
LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018



HILBURN & LEIN, CPAs

A PROFESSIONAL CORPORATION

LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT FOUNDATION, INC.

JUNE 30, 2019 AND 2018

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HILBURN & LEIN, CPAs
A PROFESSIONAL CORPORATION

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Shareholder
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Members of
Las Vegas-Clark County Library District Foundation, Inc.
Las Vegas, Nevada

We have audited the accompanying financial statements of Las Vegas-Clark County Library District Foundation, Inc. (a Domestic Nonprofit Corporation), which comprise of the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion


In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Las Vegas-Clark County Library District Foundation, Inc. as of June 30, 2019 and 2018, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of the Foundation as of and for the year ended June 30, 2018, were audited by other auditors whose report thereon, dated November 2, 2018, expressed an unmodified opinion on those statements.

Effect of Adopting New Accounting Standard

As discussed in Note 2, the Foundation adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities as of and for the year ended June 30, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.


Las Vegas, Nevada
November 13, 2019

LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash - Notes 3 and 7	\$ 544,626	\$ 388,004
Certificates of Deposit - Notes 4 and 6	1,815,000	-
Related Party Receivable - Note 6	-	3,055,000
Other Receivable	17,497	1,047
Interest Receivable	73,173	63,605
Inventory	134,709	95,443
Prepaid Expenses	-	4,830
	2,585,005	3,607,929
LONG-TERM ASSETS		
Certificates of Deposit - Notes 4 and 6	1,240,000	-
Notes Receivable - Note 8	17,981,600	17,981,600
	19,221,600	17,981,600
TOTAL ASSETS	\$ 21,806,605	\$ 21,589,529

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 2,410	\$ 81,388
Credit Card Payable	917	-
Due to Related Parties	146,298	88,103
Unearned Revenue	20,415	20,415
	170,040	189,906
TOTAL LIABILITIES	170,040	189,906
NET ASSETS:		
Without Donor Restrictions	58,451	40,615
With Donor Restrictions - Note 5	21,578,114	21,359,008
	21,636,565	21,399,623
TOTAL NET ASSETS	21,636,565	21,399,623
TOTAL LIABILITIES AND NET ASSETS	\$ 21,806,605	\$ 21,589,529

The accompanying notes are an integral part of these financial statements

LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
<u>WITHOUT DONOR RESTRICTIONS:</u>		
REVENUES		
Contributions	\$ 24,764	\$ 18,635
Interest Income	-	194
Other Income	1,000	-
TOTAL REVENUES BEFORE NET ASSETS RELEASED FROM RESTRICTIONS	25,764	18,829
Net Assets Released from Restrictions	725,849	959,876
TOTAL REVENUES WITHOUT DONOR RESTRICTIONS	751,613	978,705
EXPENSES		
Program Service Expenses	725,849	961,209
General and Administrative	7,928	5,824
	733,777	967,033
CHANGE IN ASSETS WITHOUT DONOR RESTRICTIONS	\$ 17,836	\$ 11,672
<u>WITH DONOR RESTRICTIONS:</u>		
REVENUES		
Bookstore Sales	\$ 336,974	\$ 287,426
Related Party Contributions	-	21,036,600
Contributions	78,635	167,277
Grants	302,280	325,500
Interest Income	227,066	143,986
TOTAL REVENUES BEFORE NET ASSETS RELEASED FROM RESTRICTIONS	944,955	21,960,789
Net Assets Released from Restrictions	(725,849)	(959,876)
TOTAL REVENUES WITH DONOR RESTRICTIONS	219,106	21,000,913
EXPENSES	-	-
CHANGE IN ASSETS WITH DONOR RESTRICTIONS	\$ 219,106	\$ 21,000,913

The accompanying notes are an integral part of these financial statements

LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT FOUNDATION, INC.
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Net Assets at Beginning of Year:		
Without Donor Restrictions	\$ 40,615	\$ 28,943
With Donor Restrictions	21,359,008	358,095
	21,399,623	387,038
Increase in Net Assets:		
Without Donor Restrictions	17,836	11,672
With Donor Restrictions	219,106	21,000,913
	236,942	21,012,585
NET ASSETS AT END OF YEAR:		
WITHOUT DONOR RESTRICTIONS	58,451	40,615
WITH DONOR RESTRICTIONS	21,578,114	21,359,008
	\$ 21,636,565	\$ 21,399,623

The accompanying notes are an integral part of these financial statements

LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Program Service Expenses:		
Contracts - Homework Help	\$ 69,000	\$ -
Awards and Grants	17,502	11,000
Supplies, Postage, Shipping, and Delivery	30,291	17,607
Printing and Copying	574	2,445
Books, Subscriptions, and Reference Materials	218	80
Travel	4,527	3,582
Conference, Convention, and Meetings	12,254	4,229
Board Meeting Hospitality	908	1,368
Computer Services	3,543	3,365
Reimbursed Restricted Gifts to Library District	316,604	698,808
Special Event Expenses	17,841	15,248
Catering	7,502	6,319
Gross Wages	29,273	28,940
Payroll Fees	1,790	1,603
Payroll Taxes - Employer	2,676	2,214
NMTC - Contribution to Library District	211,346	164,401
	725,849	961,209
General and Administrative:		
Software	17	-
Insurance - Employee	982	1,027
Insurance - Non-Employee	1,545	1,522
Advertising	1,415	1,832
Bank Fees and Charges	925	651
Professional Fees	99	742
Taxes, Licenses, and Fees	1,905	50
Miscellaneous	1,040	-
	7,928	5,824
TOTAL FUNCTIONAL EXPENSES	\$ 733,777	\$ 967,033

The accompanying notes are an integral part of these financial statements

LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	\$ <u>236,942</u>	\$ <u>21,012,585</u>
ADJUSTMENTS TO RECONCILE NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Changes in:		
Related Party Receivable	3,056,047	(3,044,652)
Other Receivable	(17,497)	-
Interest Receivable	(9,568)	-
Inventory	(39,266)	(6,602)
Prepaid Expenses	4,830	(4,830)
Accounts Payable	(78,978)	(30,480)
Credit Card Payable	917	-
Due to Related Parties	58,195	88,103
Unearned Revenue	-	20,415
	<u>2,974,680</u>	<u>(2,978,046)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,211,622</u>	<u>18,034,539</u>
CASH FLOWS USED FOR INVESTING ACTIVITIES		
Purchase of Certificates of Deposit	(3,055,000)	-
Issuance of Long-Term Notes Receivables	-	(17,981,600)
	<u>(3,055,000)</u>	<u>(17,981,600)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE IN CASH	156,622	52,939
Cash at Beginning of Year	<u>388,004</u>	<u>335,065</u>
CASH AT END OF YEAR	<u>\$ <u>544,626</u></u>	<u>\$ <u>388,004</u></u>

The accompanying notes are an integral part of these financial statements

LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 1 - ORGANIZATION

Las Vegas-Clark County Library District Foundation, Inc. (the "Foundation") is a nonprofit organization incorporated on October 15, 2002 and is located in Las Vegas, Nevada. The Foundation was formed to provide aid, support and assistance in the promotion, growth and improvement of the Las Vegas-Clark County Library District (the "Library District").

The Foundation is governed by a Board of Directors (the "Board") that shall have not less than three and not more than fifteen members of which two members shall, at all times, be appointed from the current membership of the Library District's Board of Trustees, and the Executive Director of the Library District shall also, at all times, serve as a member in an ex-officio capacity.

Due to the significance of the Foundation's operations and financial relationship with the Library District and the fact that the Library District management has operational (accounting) responsibility for the Foundation, the Foundation is reported as a blended component unit in the Library District's annual financial reports.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL STATEMENT PRESENTATION

The Foundation has presented its financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Foundation has presented an unclassified statement of financial position which sequences assets according to their nearness of conversion to cash and sequences liabilities according to the nearness of their maturity and resulting use of cash.

The Foundation classifies net assets, revenues, gains, and losses based on the existence of absence of donor-imposed restrictions. Net assets are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions. Items that affect this net asset category include contributions without donor restrictions, investment earnings that are not donor-restricted, expenses associated with grants made to the Foundation, and the operating activities of the Foundation. The Board of Directors has also established a Board-designated endowment (quasi-endowment) which is included in this category.

Net Assets With Donor Restrictions

Net assets restricted by donors to be used for certain purposes or for future periods, including donor-restricted endowments whose corpus is intended to be held in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets.

LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTING METHOD

The Foundation maintains its records on the accrual basis of accounting. Revenues are recognized when billed, not received and expenses are recognized when incurred, not paid.

The Foundation does not accrue for estimated future legal and defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters, but rather, records such as period costs when services are rendered.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of checking accounts, money market accounts, and highly liquid investments purchased with an original maturity of three months or less. The carrying amount of these assets approximates fair value due to the short maturity of the instruments.

INVENTORIES

Inventory consists of books and other donated library materials. Inventory is stated at estimated market value. The estimated market value is determined by using an average fair market value of \$1.00 and \$0.75 per inventory item, as of June 30, 2019 and 2018, respectively.

CONTRIBUTIONS

As required under US GAAP, all contributions are recognized as support in the statement of activities in the period received, including bequests (once the Foundation's right to them is established by a court and to the extent the value of the proceeds is subject to reasonable estimation). Non-cash (in-kind) contributions of securities, services, books and other materials are recorded at their estimated fair market value at the time of contribution.

Contributions are considered available for use without donor restrictions, unless they are restricted by the donors. The Foundation reports contributions of cash and other assets as restricted support if the contributions are either received with donor stipulations that limit the use of the donated assets, even when expended for their intended purpose within the same year, or if they are unavailable by their terms for expenditure in the current period.

When a donor restriction expires, that is, when a time restriction ends or when restricted funds have been expended for their intended purpose, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

INCOME TAXES

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and classified as a publicly supported charitable organization under Section 509(a)(1); therefore, donations qualify for a maximum charitable contribution deduction under IRC Section 170(b)(1)(A)(vi).

Because there are no known circumstances that would place the Foundation's status as a tax-exempt organization in jeopardy, and because the Foundation does not engage in unrelated business income activities, and there are no known uncertain tax positions taken or to be taken, no provision has been made for income taxes. Tax years open under the statute of limitations are 2016, 2017, and 2018.

LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

STATEMENT OF CASH FLOWS

For purposes of the Statement of Cash Flows, the Foundation considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

USE OF ESTIMATES AND RECLASSIFICATIONS

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires management to make certain estimates and assumptions that affect amounts reported in the statements and accompanying notes. Assets, liabilities, and contingency disclosures require estimates as of the date of the financial statements. Revenues and expenses require estimates during the reporting period. Actual results could differ from those estimates. Certain minor reclassifications of prior year amounts have been made to conform to the current year presentation.

NEW ACCOUNTING PRONOUNCEMENT

During the year ended June 30, 2019, the Foundation adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 – Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities required for the Foundation's year ended June 30, 2019. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity and availability of financial assets has also been added (Note 7).

DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditor's report, which is the date the financial statements were issued.

NOTE 3 - CASH

Cash and cash equivalents at June 30, 2019 and 2018, as represented on the balance sheet are detailed as follows:

	<u>2019</u>	<u>2018</u>
Petty Cash	\$ 100	\$ -
Wells Fargo Bank, Commercial Checking Account	124,698	201,261
Nevada State Bank, Community Checking	213,741	186,743
First Tennessee Bank: Sweep Account	200,025	-
Sweep Account	6,062	-
	<u>\$ 544,626</u>	<u>\$ 388,004</u>

LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 4 - OFF-BALANCE SHEET RISK AND CONCENTRATION OF RISK

The Foundation negotiated an agreement with the Las Vegas-Clark County Library District under which it manages and sells non-circulating library materials. The term agreement is effective for 5 years beginning on July 1, 2019 and ending on June 30, 2024. The Foundation conducts the resale services on behalf of the Las Vegas-Clark County Library District. The books and materials are sold through volunteer staffed bookstores located within Library District branches, online through third party vendors, and on occasion at community events. Revenue earned through this arrangement is classified as with donor restrictions for future use towards Library District programs. For the years ended June 30, 2019 and 2018, the Foundation recognized revenues of \$336,973 and \$287,426, respectively from this agreement.

The Foundation also receives and sells books donated by the public. Revenue earned from the sale of publicly donated books is classified as with donor restrictions.

The Foundation's investments in Certificates of Deposit are all FDIC insured deposits (\$250,000 limit) with a diversified group of banking institutions.

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2019 and 2018 are available for the benefit of the Las Vegas-Clark County Library District for the following purposes:

	2019	2018
Bookstore	\$ 366,776	\$ 283,653
New Markets Tax Credit	17,961,185	17,961,185
Endowment Fund	3,070,363	3,055,000
Homebound Service	40	40
WIC Outreach	17,103	16,603
WLV Scholarship	3,621	4,621
Sahara West Library	50	100
BB Teen Tech Center	3,183	-
CALL	21	-
Early Childhood	7,020	-
Homework Help	129,246	-
Vegas Valley Book Festival	1,842	4,745
Las Vegas Branch	120	120
Whitney Branch	100	100
Summerlin Library	100	600
Tech Art	17,344	32,241
	\$ 21,578,114	\$ 21,359,008

NOTE 6 - DONATED SERVICES AND RELATED PARTIES

A number of volunteers, including the members of the Board, have made significant contributions of time to the Foundation's policy-making, program and support function. The value of contributed time does not meet the criteria for recognition of contributed services under generally accepted accounting principles and, accordingly, is not reported in the accompanying financial statements. The total number of volunteer hours was 38,203 and 45,647 for the years ended June 30, 2019 and 2018.

LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 6 - DONATED SERVICES AND RELATED PARTIES (CONTINUED)

The Foundation routinely conducts business with the Las Vegas-Clark County Library District. On behalf of the Foundation, the Las Vegas-Clark County Library District pays for three part-time employees and their related benefits, office space, office equipment and bookstore facilities.

For the years ended June 30, 2019 and 2018, the Foundation incurred expenses of \$725,849 and \$961,206 in program related costs from restricted funds. Of these expenses, \$527,950 and \$863,209 was paid to Las Vegas-Clark County Library District, a related party.

In Fiscal Year 2018, the Board approved the establishment of an endowment fund. The Library District contributed \$3,055,000 to the Foundation, to be held, managed, and distributed by the Foundation with the restriction that only earnings, and not principal, may be used. In addition, the selection of investments and the investment strategy of the endowment fund shall be subject to the review and approval of the Library District. As of June 30, 2019, the endowment fund consisted of:

		2019
<u>Endowment Fund:</u>		
Certificates of Deposit – Short-Term	\$	1,815,000
Certificates of Deposit – Long-Term		1,240,000
	\$	3,055,000

NOTE 7 - AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial positions, consist of the following as of June 30, 2019 and 2018:

		2019		2018
Cash	\$	544,626	\$	388,004
Certificates of Deposit – Short-term		1,815,000		-
Distributions from beneficial interests in Assets held by others expected within One year		211,346		211,346
Total financial assets, excluding Beneficial interest in assets held by Others		2,570,972		599,350
Less:				
Board-designated for specific program	(211,346	(211,346
Board-designated endowment funds	(1,815,000	(-
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$	544,626	\$	388,004

LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 8 - NOTES RECEIVABLES AND NEW MARKETS TAX CREDIT TRANSACTIONS

During the year ended June 30, 2018, the Foundation entered into several transactions in order to make additional funds available to it through the New Markets Tax Credit (“NMTC”) Program. The NMTC Program permits taxpayers to claim a credit against federal income taxes for Qualified Equity Investments (QEIs) in designated Community Development Entities (CDEs). These designated CDEs must use substantially all of the proceeds to make Qualified Low-Income Community Investments (QLICIs). The tax credits are claimed over a seven-year period and equate to 39% of the qualified investment.

EAST LAS VEGAS LIBRARY

On July 26, 2017, the Foundation loaned \$11,335,600 (the “Leverage Loan”) to COCRF Investor 99, LLC (the Investment “Fund”). The Fund also received equity in the amount of \$5,834,400 from a tax credit investor, Capital One, National Association (“CCE”). The Fund used the aggregate proceeds of the capital contributed to it and the Leverage Loan to make a \$16,490,000 contribution of capital to LVCIC SUB-CDE Iv, LLC (the “CDE”), which investment is expected to constitute a Qualified Equity Investment (QEI) (as that term is defined in Internal Revenue Code (IRC) section 45D) that is eligible for the NMTC Program, in exchange for a 99.9% equity interest in the CDE. The CDE entered into agreements and made loans to East Las Vegas QALICB, Inc., in an aggregate principal amount of \$16,490,000. These proceeds were used to facilitate the construction of the East Las Vegas Library.

As a result, the Foundation recognized an \$11,335,600 note receivable that bears interest at 1.0% per annum. This note is payable in annual interest only payments through July 26, 2024, and annual principal and interest payments thereafter through July 25, 2045.

MESQUITE LIBRARY

On December 20, 2017, the Foundation loaned \$6,646,000 (the “Leverage Loan”) to Chase NMTC Mesquite Library Investment Fund, LLC (the Investment “Fund”). The Fund also received equity in the amount of \$3,354,000 from a tax credit investor, Chase Community Equity, LLC (“CCE”). The Fund used the aggregate proceeds of the capital contributed to it and the Leverage Loan to make a \$10,000,000 contribution of capital to Clearinghouse NMTC (Sub 52), LLC (the “CDE”), which investment is expected to constitute a Qualified Equity Investment (“QEI”) (as that term is defined in Internal Revenue Code (IRC) Section 45D) that is eligible for the New Markets Tax Credit (“NMTC”) Program, in exchange for a 99.9% equity interest in the CDE. The CDE entered into agreements and made loans to Mesquite QALICB, Inc., in an aggregate principal amount of \$9,800,000. These proceeds were used to facilitate the construction of the Mesquite Library and rehabilitation of the existing structure that will provide related community services including literacy improvement and workforce training.

As a result, the Foundation recognized a \$6,646,000 note receivable that bears interest at 1.474424% per annum. This note is payable in quarterly interest only payments through September 15, 2024, and quarterly principal and interest payments thereafter through December 19, 2043.