

HARRIS AND ELIZA KEMPNER FUND

FINANCIAL STATEMENTS

**Years Ended December 31, 2020 and 2019
with Report of Independent Auditors**

HARRIS AND ELIZA KEMPNER FUND

Financial Statements

Years Ended December 31, 2020 and 2019

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Harris and Eliza Kempner Fund

We have audited the accompanying financial statements of the Harris and Eliza Kempner Fund (a non-profit organization), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of December 31, 2020, the related statements of revenues, expenses, and changes in net assets – modified cash basis, the statement of functional expenses, and the statement of cash flows - modified cash basis for the year then ended, and the related notes to the financial statements - modified cash basis.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note B; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Harris and Eliza Kempner Fund as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note B.

Basis of Accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited the Harris and Eliza Kempner Fund's financial statements as of and for the year ended December 31, 2019; we expressed an unmodified audit opinion on those audited financial statements in our report dated November 09, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of program expenses – modified cash basis on page 17 and the schedule of general and administrative expenses – modified cash basis on page 18 are presented for purposes of additional analysis and are not a required part of the financial statements – modified cash basis. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements – modified cash basis. The information has been subjected to the auditing procedures applied in the audit of the financial statements – modified cash basis and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements – modified cash basis or to the financial statements – modified cash basis themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements – modified cash basis as a whole.

The image shows a handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
September 27, 2021

HARRIS AND ELIZA KEMPNER FUND

**STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS
- MODIFIED CASH BASIS**

	December 31,	
	2020	2019
Assets		
Cash	\$ 50	\$ 100,036
Short-term investments	5,783,273	5,855,130
Investments, at cost		
Stocks	29,358,779	28,881,391
Bonds	5,272,324	6,432,224
Unlisted securities	6,125,173	7,202,870
Adjustment to fair market value	10,904,081	4,798,194
Program-related receivables	70,600	80,600
Accounts receivable	11	-
Student loans	-	527
Other current assets	25,830	-
	<u>\$ 57,540,121</u>	<u>\$ 53,350,972</u>
Liabilities		
Cash overdraft	\$ 69,685	\$ -
Excise tax payable	-	73,591
Pension plan payable	444	183
Total liabilities	<u>70,129</u>	<u>73,774</u>
Commitments and contingencies		
Net Assets		
Without donor restrictions:		
Net assets	57,469,992	53,277,198
Total net assets	<u>57,469,992</u>	<u>53,277,198</u>
Total liabilities and net assets	<u>\$ 57,540,121</u>	<u>\$ 53,350,972</u>

See accompanying notes to financial statements - modified cash basis.

HARRIS AND ELIZA KEMPNER FUND
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS - MODIFIED CASH BASIS

	Years Ended December 31,	
	2020	2019
	<u> </u>	<u> </u>
Revenue, gains, and other support without restriction		
Dividends	\$ 1,217,669	\$ 1,233,671
Interest	108,303	297,424
Investment expenses	(69,775)	(82,734)
Net unrealized and realized gains	6,833,614	7,715,521
Net investment revenue	<u>8,089,811</u>	<u>9,163,882</u>
Other revenue (losses)	<u>(1,041,330)</u>	<u>771,231</u>
Total revenue, gains, and other support	7,048,481	9,935,113
 Expenses		
Program expenses	2,458,053	2,372,553
General and administrative expenses	397,634	550,137
Total expenses	<u>2,855,687</u>	<u>2,922,690</u>
 Excess of revenue over expenses	4,192,794	7,012,423
Changes in net assets	4,192,794	7,012,423
 Net assets at beginning of year	<u>53,277,198</u>	<u>46,264,775</u>
 Net assets at end of year	<u><u>\$ 57,469,992</u></u>	<u><u>\$ 53,277,198</u></u>

See accompanying notes to financial statements - modified cash basis.

HARRIS AND ELIZA KEMPNER FUND
STATEMENT OF FUNCTIONAL EXPENSES

	Years Ended December 31,	
	2020	2019
	<u> </u>	<u> </u>
Program expenses:		
Foreign taxes	\$ 10,479	\$ 16,723
Grants	1,946,081	1,906,680
Management	209,474	256,514
Matching gift program	292,019	192,636
Total salaries and related expenses	<u>2,458,053</u>	<u>2,372,553</u>
 Supporting expenses:		
Accounting and audit	\$ 45,700	\$ 56,075
Professional consulting	22,500	-
Entertainment	483	1,786
Excise and other tax	24,206	118,001
Insurance	20,650	26,019
Legal	780	2,360
Memberships	4,565	3,225
Miscellaneous	2,094	1,350
Office equipment	1,867	6,375
Office rent	27,097	16,583
Office supplies	2,093	1,645
Payroll expenses	194,499	249,837
Payroll taxes	14,281	19,353
Parking	2,923	2,671
Retirement plan and profit sharing	4,474	8,183
Registration	9,386	4,679
Computer software and services	18,078	14,034
Printed material	397	447
Travel	1,561	17,514
Total other expenses	<u>397,634</u>	<u>550,137</u>
 Total expenses	<u>\$ 2,855,687</u>	<u>\$ 2,922,690</u>

See accompanying notes to financial statements - modified cash basis.

HARRIS AND ELIZA KEMPNER FUND

STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS

	Year Ended December 31,	2019
	2020	2019
	<u> </u>	<u> </u>
Cash flows from operating activities:		
Change in net assets	\$ 4,192,794	\$ 7,012,423
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Realized gain on investments	(727,727)	(4,452,035)
Unrealized gain on investments	(6,105,887)	(3,263,485)
Changes in assets and liabilities:		
Program-related receivables	10,000	(20,600)
Accounts receivable	(11)	44,458
Student loans	527	1,200
Other current assets	(99,421)	15,292
Pension plan payable	261	73,473
Cash overdraft	69,685	-
Net cash used in operating activities	<u>(2,659,779)</u>	<u>(589,274)</u>
Cash flows from investing activities:		
Proceeds from sales of stocks, bonds, and unlisted securities interests	4,718,077	9,416,039
Purchases of stocks, bonds, and unlisted securities interests	<u>(2,158,284)</u>	<u>(8,845,505)</u>
Net cash provided by investing activities	<u>2,559,793</u>	<u>570,534</u>
Net decrease in cash and cash equivalents	(99,986)	(18,740)
Cash at beginning of year	<u>100,036</u>	<u>118,776</u>
Cash equivalents at end of year	<u>\$ 50</u>	<u>\$ 100,036</u>
Supplemental disclosure of cash flow information:		
Excise taxes paid	<u>\$ 122,651</u>	<u>\$ 101,230</u>

See accompanying notes to financial statements - modified cash basis.

HARRIS AND ELIZA KEMPNER FUND
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS

December 31, 2020 and 2019

A. Nature of the Fund

The Harris and Eliza Kempner Fund (the “Fund”) is a non-profit corporation classified as a private foundation within the meaning of section 509(a) of the Internal Revenue Code. The Fund was originally known as the “Galveston Fund” when it was established on December 18, 1946. The Fund awards grants to qualifying organizations functioning in the broad areas of the arts, community development, education, health, and human services. Revenues are derived primarily from dividends, interest, and other gains from investment activity.

B. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. This basis differs from accounting principles generally accepted in the United States of America primarily due to the Fund’s recognizing grants and other expenditures when paid rather than when incurred and recording investment revenues when received rather than when earned. Modifications to the cash basis of accounting include accruing student loan receivables, accounting for unrealized gains and losses on trading investments, and recording trading investments at fair market value.

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Fund, its accounts are maintained in accordance with the principles of fund accounting. Resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund.

The Fund reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Accordingly, net assets of the Fund and changes therein are classified and reported as follows:

- Net assets without donor restrictions – net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.
- Net assets with donor restrictions – net assets subject to donor-imposed stipulations that specify a use for a contributed asset. When a donor stipulation has been satisfied the net assets are reclassified to net assets without donor restrictions and reported in the statements of revenues, expenses, and changes in net assets as net assets released from restrictions.

There were no net assets with donor restrictions as of December 31, 2020 and 2019.

HARRIS AND ELIZA KEMPNER FUND

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS *(continued)*

B. Summary of Significant Accounting Policies – continued

Cash

The Fund considers only monies maintained in its checking account as cash. The Fund does not have cash equivalents, because in a departure from accounting principles generally accepted in the United States of America, cash does not include highly liquid short-term investments maintained in money market funds managed by investment managers as part of the investment portfolio.

Investments and Fair Value Measurements

Fair value is 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. Fair value is determined using a three-tier hierarchy that identifies assets and liabilities measured at fair value. The hierarchy focuses on the inputs used to measure fair value and requires that the lowest level input be used. The three levels defined are as follows:

- Level 1 — observable inputs that are based upon quoted market prices for identical assets or liabilities within active markets.
- Level 2 — observable inputs other than Level 1 that are based upon quoted market prices for similar assets or liabilities, based upon quoted prices within inactive markets, or inputs other than quoted market prices that are observable through market data for substantially the full term of the asset or liability.
- Level 3 — inputs that are unobservable for the particular asset or liability due to little or no market activity and are significant to the fair value of the asset or liability. These inputs reflect assumptions that market participants would use when valuing the particular asset or liability. Level 3 assets are valued at fair market value as determined by the manager. Such valuations are based on appropriate multiples of earnings or cash flow. Value markdowns will be made when the underlying property is experiencing operating difficulties, or when a decrease in value, for any reason, is apparent.

The fair values of investments in marketable equity securities are based on Level 1 inputs, while the fair values of nonmarketable equity securities are based on Level 3 inputs provided by management of the partnerships. The fair values of investments in debt securities are measured based on Level 2 inputs. The investments in unlisted securities are private investment vehicles valued using the NAV provided by the administrator of the fund. The NAV is based on the underlying assets owned by the fund, minus its liabilities and then divided by the number of shares outstanding. The NAV is a calculated price based upon inputs other than quoted prices that are directly or indirectly observable. The NAV is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the fund will sell the investment for an amount different from the reported net asset value. There are no unfunded commitments and the redemption frequency along with redemption notice period are undetermined. Unrealized gains and losses are included in the excess (deficit) of revenues over expenses in the accompanying statements of revenues, expenses, and changes in net assets – modified cash basis.

HARRIS AND ELIZA KEMPNER FUND

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS *(continued)*

B. Summary of Significant Accounting Policies – continued

Income Tax Status

The Internal Revenue Service has determined that the Fund is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the “Code”). The Code imposes an excise tax of 2% (reduced to 1% if certain requirements are met) on net investment income of private foundations. Excise tax expense for the years ended December 31, 2020 and 2019 was \$23,230 and \$118,001, respectively.

Functional Expenses

The costs of providing various programs and other activities have been reflected on a functional basis in the financial statements. Program expenses are those that are directly attributable to a specific program. Supporting expenses are certain categories of expenses that are attributable to one or more program or supporting functions of the Fund. These are indirect costs that are allocated to various programs on the basis of the fair market value of the programs’ investments.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts and accompanying disclosures in the financial statements. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The Fund calculates the fair value of its assets and liabilities, which qualify as financial instruments and includes this information in the notes to financial statements when the fair value is different than the carrying value of those financial instruments. The estimated fair value of receivables, accounts payable, and accrued expenses approximate the carrying amounts due to the relatively short maturity of these instruments. None of these instruments are held for trading purposes.

HARRIS AND ELIZA KEMPNER FUND

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS (continued)

C. Investments and Fair Value Measurements

The following table details the Fund’s investments measured on a recurring basis at fair value by level, within the fair value hierarchy, at December 31, 2020 are as follows:

	<u>Cost</u>	<u>Fair Values</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market investments	\$ 5,783,273	\$ 5,783,273	\$ -	\$ -	\$ 5,783,273
Total short-term investments	5,783,273	5,783,273	-	-	5,783,273
Corporate stocks	29,358,779	38,488,513	-	-	38,488,513
Corporate bonds and government obligations	5,272,324	-	5,597,700	-	5,597,700
Unlisted securities	262,939	-	-	831,718	831,718
Total other investments	34,894,042	38,488,513	5,597,700	831,718	44,917,931
Total investments in the fair value hierarchy	<u>\$ 40,667,315</u>	<u>\$ 44,271,786</u>	<u>\$ 5,597,700</u>	<u>\$ 831,718</u>	\$ 50,701,204
Investments measured at net asset value (a)					6,742,137
Total investments at fair value					<u>\$ 57,443,341</u>

The following table details the Fund’s investments measured on a recurring basis at fair value by level, within the fair value hierarchy, at December 31, 2019 are as follows:

	<u>Cost</u>	<u>Fair Values</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market investments	\$ 5,855,130	\$ 5,855,130	\$ -	\$ -	\$ 5,855,130
Total short-term investments	5,855,130	5,855,130	-	-	5,855,130
Corporate stocks	28,881,391	33,028,951	-	-	33,028,951
Corporate bonds and government obligations	6,432,224	-	6,570,640	-	6,570,640
Unlisted securities	287,623	-	-	819,095	819,095
Total other investments	35,601,238	33,028,951	6,570,640	819,095	40,418,686
Total investments in the fair value hierarchy	<u>\$ 41,456,368</u>	<u>\$ 38,884,081</u>	<u>\$ 6,570,640</u>	<u>\$ 819,095</u>	\$ 46,273,816
Investments measured at net asset value (a)					6,895,993
Total investments at fair value					<u>\$ 53,169,809</u>

HARRIS AND ELIZA KEMPNER FUND

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS (continued)

C. Investments and Fair Value Measurements – continued

(a) In accordance with Subtopic 820-10, certain investment that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of assets, liabilities, and net assets – modified cash basis.

The following table presents the changes in Level 3 instruments measured on a recurring basis for the years ended December 31:

	2020	2019
Unlisted securities		
Balance, beginning of year	\$ 819,095	\$ 1,125,251
Unrealized gain (loss) included in earnings	12,623	(306,156)
Balance, end of year	\$ 831,718	\$ 819,095

The following table presents additional information about valuation methodologies and unobservable inputs used for investments that are measured at fair value and categorized within Level 3 as of December 31, 2020.

Investment	Fair value at December 31, 2020	Valuation Technique	Significant Unobservable Inputs	Range
Galveston Finale	\$ 822,866	Net asset value	N/A	N/A
Foster Farms	\$ 8,852	Net asset value	N/A	N/A

Investments in corporate stocks by fund are as follows:

	Cost	Fair Value
Main Fund	\$ 23,318,279	\$ 31,098,360
J.B. Kempner Fund	5,570,184	6,839,432
Kempner Park Fund	305,961	358,203
Jennifer Ezell Fund	164,355	192,519
	\$ 29,358,779	\$ 38,488,514

HARRIS AND ELIZA KEMPNER FUND

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS (continued)

C. Investments and Fair Value Measurements – continued

The relationship between carrying values and fair values of investments is as follows:

	Cost	Fair Value	Excess of Fair Value over Cost
Balance, end of year	\$46,539,549	\$57,443,630	\$ 10,904,081
Balance, beginning of year	48,371,615	53,169,809	4,798,194
Increase in unrealized gain			6,105,887
Net realized gain			727,727
 Total net unrealized and realized gains			 \$ 6,833,614

D. Program-Related Receivables

The Fund has disbursed monies in the form of program-related receivables to local community organizations. The receivables are carried at the face value of the receivable less repayments made. The carrying value of the receivables approximates the fair market value of the receivables as a result of their short maturity periods. The receivable at December 31, 2020 had a balance as follows:

Organization	Carrying Value	Period	Interest Rate	Maturity Date
OTR Fund I, LLC	\$ 60,000	5 years	2%	12/31/2022
Samaritan Women at the Well	\$ 10,600	1.5 years	1%	06/12/2021

The receivables at December 31, 2019 had a balance as follows:

Organization	Carrying Value	Period	Interest Rate	Maturity Date
OTR Fund I, LLC	\$ 60,000	5 years	2%	12/31/2022
Samaritan Women at the Well	\$ 20,600	1.5 years	1%	06/12/2021

E. Related Party Transactions

Investment and management fees of approximately \$39,000 and \$41,000 were paid to Kempner Capital Management for the management of a substantial portion of the Fund’s investment portfolio during the year ended December 31, 2020 and 2019, respectively. Mr. Harris L. Kempner, Jr., President of Kempner Capital Management, is a Kempner family member.

HARRIS AND ELIZA KEMPNER FUND

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS *(continued)*

E. Related Party Transactions – continued

Approximately 15% and 13% of the Fund's holdings are managed by the Directors rather than by the investment managers during the year ended December 31, 2020 and 2019, respectively. These assets are in Kempner-family-related investments and include Kempner Securities LP, and Galveston Finale LP.

F. Money Purchase Pension Plan

On April 1, 1994, the Fund initiated a noncontributory money purchase pension plan covering all employees (excluding non-resident aliens) whose employment is not governed by a collective bargaining agreement and who have completed one year of service. Employer contributions are discretionary and are allocated to all participants eligible to share in the allocations in the same proportion that each participant's compensation bears to the total compensation of all participants for such year. Amounts paid totaled \$4,474 and \$8,183 during the year ended December 31, 2020 and 2019, respectively.

G. Concentration of Market Risk

The Fund has significant investments in mutual funds and in equity and debt securities and is therefore subject to market risk. Investments are managed by investment advisors who are supervised by the Board of Directors. Though the market value of investments is subject to fluctuations on a year to year basis, the Board of Directors believes that the investment policy is prudent for the long-term welfare of the Fund.

The Fund's cash and investment accounts held in financial institutions and brokerage firms are insured by the Securities Investor Protection Corporation ("SIPC"). The SIPC provides coverage for customers of failed brokerage firms. This coverage does not apply to losses due to market rate risk.

H. Concentration of Credit Risk

The Fund maintains deposits in one financial institution, which may at times exceed amounts covered by insurance provided by the U.S. Federal Depository Insurance Corporation ("FDIC"). The Fund has not experienced any losses related to amounts in excess of FDIC limits.

I. Other Revenue

Other revenue primarily consists of royalties and other miscellaneous income. Non-deductible expenses are netted against miscellaneous income in the accompanying statement of revenues, expenses, and changes in net assets – modified cash basis.

HARRIS AND ELIZA KEMPNER FUND

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS *(continued)*

J. Commitments and Contingencies

The Fund is a party to a Memorandum of Understanding (“MOU”) with the Galveston County Recovery Fund. The Fund committed to provide \$50,000 in the event of a federally declared disaster in Galveston or Galveston County. The funds are pledged, but not paid until a disaster has been declared and the Fund has resumed operations. The MOU and commitment of funds renews annually.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a pandemic, which continues to spread throughout the United States. The U.S. government has implemented enhanced, screenings, quarantine requirements, and travel restrictions in connection with the COVID-19 outbreak. The extent of the impact of the COVID-19 on the Fund’s operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related travel advisories and restrictions and the impact of the COVID-19 on financial markets, all of which are highly uncertain and cannot be predicted. The Fund’s results through the date of this report have not been significantly impacted but the situation will be monitored closely.

K. Financial Instruments

The financial instruments recorded in the statements of financial position include cash and cash equivalents, short-term investments, accounts receivable, program receivable, accounts payable and accrued liabilities. Due to their short-term maturities, the carrying amounts of these items are believed to approximate their fair market values. Management evaluates credit risk for all financial instruments based on the nature of the transaction.

L. Liquidity and Availability of Resources

The following represents the Fund’s financial assets at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 50	\$ 100,036
Short-term investments	5,783,273	5,855,130
Program-related receivables	10,600	-
Receivables	<u>11</u>	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,793,934</u>	<u>\$ 5,955,166</u>

HARRIS AND ELIZA KEMPNER FUND

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS *(continued)*

L. Liquidity and Availability of Resources – continued

The Fund has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statements of assets, liabilities, and net assets – modified cash basis date.

M. Subsequent Events

In preparing the Fund's financial statements, management has evaluated all subsequent events and transactions for potential recognition or disclosure through September 27, 2021, the date the financial statements were available for issuance.

SUPPLEMENTAL INFORMATION

HARRIS AND ELIZA KEMPNER FUND

SCHEDULE OF PROGRAM EXPENSES - MODIFIED CASH BASIS

	Years Ended December 31,	
	2020	2019
	<u> </u>	<u> </u>
Program expenses		
Foreign taxes	\$ 10,479	\$ 16,723
Grants	1,946,081	1,906,680
Management fees	209,474	256,514
Matching gift program	292,019	192,636
	<u> </u>	<u> </u>
Total program expenses	<u>\$ 2,458,053</u>	<u>\$ 2,372,553</u>

HARRIS AND ELIZA KEMPNER FUND

**SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES
- MODIFIED CASH BASIS**

	Years Ended December 31,	
	2020	2019
General and administrative expenses:		
Accounting and audit	\$ 45,700	\$ 56,075
Professional consulting	22,500	-
Entertainment	483	1,786
Excise and other tax	24,206	118,001
Insurance	20,650	26,019
Legal	780	2,360
Memberships	4,565	3,225
Miscellaneous	2,094	1,350
Office equipment	1,867	6,375
Office rent	27,097	16,583
Office supplies	2,093	1,645
Payroll expenses	194,499	249,837
Payroll taxes	14,281	19,353
Parking	2,923	2,671
Retirement plan and profit sharing	4,474	8,183
Registration	9,386	4,679
Computer software and services	18,078	14,034
Printed material	397	447
Travel	1,561	17,514
	<u>\$ 397,634</u>	<u>\$ 550,137</u>
Total General and administrative expenses	<u>\$ 397,634</u>	<u>\$ 550,137</u>