THE CHRISTENSEN FUND

DECEMBER 31, 2018 AND 2017

INDEPENDENT AUDITORS' REPORT

AND

CONSOLIDATED FINANCIAL STATEMENTS

The Christensen Fund

Independent Auditors' Report and Consolidated Financial Statements

Independent Auditors' Report

THE BOARD OF TRUSTEES
THE CHRISTENSEN FUND
San Francisco, California

We have audited the accompanying consolidated financial statements of **THE CHRISTENSEN FUND (The Christensen Fund or Christensen)**, which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, the related consolidated statements of activities and changes in net assets, and cash flows for the years then ended, and statement of functional expenses for the year ended December 31, 2018, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Christensen's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Christensen's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Christensen Fund as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Effect of Adopting New Accounting Standard

As described in Note 1o, Christensen adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities. Accordingly, the accounting change has been retrospectively applied to prior periods presented with the exception of the omission of certain information as permitted by the ASU. Our opinion is not modified with respect to that matter.

Hood & Strong LLP

San Francisco, California
September 18, 2019

The Christensen Fund

Consolidated Statements of Financial Position

December 31,	2018	2017
Assets		
Cash and cash equivalents	$ 2,003,957	$ 4,468,359
Investments	271,467,865	284,298,028
Income-producing property	2,115,254	2,115,254
Prepaid expenses and other assets	1,519,644	1,523,290
Total assets	$ 277,106,720	$ 292,404,931
Liabilities and Net Assets		
Liabilities		
Grants payable	$ 1,440,000	$ 4,767,612
Accounts payable and accrued liabilities	190,887	246,007
Deferred federal excise tax	869,527	869,527
Total liabilities	2,500,414	5,883,146
Net Assets Without Donor Restrictions	274,606,306	286,521,785
Total liabilities and net assets	$ 277,106,720	$ 292,404,931

See accompanying notes to consolidated financial statements.

The Christensen Fund

Consolidated Statements of Activities and Changes in Net Assets

Years Ended December 31,	2018	2017
Revenue and Support:		
Contributions	$ 13,748	$ 119,814
Rental income	810,236	810,236
Investment (loss) income, net	(3,005,616)	28,767,804
Other income	31,480	31,765
Total revenue and support	(2,150,152)	29,729,619
Expenses:		
Grant programs	8,899,966	13,411,687
Management and general	865,361	1,949,588
Total expenses	9,765,327	15,361,275
Change in Net Assets	(11,915,479)	14,368,344
Net Assets - without donor restrictions, beginning of year	286,521,785	272,153,441
Net Assets - without donor restrictions, end of year	$ 274,606,306	$ 286,521,785

See accompanying notes to consolidated financial statements.

The Christensen Fund

Consolidated Statement of Functional Expenses

Year Ended December 31, 2018

	Grant Programs	Management and General	2018 Total
Grants and awards	$ 5,997,068		$ 5,997,068
Salaries and employee benefits	1,026,847	$ 502,819	1,529,666
Contract and professional services	863,917	127,482	991,399
Travel and meetings	254,350	64,153	318,503
Printing, postage and supplies	40,039	8,704	48,743
Rent, utilities and maintenance	598,845	130,184	729,029
Depreciation and amortization	38,189	8,302	46,491
Telecommunication	44,000	5,762	49,762
Insurance	36,711	7,981	44,692
Other expenses		9,974	9,974
	$ 8,899,966	$ 865,361	$ 9,765,327

See accompanying notes to consolidated financial statements.

The Christensen Fund

Consolidated Statements of Cash Flows

Years Ended December 31,	2018	2017
Cash Flows from Operating Activities		
Change in net assets	$ (11,915,479)	$ 14,368,344
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation and amortization	46,491	50,990
Net realized and unrealized loss (gain) on investments	3,640,339	(29,220,955)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(42,845)	32,196
Program related note receivable		(250,000)
Grants payable	(3,327,612)	(81,558)
Accounts payable and accrued liabilities	(55,120)	46,699
Net cash used by operating activities	(11,654,226)	(15,054,284)
Cash Flows from Investing Activities:		
Proceeds from sales of investments	8,711,127	28,864,428
Purchases of investments	(7,958,539)	(20,360,000)
Change in receivable for unsettled investment transactions	8,437,236	(16,115,235)
Net cash provided (used) by investing activities	9,189,824	(7,610,807)
Change in Cash and Cash Equivalents	(2,464,402)	(22,665,091)
Cash and Cash Equivalents, beginning of year	4,468,359	27,133,450
Cash and Cash Equivalents, end of year	$ 2,003,957	$ 4,468,359
Supplemental Disclosures:		
Cash paid for federal excise taxes	$ 231,150	$ 261,452

See accompanying notes to consolidated financial statements.

Note 1 - Organization and Summary of Significant Accounting Policies:

a. Organization

The Christensen Fund (The Christensen Fund or Christensen) is a nonprofit, tax-exempt, primarily grant making, private foundation established in 1957 through contributions from Allen D. and Carmen M. Christensen. Christensen's mission is rooted in their deep interest in the processes of creativity in the arts, promotion of knowledge through varied approaches to education, conservation of the natural environment, and the values of immersing ourselves in different cultures and their geographical settings.

Christensen believes in the power of biological and cultural diversity to sustain and enrich a world faced with great change and uncertainty. The Christensen Fund focuses on the biocultural -- the rich but neglected adapted interweave of people and place, culture and ecology -- by buttressing the efforts of people and institutions who believe in a biodiverse world infused with artistic expression and work to secure ways of life and landscapes that are beautiful, bountiful and resilient.

Christensen engages in place-based work concentrated in five regions chosen for their potential to withstand and recover from the global erosion of diversity. These include the San Francisco Bay Area, Northwest Mexico, Central Asia, the African Rift Valley, and Melanesia. It also funds global initiatives spanning these and other regions.

In 2010, Christensen established MEC Menlo, LLC ("MEC") a California limited liability company. MEC is a Single Member LLC where Christensen is the sole member. Christensen also entered into an agreement between Christensen and MEC, in which MEC was assigned all rights, title and interest of Christensen as the lessor under the lease and sublease agreements of Christensen for a property in Menlo Park, California. In connection with such assignment, MEC assumed all liabilities and obligations of Christensen with respect to the lease.

b. Basis of Presentation

The consolidated financial statements of Christensen have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to not-for-profit organizations.

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are those that are not restricted by donor-imposed stipulations and are available at the discretion of Christensen. There are no net assets with donor restrictions as of December 31, 2018 and 2017.

c. Principles of Consolidation

The consolidated financial statements include the accounts of The Christensen Fund and MEC Menlo, LLC. All intercompany accounts and transactions have been eliminated.

d. Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less, except for investment portfolio cash management funds, which are included in investments.

e. Investments

Investments are reported at fair value. Changes in fair values as well as realized gains and losses are reflected in the Statements of Activities and Changes in Net Assets. Dividend and interest income are accrued when earned. Fair values are generally provided by using quoted market prices.

Investments, in general, are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

The fair value of alternative investments is determined using the Net Asset Value (NAV) per share as determined by investment managers under the so-called “practical expedient.” The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. Alternative investments represent amounts in marketable and non-marketable alternatives such as private equity, real estate, absolute return, and pooled funds. These investments are further discussed in Note 3.

f. Fair Value Measurements

Christensen carries certain assets and liabilities at fair value. Fair value is defined as 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. Christensen classifies its financial assets and liabilities according to three levels and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 - Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 - Observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset or liability that are not corroborated by market data.

g. Contributions

Contributions received are reported between net asset categories depending upon donor restrictions, if any. Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met.

h. Grants

Grants awarded with an unconditional promise to give are accrued as a liability and expensed when approved. Grant cancellations or unspent funds are recorded in the year cancelled or the funds are returned.

i. Fixed Assets

Christensen capitalizes all fixed assets with a cost greater than $5,000 and an estimated useful life in excess of one year. Fixed assets, including income-producing property, are recorded at cost or, if donated, at the estimated fair value on the date of the gift. Depreciation and amortization are calculated using the straight-line method over the estimated useful life of the asset, ranging from three to 20 years.

j. Long-Lived Assets

Christensen reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable. Impairment is recognized if the sum of undiscounted estimated future cash flows expected to result from the use of the asset is less than the carrying value. When an impairment loss is recognized, the asset's carrying value is reduced to its estimated fair value.

k. Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the Consolidated Statement of Functional Expenses. Expenses such as salaries, benefits, and office supplies are allocated among grant programs and management and general costs, based on actual use. Facility costs, depreciation expense, and insurance have been allocated on the basis of personnel.

l. Federal Excise Taxes

The Christensen Fund is a private foundation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from California franchise and/or income taxes under Section 23701(d) of the California Revenue and Taxation Code.

Christensen is subject to federal excise tax on its investment income. A provision for federal excise tax is accrued. Deferred excise taxes arise primarily from unrealized tax basis gains on investments and are calculated at the effective rate expected to be paid by Christensen. In addition, Christensen may be subject to tax on unrelated business income, if any, generated by its investments.

Christensen follows the guidance on accounting for uncertainty in income taxes of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740. As of December 31, 2018 and 2017, management evaluated Christensen’s tax positions and concluded that The Christensen Fund had maintained its tax-exempt status and had taken no uncertain tax positions that require adjustment to the financial statements.

m. Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

n. Prior Year Reclassifications

Certain reclassifications have been made to the 2017 financial statements to conform to 2018 presentation. These reclassifications had no impact on net assets or the change in net assets.

o. New Accounting Pronouncements

In August 2016, the FASB issued Accounting Standard Update (ASU) 2016-14 - Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance, and cash flows.

The adoption of this accounting standard changed the terminology used in describing Christensen's net assets and added a new disclosure (Note 2) that discusses Christensen's availability of financial assets and liquidity, inclusion of the Consolidated Statement of Functional Expenses, enhancing functional expenses allocation disclosures, and description of the methodology used by Christensen. Additionally, ASU 2016-14 no longer requires investment management and advisory fees to be presented separately from net investment income. Accordingly, the accounting change has been retrospectively applied to all periods presented with the exception of the omission of prior year functional expense statement and liquidity and availability of resource information as permitted by the ASU.

In January 2016, the FASB issued ASU 2016-01 Financial Instruments (Topic 825). The amendments update certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The standard will be effective for the Christensen Fund for years beginning after December 15, 2018. Christensen elected to early adopt the amendment that no longer requires disclosure of the fair value of financial instruments that are not measured at fair value and as such, these disclosures are not included in the financial statements.

Pronouncements Effective in the Future

In February 2016, the FASB issued ASU 2016-02, Leases. The new standard will supersede much of the existing authoritative literature for leases. This guidance requires lessees, among other things, to recognize right-of-use assets and liabilities on their balance sheet for all leases with lease terms longer than twelve months. The standard will be effective for The Christensen Fund, since it is not deemed a public business entity, for its fiscal year beginning after December 15, 2019, and for interim periods beginning after December 15, 2020 with early application permitted. Entities are required to use a modified retrospective application for leases that exist or are entered into after the beginning of the earliest comparative period in the consolidated financial statements with the option to elect certain transition reliefs. The Christensen Fund is currently evaluating the guidance and is not certain of the impact but is assessing its implications.

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. The ASU does not apply to transfers of assets from governments to businesses. The amendments in the update are effective for fiscal years beginning after December 15, 2018. The Christensen Fund is currently evaluating the impact of this pronouncement on its consolidated financial statements.

p. Subsequent Events

The Christensen Fund evaluated subsequent events with respect to the consolidated financial statements for the year ended December 31, 2018 through September 18, 2019, the date the consolidated financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying consolidated financial statements and no subsequent events have occurred which would require disclosure, except as described in Note 3.

Note 2 - Availability of Financial Assets and Liquidity:

Christensen's financial assets available within one year of the consolidated statements of financial position date for general expenditures are as follows:

Financial assets at December 31, 2018:	
Cash and cash equivalents	$ 2,003,957
Investments	271,467,865
Total financial assets	273,471,822
Less amounts not available to be used within one year:	
Investments with liquidity restrictions	(206,486,589)
Financial assets available to meet general expenditures over the next twelve months	$ 66,985,233

As part of Christensen's liquidity plan, excess cash is invested in short-term investments, including money market accounts. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within 2019.

Note 3 - Investments and Fair Value Measurements:

Investments:

At December 31, 2018 and 2017, the fair market value of investments consists of the following:

	2018	2017
Cash and cash equivalents	$ 7,085,609	$ 3,659
Mutual funds:		
Fixed income fund	4,728,819	4,652,752
Equity funds	4,465,281	5,215,861
Balanced index fund	11,760,829	12,101,690
Alternative investments measured at net asset value as a practical expedient:		
Private equity	1,598,213	500,852
Absolute return	4,297	6,658
Pooled investments	234,146,817	245,701,321
Subtotal	263,789,865	268,182,793
Receivable for unsettled investment transactions	7,678,000	16,115,235
Total	$ 271,467,865	$ 284,298,028

Investment income, net for the years ended December 31, 2018 and 2017 include the following:

	2018	2017
Realized gain	$ 7,420,171	$ 7,166,552
Unrealized gain	(11,060,510)	22,054,403
Investment management fees	(2,958,892)	(4,295,464)
Interest and dividend income	3,824,765	4,103,765
Excise tax	(231,150)	(261,452)
Total	$ (3,005,616)	$ 28,767,804

Subsequent to year end, Christensen entered into a new partnership agreement of $5 million of which was funded in March 2019.

Fair Value Measurement:

As of December 31, 2018 and 2017, respectively, investments include cash and cash equivalents and mutual funds with a fair value of $28,040,538 and $21,973,962 and are classified as Level 1. In accordance with Subtopic 820-10, the alternative investments are valued using the Net Asset Value (NAV) per share (or its equivalent) practical expedient and are not subject to the fair value hierarchy classification.

Note 4 - Net Asset Value Disclosures:

The Christensen Fund uses the NAV as a practical expedient to determine the fair value of all the underlying investments which do not have readily determinable fair value and prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists these investments by major category as of December 31, 2018 and 2017:

	2018		2017			
Strategies	# of Funds	Valuation	# of Funds	Valuation	Redemption Frequency	Notice Period
Alternative Investments:						
Private equity (a):						
Venture capital funds	2	$ 1,598,213	1	$ 500,852	N/A	N/A
Absolute return (b):						
Multi-strategy:						
Non - Redeemable	1	4,297	1	6,658	N/A	N/A
Pooled funds:						
Liquid Market Fund **(c)**	1	12,063,046	1	12,870,175	Monthly	25 days
TCF Investment Holdings LP **(d)**	1	222,083,771	1	232,831,146	(d)	(d)
Total	5	$ 235,749,327	4	$ 246,208,831		

a) Private equity funds invest in venture capital funds consisting of domestic and international private equity with the objective of long-term growth of capital. The partnerships typically have a legal life span of 10-14 years with no redemption rights for the limited partners. Unfunded commitments were $3,500,000 and $2,460,000 as of December 31, 2018 and 2017, respectively.

b) The strategy of the Absolute Return fund is to provide diversification benefits to the overall portfolio through lower correlation to other traditional asset classes (e.g. Equity and Fixed Income) and to provide a buffer during equity market declines. Multi-strategy managers invest in a wide variety of securities, typically rotating between equity, bank debt, convertible bonds, and other fixed income securities depending on the manager's view on relative attractiveness, with the objective of exploiting arbitrage opportunities or identifying undervalued assets without incurring systematic market risk.

c) The Liquid Market Fund seeks to achieve its objective by diversifying across multiple asset classes, and may invest in common and preferred stocks, exchange-traded funds, mutual funds, master limited partnerships, real estate investment trusts, high yield bonds, government securities and money market instruments, and derivative and other synthetic instruments. The shares may be redeemed on a monthly basis and the redemption request must be made prior to the 25th day of the month.

d) TCF Investment Holdings, LP (TCFIH) is a private investment partnership offering an endowment-style investment program. TCFIH invests with a long-term horizon, seeking varied and non-traditional investment opportunities in an effort to provide a diversified, single-portfolio investment strategy for the investor. This strategy includes the Christensen Fund's own legacy portfolio investments (Vintage Investments) which are pooled accounts managed by unaffiliated third parties, generally private equities. TCFIH invests most of its assets, via a master feeder relationship (a fund which then invests into a master fund), in Global Endowment Fund II, LP. The Global Endowment Fund II employs strategies including: public equities, venture capital, private equity, real estate, natural resources and hedged strategies.

   TCFIH invested solely in marketable securities separately managed by Golden Capital Management, LLC. Golden Capital Management, LLC continues to act as the advisor to Global Endowment Management (GEM) of that account, pricing that portfolio monthly and providing a statement with a total portfolio net asset value for those marketable securities. As of December 31, 2018 and 2017, TCFIH continued to hold the investment in the Golden Capital managed portfolio in addition to contributing to the larger structure described above.

   Each of the TCFIH investments, accounts and portfolios has its own liquidity profile, ranging from daily to longer than three years. Withdrawals of excess cash within TCFIH are permitted at any time. TCFIH can redeem any of the Vintage Investments by authorizing GEM to sell that investment at any time. The Global Endowment Fund II component allows semi-annual redemptions with a 90-day redemption notice period, and these redemptions flow directly to The Christensen Fund. TCFIH redemption proceeds for accepted redemption requests will be made within 15 business days after the redemption date. The total redemption available annually is limited to 7% of the NAV as of December 31 of the request year. At least 90% of any amount withdrawn will be paid within 60 days. The remaining will be paid no later than 60 days after the completion of the annual audit. Unfunded long-term commitments were $1,431,394 as of December 31, 2018 and will be funded by the available cash balance held in TCFIH.

Note 5 - Income-Producing Property:

Income-producing property held at cost at December 31, 2018 and 2017 consists of land in the amount of $2,115,254.

MEC leases the land under an operating ground lease arrangement to an unrelated third party. The master lease expires on October 31, 2058.

Future minimum rental income under the master lease is as follows:

Year Ended December 31,		
2019	$	810,236
2020		810,236
2021		810,236
2022		810,236
2023		810,236
Thereafter		32,946,666
Total	$	36,997,846

The operating ground lease expires on October 31, 2058. This rent is adjusted every 10 years to up to one half of one percent per month of the fair market value of the land. If the sub-lessee were to default on the ground lease, MEC, would be responsible for the rent.

Note 6 - Prepaid Expenses and Other Assets:

Prepaid expenses and other assets at December 31, 2018 and 2017 consist of the following:

		2018		2017
Mineral rights	$	966,650	$	966,650
Wyoming property (net of accumulated amortization of $66,332 and $57,270)		123,986		133,048
Property and equipment, (net of accumulated depreciation of $110,686 and $73,258)		58,924		96,352
Program related note receivable		250,000		250,000
Other		120,084		77,240
	$	1,519,644	$	1,523,290

Depreciation and amortization expense on property and equipment for 2018 and 2017 was $46,491 and $50,990, respectively.

In a prior year, Christensen received contributions in the form of mineral rights for property in Colorado and Wyoming. Christensen maintains all rights to develop and maintain the existing mineral rights. Upon receipt of the contributions Christensen obtained appraisals on each of the properties and it was determined that the fair value of the mineral rights when received were $537,760 and $428,890, respectively.

A portion of the Wyoming property is income producing and will be amortized over an estimated 21-year life of the producing property.

Note 7 - Line of Credit:

In a prior year, Christensen entered into a revolving line of credit agreement with Wells Fargo Bank in the amount of $2,000,000 and is collateralized by all inventory, equipment and accounts. The interest rate on this note is 3.5% and requires monthly payments of interest only, with the entire principal and unpaid interest due at maturity. In 2017, the revolving line of credit was renewed with maturity date of February 18, 2018. Christensen elected not to renew the agreement after the expiration date.

Note 8 - Grants Payable:

Total grants payable as of December 31, 2018 and 2017 were $1,440,000 and $4,767,612, respectively. Grants payable as of December 31, 2018 are expected to be paid as follows: $300,000 within one year and $1,140,000 within two to five years.

As of December 31, 2018, conditional grants were approved by the board for a maximum of $4,822,386.

Note 9 - Lease Obligations:

As of December 31, 2018 and 2017, Christensen maintained an office location in San Francisco**.** The lease agreement is effective December 1, 2015 for a term of 61 months expiring December 2020 with monthly base rent of $16,885 and a 3% annual increase. In August 2018, Christensen terminated its lease in Bishkek, Kyrgyzstan. In addition, Christensen maintains lease agreements for office equipment.

Future minimum lease payments are as follows:

Year Ended December 31,		
2019	$	229,700
2020		229,900
Total	$	459,600

Total rent expense for office and equipment operation leases for 2018 and 2017 were $370,090 and $292,914, respectively.

Note 10 - Excise Taxes:

In accordance with the applicable Treasury provisions, Christensen is classified as a private foundation subject to an excise tax of two percent on net investment income, including realized gains. Christensen is eligible to reduce its tax liability from two percent to one percent of net investment income if a certain level of distributions, calculated as defined in the Treasury regulations, is attained. The tax rate for the current excise tax provision was two percent for 2018 and 2017. Christensen provides for deferred excise tax at the rate of two percent on its unrealized appreciation on investments.

The provisions for current and deferred taxes for the years ended December 31, 2018 and 2017 are as follows:

	2018	2017
Current excise tax	$ 231,150	$ 261,452
Deferred excise tax	-	-
Total	$ 231,150	$ 261,452

Note 11 - Concentrations of Risk:

Investments in general are exposed to various risks, such as interest rate, credit and overall market volatility. The alternative investments include additional risks such as limited liquidity, non-marketable investments and dependence on key individuals. To address the risk of investments, Christensen maintains a formal investment policy that sets out performance criteria, investment guidelines, asset allocation guidelines and requires review of the investment performance.

As of December 31, 2018, one investment fund represented approximately 85% of total investments. As of December 31, 2017, one investment fund represented approximately 87% of total investments.

Christensen maintains its cash in bank accounts in amounts which, at times, may exceed federally insured limits. Christensen has not experienced any losses in such accounts.

Note 12 - Related Parties:

Christensen has and may continue to have Trustees, committee members, and staff members who are affiliated with organizations that are current grantees or are being considered for a grant by Christensen. Christensen has a conflict of interest policy which covers situations that may constitute a conflict of interest and the procedure to address the conflict when it occurs. The policy requires Trustees, committee members, staff members, and vendors to annually update and disclose to the governing Board their grantee and organization relationships.