



# Livermore Lab FOUNDATION

**Financial Statements  
December 31, 2023 and 2022**

**Together with  
Independent Auditors' Report**

# **LIVERMORE LAB FOUNDATION**

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December 31, 2023

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Livermore Lab Foundation  
Livermore, California

### **Opinion**

We have audited the accompanying financial statements of Livermore Lab Foundation (the “Foundation”), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expense, and cash flows and for the years 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 the Foundation as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors’ 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the 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.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Board of Directors of  
Livermore Lab Foundation  
Livermore, California

### **Auditors' 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 auditors' 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 controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 controls 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 controls. 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 audits.

 Robert Lee + Associates, LLP

San Jose, California  
September 3, 2024

**LIVERMORE LAB FOUNDATION**  
**Statements of Financial Position**

	December 31,	
	2023	2022
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 2,245,163	\$ 1,150,852
Pledges receivable	228,290	220,136
Investments, quasi-endowments	143,619	100,445
Total assets	\$ 2,617,072	\$ 1,471,433
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Accounts payable	\$ 19,460	\$ 7,533
Grants payable	14,156	-
Accrued payroll	4,327	7,193
Total liabilities	37,943	14,726
Contingency		
Net assets without donor restrictions		
Board designated for quasi-endowment	369,406	120,445
Undesignated	421,773	318,624
Total net assets without donor restriction	791,179	439,069
Net assets with donor restrictions	1,787,950	1,017,638
Total net assets	2,579,129	1,456,707
Total liabilities and net assets	\$ 2,617,072	\$ 1,471,433

The accompanying notes are an integral part of these financial statements

**LIVERMORE LAB FOUNDATION**  
**Statement of Activities and Changes in Net Assets**  
For the Year Ended December 31, 2023

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b><u>REVENUE AND SUPPORT</u></b>			
Contributions	\$ 698,401	\$ 2,395,588	\$ 3,093,989
In-kind services	14,060	-	14,060
Investment income, net	13,174	-	13,174
Other income	2,027	-	2,027
Net assets released from restrictions	<u>1,625,276</u>	<u>(1,625,276)</u>	<u>-</u>
Total revenue and support	<u>2,352,938</u>	<u>770,312</u>	<u>3,123,250</u>
<b><u>EXPENSES</u></b>			
Program services	1,727,870	-	1,727,870
Supporting services:			
Management and general	204,042	-	204,042
Fundraising	<u>68,916</u>	<u>-</u>	<u>68,916</u>
Total expenses	<u>2,000,828</u>	<u>-</u>	<u>2,000,828</u>
Change in net assets	352,110	770,312	1,122,422
Net assets, beginning of year	<u>439,069</u>	<u>1,017,638</u>	<u>1,456,707</u>
Net assets, end of year	<u><u>\$ 791,179</u></u>	<u><u>\$ 1,787,950</u></u>	<u><u>\$ 2,579,129</u></u>

The accompanying notes are an integral part of these financial statements

**LIVERMORE LAB FOUNDATION**  
**Statement of Activities and Changes in Net Assets**  
For the Year Ended December 31, 2022

	Without donor restrictions	With donor restrictions	Total
<b><u>REVENUE AND SUPPORT</u></b>			
Contributions	\$ 518,318	\$ 1,601,727	\$ 2,120,045
In-kind services	10,406	-	10,406
Investment loss, net	(10,784)	-	(10,784)
Net assets released from restrictions	1,022,151	(1,022,151)	-
Total revenue and support	1,540,091	579,576	2,119,667
<b><u>EXPENSES</u></b>			
Program services	1,086,334	-	1,086,334
Supporting services:			
Management and general	153,767	-	153,767
Fundraising	105,205	-	105,205
Total supporting services	258,972	-	258,972
Total expenses	1,345,306	-	1,345,306
Change in net assets	194,785	579,576	774,361
Net assets, beginning of year	244,284	438,062	682,346
Net assets, end of year	\$ 439,069	\$ 1,017,638	\$ 1,456,707

The accompanying notes are an integral part of these financial statements

**LIVERMORE LAB FOUNDATION**

**Statement of Functional Expense**

For the Year Ended December 31, 2023

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Grant expense	\$ 1,506,743	\$ -	\$ -	\$ 1,506,743
Consultants and professional services	117,207	64,004	13,686	194,897
Wages and salaries	64,732	64,071	47,127	175,930
Other admin expenses	2,597	36,515	175	39,287
Meetings and events	21,554	17,612	-	39,166
Payroll taxes and benefits	8,023	7,143	4,806	19,972
Meals and travel	5,068	3,119	-	8,187
Advertising	-	6,996	303	7,299
IT services	-	2,063	2,179	4,242
Insurance	897	2,378	640	3,915
Program supplies	628	-	-	628
Bank fees	421	141	-	562
Total expenses	<u>\$ 1,727,870</u>	<u>\$ 204,042</u>	<u>\$ 68,916</u>	<u>\$ 2,000,828</u>

The accompanying notes are an integral part of these financial statements



## **LIVERMORE LAB FOUNDATION**

### **Statement of Functional Expense** For the Year Ended December 31, 2022

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Grant expense	\$ 936,553	\$ -	\$ -	\$ 936,553
Wages and salaries	55,526	51,054	73,959	180,539
Consultants and professional services	75,790	41,869	11,900	129,559
Meetings and events	1,200	40,027	8,713	49,940
Payroll taxes and benefits	6,304	5,852	7,865	20,021
Other	2,275	6,653	133	9,061
Program supplies	6,786	-	-	6,786
Meals and travel	896	3,699	-	4,595
IT services	192	1,065	1,866	3,123
Insurance	577	1,678	769	3,024
Advertising	235	1,380	-	1,615
Bank fees	-	490	-	490
Total expenses	<u>\$ 1,086,334</u>	<u>\$ 153,767</u>	<u>\$ 105,205</u>	<u>\$ 1,345,306</u>

The accompanying notes are an integral part of these financial statements

**LIVERMORE LAB FOUNDATION**  
**Statements of Cash Flows**

	For the Years Ended	
	December 31,	
	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 1,122,422	\$ 774,361
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized (gain) loss on investments, net	(13,174)	11,275
Changes in operating assets and liabilities:		
Pledges receivable	(8,154)	(127,507)
Accounts payable	11,927	2,176
Accrued payroll	(2,866)	6,704
Net cash provided by operating activities	1,110,155	667,009
Cash flows from investing activities:		
Acquisition of investments	(30,000)	(111,720)
Net cash used by investing activities	(30,000)	(111,720)
Increase in cash and cash equivalents	1,080,155	555,289
Cash and cash equivalents, beginning of year	1,150,852	595,563
Cash and cash equivalents, end of year	\$ 2,231,007	\$ 1,150,852

The accompanying notes are an integral part of these financial statements

# **LIVERMORE LAB FOUNDATION**

## **Notes to Financial Statements**

December 31, 2023

### **Note 1 - Foundation and operations:**

The Livermore Lab Foundation (the “Foundation”) is a benevolent foundation established in 2016 by senior leaders from Lawrence Livermore National Laboratory (“LLNL”) and the University of California (the “University”). The Foundation is dedicated to advancing science and technology discoveries and inspiring next generation scientists, engineers, and technologists. The Foundation operates primarily by seeking philanthropic contributions to support scientific education, research, and innovation at LLNL.

The Foundation has been classified as a publicly supported, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the “Code”) where only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to Federal income tax. The Foundation currently has no unrelated business income.

### **Note 2 - Summary of significant accounting policies:**

Basis of accounting - The financial statements have been prepared on the accrual basis of accounting which recognizes revenue when earned, expenses when incurred, and reflects all significant receivables, payables, and other liabilities accordingly.

Basis of presentation - The Foundation presents information regarding its financial position and activities according to two classes of net assets:

- *Without donor restrictions* - net assets which are available to support all activities of the Foundation without restrictions and include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation.
- *With donor restrictions* - net assets which represent contributions whose use is limited to donor-imposed stipulations that either expire by passage of time or other restrictions and for which the applicable restriction was not met as of the end of the current reporting period.

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 the reported amounts of assets, 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 these estimates under different assumptions or conditions.

Fair value of financial instruments - Unless otherwise indicated, the fair values of all reported assets and liabilities approximate the carrying values of such amounts.

# **LIVERMORE LAB FOUNDATION**

## **Notes to Financial Statements**

December 31, 2023

### **Note 2 - Summary of significant accounting policies (continued):**

Cash and cash equivalents - Cash and cash equivalents consist of cash. The Foundation considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents. The carrying amount in the statements of financial position approximates fair value.

Pledges receivable - The pledges are either unconditional or conditional. Unconditional pledges receivable are pledges that depend only on passage of time or the demand by the donor for performance. A conditional pledge receivable is a pledge that depends on the occurrence of a specified future and uncertain event to bind the promisor. Unconditional pledges receivables represent the remaining pledges due from the donors who have pledged funds to the Foundation for use in its programs. There were no conditional pledges at December 31, 2023 and 2022. Promises to give that are expected to be collected after one year are reported at present valued based on the collectability of the pledge and the timing of the expected cash flows. An allowance reserve for uncollectible pledges has been established based on management's best estimates. The financial statements reflect pledges receivable net of the discount and allowance reserve, if any. The Foundation did not recognize an allowance reserve for the years ended December 31, 2023 and 2022. At December 31, 2023, all pledges receivable are expected to be collected in the following year.

Investments - The Foundation's investments are held by the University on behalf of the Foundation and are valued in accordance with Fair Value Measurements. The funds consist of investments in the University's General Endowment Pool ("GEP"), a University-managed investment pool, which the Foundation considers to be an external investment pool. The Foundation's investments in external investment pools are reported at net asset value and are excluded from the fair value hierarchy. The basis of determining the fair value of pooled funds or mutual funds is determined as the number of units held in the pool multiplied by the price per unit share.

Accounts payable and accrued payroll - Accounts payable and accrued payroll include the Foundation's trade accounts payable and other payroll liabilities incurred in the normal course of operations.

Grants payable - Grants are made in accordance with the Foundation's mission. Unconditional grants that are expected to be paid after one year are evaluated at a discount rate as determined by the federal interest risk-free rate, valid for the year the grant was pledged and are stated at their net present value. Such present value reserves are recorded only if material to the financial statements. All grants payable are expected to be paid in the following year. Unpaid conditional grants are not reported on the statements of financial position and are expensed and are considered payable in the period the conditions are substantially satisfied. Conditional grants payable as of December 31, 2023 were approximately \$252,800, including a conditional related-party grant payable of \$100,000.

# **LIVERMORE LAB FOUNDATION**

## **Notes to Financial Statements**

December 31, 2023

### **Note 2 - Summary of significant accounting policies (continued):**

Revenue recognition - The Foundation records the following revenues in its statements of activities and changes in net assets for the years ending December 31, 2023 and 2022:

*Contribution revenue* - The Foundation recognizes contributions when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as with or without donor restrictions depending on the nature of donor restrictions. When the restriction is met on a contribution received in a prior fiscal year, the amount is shown as a reclassification of net assets with restrictions to net assets without donor restrictions. These contributions are generally expected to be collected in one year.

*Contributed services* - Contributed services are reflected in the accompanying financial statements at their estimated fair value at the date of receipt and reported as expense when utilized. Contributed services, which require a specialized skill and which the Foundation would have paid for if not contributed, have been recorded at their estimated fair market value. The contributions of goods and services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Concentration of pledges receivable - Donor contributions receivable comprising greater than 10% of the Foundation's total contributions receivable are as follows at December 31:

	<u>2023</u>	<u>2022</u>
Donor A	68%	Less than 10%
Donor B	18%	18%
Donor C	Less than 10%	57%

Concentration of contribution revenue - Donor contributions comprising greater than 10% of the Foundation's total contribution revenues are as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Donor A	32%	Less than 10%
Donor B	19%	22%
Donor C	13%	Less than 10%
Donor D	12%	13%
Donor E	Less than 10%	28%
Donor F	Less than 10%	12%

# **LIVERMORE LAB FOUNDATION**

## **Notes to Financial Statements**

December 31, 2023

### **Note 2 - Summary of significant accounting policies (continued):**

Functional expense allocations - The costs of providing the various program and supporting services have been summarized on a functional basis in the statements of activities and changes in net assets. Most expenses can be directly attributed to program or supporting functions which includes grants and supplies. The basis of allocation of these expenses relies mostly on the direct allocation method, which allocates all costs that can be identified specifically with a particular final cost objective to the segment to which the expense relates. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The indirect allocation method, based on either financial or non-financial measurements, is used for costs that have been incurred for common or joint objectives and cannot be readily associated with a specific reporting segment, in accordance with the policy of the Foundation. The expenses in this category include wages and salaries, payroll taxes and benefits, consultants and professional fees, meals and travel, meetings and events, IT services, advertising, bank fees, and insurance.

Concentration of grants paid - Grants paid comprising greater than 10% of the Foundation's total grants disbursed are as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Organization A	57%	38%
Organization B	31%	32%

Advertising - Advertising costs are expensed as incurred. Advertising expense for the fiscal years ended December 31, 2023 and 2022 were approximately \$7,300 and \$1,600, respectively.

Endowment accounting and interpretation of relevant law - The Foundations is subject to the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"), the provisions of which apply to its endowment funds. As required by UPMIFA and Generally Accepted accounting Principles ("GAAP"), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

# **LIVERMORE LAB FOUNDATION**

## **Notes to Financial Statements**

December 31, 2023

### **Note 2 - Summary of significant accounting policies (continued):**

Accounting for uncertainty in income taxes - The Foundation evaluates its uncertain tax positions and will recognize a loss contingency when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position for all uncertain tax positions in the aggregate could differ from the amount recognized. As of December 31, 2023 and 2022, management did not identify any material uncertain tax positions.

Concentration of credit risk - Financial instruments that potentially subject the Foundation to credit risk consist primarily of cash and cash equivalents and investments. The Foundation maintains cash and cash equivalents with commercial banks and other major financial institutions. Cash equivalents include overnight investments and money market funds. These accounts are insured up to \$250,000 per depositor by an agency of the federal government. At times, such amounts might exceed Federal Deposit Insurance Corporation ("FDIC") limits. The Foundation monitors these investments and has not experienced significant credit losses. It is the Foundation's opinion that it is not exposed to any significant credit risks.

Reclassification - Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Subsequent events - Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the financial statements were available to be issued. It had been determined that no material subsequent events require an estimate to be recorded or disclosed as of December 31, 2023.

# **LIVERMORE LAB FOUNDATION**

## **Notes to Financial Statements**

December 31, 2023

### **Note 3 - Liquidity and availability of financial assets:**

Financial assets available for general expenditure, that is without restrictions limiting their use, within one year of the current statement of financial position date, comprise the following at December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,245,163	\$ 1,150,852
Pledges receivables	<u>228,290</u>	<u>220,136</u>
Total financial assets	2,473,453	1,370,988
Less amounts unavailable for general expenditures within one year, due to:		
Board designated for quasi-endowment	(369,406)	(120,445)
Net assets with donor restrictions	<u>(1,787,950)</u>	<u>(1,017,638)</u>
Total financial assets available to meet general expenditures within one year	\$ <u>316,097</u>	\$ <u>232,905</u>

The Foundation maintains cash in its checking account to meet at least 90 days of normal operating expenses, which are, on average, under \$500,000. Grants are paid directly from the cash and cash equivalents accounts, which maintain cash balances sufficient to cover grant payments. The Foundation also holds quasi-endowment funds that can be released to fund operations from board designations.

### **Note 4 - Investments:**

The Foundation follows the provisions of the Fair Value Measurements and Disclosure Topic of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”). These standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.



# **LIVERMORE LAB FOUNDATION**

## **Notes to Financial Statements**

December 31, 2023

### **Note 4 - Investments (continued):**

An investment's classification within a level in the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. The categorization of the investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Foundation's perceived risk of that investment.

The Foundation's investments in the GEP is measured at fair value using the net asset value per share (or its equivalent) practical expedient, which is a reasonable estimate of fair value and have not been classified in the fair value hierarchy.

The Foundation's investments consisted of the following at December 31:

	Fair Value	
	2023	2022
General Endowment Pool ("GEP")	\$ <u>143,619</u>	\$ <u>100,445</u>

The GEP is a balanced portfolio which consists of equity and fixed income securities that provide diversification and economies of scale. The primary goal is to maximize long-term total return, growth of principal, and growing payout stream to ensure that future funding for endowment-supported activities can be maintained. This fund is used as the core investment vehicle for the Foundation's endowed contributions.

The following schedule summarizes the investment returns in the statements of activities and changes in net assets for the years ended December 31:

	2023	2022
Realized and unrealized gain (loss), net	\$ 13,174	\$ (11,275)
Dividend and interest income	<u>-</u>	<u>491</u>
Total investment income (loss), net	\$ <u>13,174</u>	\$ <u>(10,784)</u>

## LIVERMORE LAB FOUNDATION

### Notes to Financial Statements

December 31, 2023

#### **Note 5 - Net assets without donor restrictions, designated by the board:**

Board designated net assets consisted of the following as of December 31:

	2023	2022
Board designated for UC endowment	\$ 153,619	\$ 120,445
Board designated for Foster endowment	215,787	-
	\$ 369,406	\$ 120,445

#### **Note 6 - Net assets with donor restrictions:**

Net assets with donor restrictions activity for the year ended December 31, 2023 was as follows:

	Beginning of year	Additions	Releases	End of year
<i>Subject to expenditure for a specific purpose:</i>				
UC Climate Action	\$ -	\$ 996,419	\$ (197,344)	\$ 799,075
Roads to Removal	-	1,000,169	(433,166)	567,003
Kern	225,600	-	(29,363)	196,237
CASE Funding	239,703	-	(124,373)	115,330
ALS	16,425	26,747	(20,035)	23,137
Girls Who Code	12,354	10,058	-	22,412
Climate	463,749	242,176	(692,301)	13,624
William Shuler Fund	7,954	5,817	(167)	13,604
Neuro General	9,353	2,924	(30)	12,247
Kim Cupps	-	7,790	(56)	7,734
Fusion	-	115	(68)	47
Foster Fellow	35,000	-	(35,000)	-
STEM	-	83,373	(83,373)	-
Total purpose restrictions	1,010,138	2,375,588	(1,615,276)	1,770,450
<i>Subject to passage of time:</i>				
Pledges receivable	7,500	20,000	(10,000)	17,500
Total net assets with donor restrictions	\$ 1,017,638	\$ 2,395,588	\$ (1,625,276)	\$ 1,787,950

## **LIVERMORE LAB FOUNDATION**

### **Notes to Financial Statements**

December 31, 2023

#### **Note 6 - Net assets with donor restrictions (continued):**

Net assets with donor restrictions activity for the year ended December 31, 2022 was as follows:

	<u>Beginning of year</u>	<u>Additions</u>	<u>Releases</u>	<u>End of year</u>
<i>Subject to expenditure for a specific purpose:</i>				
Climate	\$ 9,905	\$ 572,070	\$ (118,226)	\$ 463,749
CASE Funding	304,030	570,000	(634,327)	239,703
Kern	-	240,000	(14,400)	225,600
Foster Fellow	-	35,000	-	35,000
ALS	91,955	81,639	(157,169)	16,425
Girls Who Code	10,947	1,407	-	12,354
Neuro General	13,725	12,076	(16,448)	9,353
William Shuler Fund	-	8,102	(148)	7,954
STEM	-	81,433	(81,433)	-
Total purpose restrictions	<u>430,562</u>	<u>1,601,727</u>	<u>(1,022,151)</u>	<u>1,010,138</u>
<i>Subject to passage of time:</i>				
Pledges and receivable	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>7,500</u>
Total net assets with donor restrictions	<u>\$ 438,062</u>	<u>\$ 1,601,727</u>	<u>\$ (1,022,151)</u>	<u>\$ 1,017,638</u>

#### **Note 7 - Endowments:**

The Foundation's investments consisted of quasi-endowment funds designated by the Board of Directors to function as an endowment. In accordance with GAAP, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions. As of December 31, 2023 and 2022, approximately \$226,000 and \$20,000 of cash and cash equivalents were board-designated for quasi-endowment, respectively.

# **LIVERMORE LAB FOUNDATION**

## **Notes to Financial Statements**

December 31, 2023

### **Note 7 - Endowments (continued):**

The Board of Directors of the Foundation has interpreted UPMIFA as including cumulative fair value adjustments of the original gifts as part of investment income with donor restrictions 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 endowment with donor restrictions, (b) the original value of subsequent gifts to the endowment with donor restrictions, (c) accumulations to the endowment with donor restrictions made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the endowment fund that is not classified in net assets with donor restrictions for specific purpose is classified as board designated net assets without donor restrictions subject to appropriated expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the UPMIFA.

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
- (7) The investment policies of the Foundation

Changes in endowment net assets for the years ended December 31, 2023 and 2022, were as follows:

	<u>Without donor restrictions</u>	
	<u>2023</u>	<u>2022</u>
Endowment net assets, beginning of year	\$ 120,445	\$ -
Contributions	235,787	131,720
Investment return:		
Realized and unrealized gain (loss), net	<u>13,174</u>	<u>(11,275)</u>
Endowment net assets, end of year	<u>\$ 369,406</u>	<u>\$ 120,445</u>

# **LIVERMORE LAB FOUNDATION**

## **Notes to Financial Statements**

December 31, 2023

### **Note 7 - Endowments (continued):**

*Return objectives and risk parameters:* The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment and supplemented by net assets without donor restrictions. Under this policy, as approved by the Foundation's Board of Directors, the endowment assets are invested in a manner that is intended to provide a moderate average annual real return in excess of inflation. Actual returns in any given year may vary from this amount.

*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).

*Spending policies and how the investment objectives relate to spending policy:* The Foundation has a policy of reviewing and approving distributions from the endowment each year. In addition, all dividends and interest earned from the endowment investments are re-invested in the endowment fund as received. In establishing this policy, the Foundation considered the long-term expected return on its endowment.

### **Note 8 - Affiliate:**

The Foundation is affiliated with the University of California, in which the University provides certain support to the Foundation including financial and in-kind support in the form of administrative and management services. The affiliation agreement in effect as of July 2019 through June 2024 stipulated that financial and in-kind support provided by the University shall not exceed \$900,000. Future allocations as of December 31, 2023, up to the remaining amount of approximately \$152,700 were allocated by the University for the remainder of the term of the agreement. If the value of services provided by the University ever exceeds the maximum value, and unless otherwise agreed to by the University, the Foundation shall reimburse the University for any such excess.

The Foundation received contributions from the University of approximately \$379,200 during the year ended December 31, 2023. In addition, for the year ended December 31, 2023, contributed services of approximately \$14,100 were contributed to the Foundation for services which the Foundation would have paid for if it had not been contributed. These services included accounting and general administrative services and have been recorded at their estimated fair market value.

As of the report date, the Foundation extended this agreement through June 2027. The agreement stipulates that financial and in-kind support provided by the University shall not exceed \$1,500,000 for the term of the new agreement. All other terms remain the same.

# **LIVERMORE LAB FOUNDATION**

## **Notes to Financial Statements**

December 31, 2023

### **Note 9 - Related-party transactions:**

The Foundation receives contributions from the Board of Directors, organizations with which the Board of Directors are affiliated with, and from management of the Foundation. These contributions were approximately \$157,800 and \$115,500 during the years ended December 31, 2023 and 2022, respectively. Pledges receivable from related-parties were approximately \$40,000 and \$40,100 during the years ended December 31, 2023 and 2022, respectively.

For the years ended December 31, 2023 and 2022, the Foundation made approximately \$855,900 and \$354,500 of related-party unconditional grants, respectively.

### **Note 10 - Contingency:**

Legal matters - Due to the nature of the Foundation's operations, claims and litigation may periodically arise. As of December 31, 2023, management has evaluated the status of any potential legal matters and in its judgement believes there are no items, which will have a material effect on the financial statements.