of Southern Chester County	-	38,000	(38,000)	-	-
Kennett After-School Association	-	10,000	(10,000)	-	-
Imperial Dynasty Arts Program	-	24,000	-	-	24,000
Brandywine Battlefield Park Associates	-	15,000	-	-	15,000
Southern Delaware Horse Retirement Association	-	5,400	-	-	5,400
Blood Bank of Delmarva	-	200,000	-	-	200,000
Ministry of Caring	-	800,000	(800,000)	-	-
Great Oaks Charter School	-	317,950	(317,950)	-	-
Delaware Community Foundation	-	1,000,000	(1,000,000)	-	-
United Way of Chester County	-	200,000	(200,000)	-	-
United Way of Delaware - Delaware Community Foundation	-	500,000	(428,296)	(71,704)	-
Delaware Community Foundation	-	1,000,000	(1,000,000)	-	-
Faithful Friends	-	60,000	(60,000)	-	-
Delaware Community Foundation	-	1,800	(1,800)	-	-
Network Delaware	-	30,000	(30,000)	-	-
Community Education Building	-	75,000	(75,000)	-	-
Historic Kennett Square	-	25,000	(25,000)	-	-
La Comundad Hispana	-	750,000	-	-	750,000
La Red Health Center	-	481,243	(481,243)	-	-
Bay Health	-	446,117	(446,117)	-	-
Jewish Family Service - Delaware Community Foundation	-	200,000	(200,000)	-	-
United Way of Delaware - Delaware Community Foundation	-	500,000	-	-	500,000
National Development Council (Grow America Fund)	-	100,000	(100,000)	-	-
The Garage	-	130,000	-	-	130,000
West End Neighborhood House	-	500,000	-	-	500,000
Sojourner's Place	-	75,000	-	-	75,000
Mighty Writers	-	75,000	-	-	75,000
Compassionate Foundation	-	100,000	-	-	100,000
Edge for Tomorrow	-	175,000	-	-	175,000
YMCA of Greater Brandywine	-	75,000	-	-	75,000
	<u>\$ 85,723,672</u>	<u>\$ 33,867,830</u>	<u>\$ (26,277,431)</u>	<u>\$ (71,704)</u>	<u>\$ 93,242,367</u>