THE CHRISTENSEN FUND

DECEMBER 31, 2021 AND 2020

INDEPENDENT AUDITORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS

HOOD & STRONG LLP
CERTIFIED PUBLIC ACCOUNTANTS

The Christensen Fund

Independent Auditors’ Report and
Consolidated Financial Statements

Independent Auditors' Report

THE BOARD OF TRUSTEES
THE CHRISTENSEN FUND
San Francisco, California

Opinion

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, 2021 and 2020, the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Christensen Fund as of December 31, 2021 and 2020, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of The Christensen Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Christensen Fund's ability to continue as a going concern for one year from the date of this report.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Christensen Fund's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Christensen Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Hood & Strong LLP

San Francisco, California
September 28, 2022

The Christensen Fund

Consolidated Statements of Financial Position

December 31,		2021		2020
Assets				
Cash and cash equivalents	$	3,285,978	$	8,505,401
Investments		357,749,005		314,732,439
Income-producing property		2,115,254		2,115,254
Prepaid expenses and other assets		1,436,835		1,670,463
Total assets	$	364,587,072	$	327,023,557
Liabilities and Net Assets				
Liabilities:				
Grants payable	$	1,080,000	$	3,255,000
Accounts payable and accrued liabilities		838,537		93,786
Line of credit		1,100,000		
Deferred federal excise tax		1,243,000		1,116,000
Total liabilities		4,261,537		4,464,786
Net Assets Without Donor Restrictions		360,325,535		322,558,771
Total liabilities and net assets	$	364,587,072	$	327,023,557

See accompanying notes to the consolidated financial statements.

The Christensen Fund

Consolidated Statements of Activities and Changes in Net Assets

Years Ended December 31,	2021	2020
Revenue, Gains and Other Income:		
Rental income	$ 1,465,732	$ 1,595,609
Investment income, net	49,303,204	38,396,615
Other income	6,078	36,351
Total revenue, gains and other income	50,775,014	40,028,575
Expenses:		
Grant programs	11,927,866	12,786,451
Management and general	1,080,384	819,835
Total expenses	13,008,250	13,606,286
Change in Net Assets	37,766,764	26,422,289
Net Assets - Without Donor Restrictions, beginning of year	322,558,771	296,136,482
Net Assets - Without Donor Restrictions, end of year	$ 360,325,535	$ 322,558,771

See accompanying notes to the consolidated financial statements.

The Christensen Fund

Consolidated Statements of Functional Expenses

Year Ended December 31, 2021

	Grant Programs	Management and General	2021 Total
Grants and awards	$ 10,281,000		$ 10,281,000
Salaries and employee benefits	954,103	$ 710,062	1,664,165
Contract and professional services	441,085	258,685	699,770
Travel and meetings	60,778	34,974	95,752
Printing, postage and supplies	48,539	25,829	74,368
Rent, utilities and maintenance	89,825	24,803	114,628
Depreciation and amortization	6,525	2,538	9,063
Telecommunication	6,225	2,836	9,061
Insurance	39,786	15,473	55,259
Other expenses		5,184	5,184
	$ 11,927,866	$ 1,080,384	$ 13,008,250

Year Ended December 31, 2020

	Grant Programs	Management and General	2020 Total
Grants and awards	$ 11,137,284		$ 11,137,284
Salaries and employee benefits	630,926	$ 411,827	1,042,753
Contract and professional services	600,434	276,924	877,358
Travel and meetings	33,288	14,218	47,506
Printing, postage and supplies	9,876	21,935	31,811
Rent, utilities and maintenance	285,183	58,642	343,825
Depreciation and amortization	30,708	7,203	37,911
Telecommunication	24,959	12,707	37,666
Insurance	33,793	7,927	41,720
Other expenses		8,452	8,452
	$ 12,786,451	$ 819,835	$ 13,606,286

See accompanying notes to the consolidated financial statements.

The Christensen Fund

Consolidated Statements of Cash Flows

Years Ended December 31,	2021	2020
Cash Flows from Operating Activities:		
Change in net assets	$ 37,766,764	$ 26,422,289
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	9,063	37,911
Net realized and unrealized gain on investments	(50,428,830)	(41,078,093)
Deferred excise tax	127,000	408,000
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	224,565	160,062
Grants payable	(2,175,000)	2,745,000
Accounts payable and accrued liabilities	744,751	(64,645)
Net cash used by operating activities	(13,731,687)	(11,369,476)
Cash Flows from Investing Activities:		
Proceeds from sales of investments	16,151,635	25,291,244
Purchases of investments	(3,739,371)	(14,587,916)
Change in receivable for unsettled investment transactions	(5,000,000)	6,109,551
Net cash provided by investing activities	7,412,264	16,812,879
Cash Flows from Financing Activities:		
Proceeds from borrowings on line of credit	1,100,000	
Net cash provided by financing activities	1,100,000	-
Net Change in Cash and Cash Equivalents	(5,219,423)	5,443,403
Cash and Cash Equivalents, beginning of year	8,505,401	3,061,998
Cash and Cash Equivalents, end of year	$ 3,285,978	$ 8,505,401
Supplemental Disclosures:		
Cash paid for federal excise taxes, net of refunds	$ 202,909	$ 452,036

See accompanying notes to the 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 grantmaking, private foundation established in 1957 through contributions from Allen D. and Carmen M. Christensen.

The year 2019 ushered in a transition to a new grantmaking approach (a movement from a regional to a rights-based approach) and a new purpose: supporting Indigenous Peoples in advancing their inherent rights, dignity, and self-determination movement. In May 2020, the Christensen Board of Trustees approved a new grantmaking strategy to advance this purpose.

In 2010, Christensen established MEC Menlo, LLC ("MEC") a California limited liability company. MEC is a Single Member LLC with Christensen as the sole member. Christensen also entered into an agreement with 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 were no net assets with donor restrictions as of December 31, 2021 and 2020.

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 Consolidated Statements of Activities and Changes in Net Assets. Dividend and interest income are accrued when earned. The fair value for non-alternatives is 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 consolidated 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, 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 the conditions on which they depend are substantially met.

h. Grants

Unconditional grant expenditures are made in accordance with Christensen's mission and are recognized in the period the grant agreement is fully executed. Conditional grants are not recorded as grant expense and grant payable until the performance barriers are substantially met. Unconditional multi-year grants are recorded at their net present value using a discount rate appropriate for the year the grant was fully executed if the discount is material to the consolidated financial statements. 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 $10,000 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 twenty 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. Allocation of Functional Expenses

Certain costs have been allocated among grant programs expenses and management and general expenses based on estimates made by the management of Christensen.

The costs of providing various programs and activities have been summarized on a functional basis in the Consolidated Statements of Activities and Changes in Net Assets. Expenses such as salaries, benefits, and office supplies are allocated among two categories: grant programs costs and management and general costs, based on time spent or direct benefit.

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. 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, 2021 and 2020, 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. New Accounting Pronouncements

Pronouncements Effective in the Future

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*. Among other things, in the amendments in ASU 2016-02, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: 1) A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and 2) A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Nonpublic business entities should apply the amendments for fiscal years beginning after December 15, 2021 (i.e., January 1, 2022, for a calendar year entity). Early adoption is permitted. The Christensen Fund is currently evaluating the impact of this pronouncement on its consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The guidance in this ASU changes the required presentation and disclosures for in-kind contributions. The new standard is effective for The Christensen Fund for the fiscal year beginning after June 15, 2021 with early application permitted. The Christensen Fund is in the process of evaluating the impact of this pronouncement on its consolidated financial statements.

o. Subsequent Events

The Christensen Fund evaluated subsequent events with respect to the consolidated financial statements for the year ended December 31, 2021 through September 28, 2022, 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 Notes 3 and 8.

Note 2 - Investments and Fair Value Measurements:

Investments:

The fair market value of investments consisted of the following at December 31:

	2021	2020
Cash and cash equivalents		$ 705,906
Mutual funds:		
Fixed income fund	$ 6,601,306	6,730,276
Equity funds	8,449,020	7,774,525
Balanced index fund	20,029,875	17,538,967
Alternative investments measured at net asset value as a practical expedient	313,668,804	277,982,316
Subtotal	348,749,005	310,731,990
Receivable for unsettled investment transactions	9,000,000	4,000,449
Total	$ 357,749,005	$ 314,732,439

Investment income, net included the following for the years ended December 31:

	2021	2020
Realized gain	$ 39,755,947	$ 9,031,743
Unrealized gain	10,672,883	32,046,350
Investment management fees	(5,270,636)	(4,707,013)
Interest and dividend income	5,415,007	3,039,093
Excise tax expense	(850,400)	(533,000)
Unrelated business income tax	(419,497)	(480,558)
Total	$ 49,303,204	$ 38,396,615

Fair Value Measurements:

As of December 31, 2021 and 2020, respectively, investments include cash and cash equivalents and mutual funds with a fair value of $35,080,202 and $32,749,674 that are classified as Level 1. In accordance with FASB ASC 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 3 - 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 an entity that has the attributes of an investment company. The following table lists these investments by major category as of December 31:

	2021		2020			
Strategies	# of Funds	Valuation	# of Funds	Valuation	Redemption Frequency	Notice Period
Alternative Investments:						
Private equity (a):						
Venture capital funds	9	$ 26,972,904	4	$ 7,094,659	N/A	N/A
Global equities (b):						
Private equity fund	1	8,496,518	1	7,004,214	Quarterly	30 days
Real Estate (c):						
Real estate funds	3	608,005			N/A	N/A
Pooled funds:						
Liquid Market Fund **(d)**	1	1,320	1	1,178	Monthly	25 days
TCF LP **(e)**	1	277,590,057			(e)	(e)
TCF Investment Holdings LP **(e)**			1	263,882,265	(e)	(e)
Total	15	$ 313,668,804	7	$ 277,982,316		

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. These investments have an expected remaining life range of 1-11 years, based on the partnership agreements, subject to extensions. Unfunded commitments were $4,431,141 and $7,675,000 as of December 31, 2021 and 2020, respectively. Subsequent to year end, Christensen committed in a new venture capital fund investments with a capital commitment of $2,000,000.

b) The strategy of the private equity fund is to generate long-term capital appreciation by investing in a long-only concentrated portfolio of global equity securities. The investment process fully integrates sustainability analysis into the decision-making and is focused on long-term performance.

c) The strategy of the real estate funds is to provide returns based on investments in real assets and natural resources. These investments seek to provide endowed charitable organizations with returns to further their philanthropic purposes. These investments are expected to liquidate (due to the end of the partnership term) in the next year, subject to extensions. Unfunded commitments were $618,500 and $0 as of December 31, 2021 and 2020, respectively.

d) 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.

e) TCF Fund, a Series of Global Endowment Targeted Strategy Fund, LP (TCF) and TCF Investment Holdings (TCFIH) are private investment partnerships offering an endowment-style investment program.

The Christensen Fund chose to dissolve TCFIH effective January 1, 2021. In the past, TCFIH was managed by Global Endowment Management (GEM), Christensen's outsourced Chief Investment Officer and was comprised of a number of smaller alternative investments previously held by Christensen and Global Endowment Fund (GEF) II, the fund GEM directly managed. Upon the dissolution of TCFIH, accounting for the alternative investments held by TCFIH was moved to Christensen. Christensen continued to maintain the majority of its investments within the fund managed by GEM. TCFIH assigned the investments in Legacy Ventures, TIFF, Park Street, and Pantheon to The Christensen Fund effective January 1, 2021. TCFIH assigned GEF II to TCF. Christensen has chosen to engage in new subscriptions in alternative investments since the creation of TCFIH and wanted the accounting for these investments to be consistent.

TCF and TCFIH invest with a long-term horizon, seeking varied and non-traditional investment opportunities in an effort to provide a diversified investment strategy for the investor. Assets are invested via a master feeder relationship. The feeder fund invests into master funds across asset classes including public equities, venture capital, private equity, real estate, natural resources, and hedged strategies. GEM is the General Partner of the Funds and manages the Fund's investment strategies.

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. The Global Endowment Fund II component for TCF and TCFIH allows semi-annual redemptions with a 90-day redemption notice period, and these redemptions flow directly to The Christensen Fund. TCF and TCFIH redemption proceeds for accepted redemption requests will be available within 15 business days after the redemption date. The total redemption available annually is limited to 7% of the NAV of TCF, LP 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.

Subsequent to year end, Christensen fulfilled capital call commitments of $1,560,000 to various private equities and received a redemption from TCF of $8,500,000, in order to fulfill its capital call obligations and meet operating needs.

Note 4 - Availability of Financial Assets and Liquidity:

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

Financial assets at:	2021	2020
Cash and cash equivalents	$ 3,285,978	$ 8,505,401
Investments	357,749,005	314,732,439
Total financial assets	361,034,983	323,237,840
Less amounts not available to be used within one year:		
Investments with liquidity restrictions	(285,739,662)	(253,444,937)
Funds restricted by lender	(6,700,000)	
	(292,439,662)	(253,444,937)
Financial assets available to meet general expenditures over the next twelve months	$ 68,595,321	$ 69,792,903

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 2022 except as disclosed above.

Note 5 - Income-Producing Property:

Income-producing property held at cost at December 31, 2021 and 2020 consisted 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. In September 2020, based on the terms in the master lease, the lease rate was renegotiated and revised as noted below.

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

Year Ended December 31,		
2022	$	1,465,732
2023		1,465,732
2024		1,465,732
2025		1,465,732
2026		1,465,732
Thereafter		67,496,616
Total	$	74,825,276

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

Note 6 - Prepaid Expenses and Other Assets:

Prepaid expenses and other assets at December 31, 2021 and 2020 consisted of the following:

		2021		2020
Mineral rights	$	966,650	$	966,650
Wyoming property (net of accumulated amortization of $93,521 and $84,458)		96,797		105,860
Program related note receivable		230,000		250,000
Prepaid excise tax				293,576
Other		143,388		54,377
	$	1,436,835	$	1,670,463

Depreciation and amortization expense on property and equipment for 2021 and 2020 was $0 and $28,848, 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 values of the mineral rights for Colorado and Wyoming when received were $428,890 and $537,760, respectively.

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

Note 7 - Grants Payable:

Grants payable of $1,080,000 as of December 31, 2021 are expected to be paid within one year. At December 31, 2020, grants payable was $3,255,000. As of December 31, 2021 and 2020, the Board had not approved any conditional grants.

Note 8 - Commitments and Contingencies:

Lease Obligations

As of December 31, 2020 Christensen's lease of an office location in San Francisco expired and Christensen elected not to renew. The lease agreement was effective December 1, 2015 for a term of 61 months and expired December 2020 with monthly base rent of $16,885 and a 3% annual increase. In 2021, as part of a disrupted-workforce strategy, Christensen leased a number of short-term co-working space across the United States, none of which carried a minimum obligation longer than twelve months.

Total rent expense for office and equipment operation leases for 2021 and 2020 was approximately $3,800 and $212,600, respectively.

Line of Credit

In March 2021, Christensen entered into a line of credit agreement with Signature Bank for a maximum line of credit of $5,000,000 in March 2021, with an interest rate of prime rate minus .50% and a maturity date of February 22, 2022. As of December 31, 2021, the Bank's prime interest rate was 3.25%. The line of credit agreement is secured by marketable securities held in a specified investment account that must maintain a minimum value of $6,700,000. The line of credit is to support short-term working capital, specifically accounts receivable. The outstanding balance on the line of credit was $1,100,000 and $0 as of December 31, 2021 and 2020, respectively. Subsequent to year end, the line of credit was repaid and the line of credit agreement was amended to extend the maturity date to February 21, 2023. As of the date of this report, there were no amounts outstanding under this line of credit.

Note 9 - Excise Taxes:

In accordance with the applicable Treasury provisions, Christensen is classified as a private foundation subject to an excise tax on net investment income, including realized gains. Deferred federal excise taxes on unrealized depreciation or appreciation was calculated using the flat rate of 1.39% in 2021 and 2020.

The provisions for current and deferred taxes were as follows for the years ended December 31:

	2021	2020
Current excise tax	$ 723,400	$ 125,000
Unrelated business income tax	419,497	480,558
Deferred excise tax	127,000	408,000
Total	$ 1,269,897	$ 1,013,558

As of December 31, 2021, current taxes payable of approximately $752,100 were included in accounts payable and accrued liabilities in the accompanying Consolidated Statements of Financial Position. As of December 31, 2020, prepaid excise taxes of approximately $293,600 were included in prepaid expenses and other assets in the accompanying Consolidated Statements of Financial Position.

Note 10 - 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, 2021 and 2020, one investment fund represented approximately 80% and 85%, respectively, 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 11 - 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.