THE MCKNIGHT ENDOWMENT FUND FOR NEUROSCIENCE

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The McKnight Endowment Fund for Neuroscience
Minneapolis, Minnesota

We have audited the accompanying financial statements of The McKnight Endowment Fund for Neuroscience (the Fund) (a nonprofit organization), which comprise the statements of assets and net assets without restrictions – cash basis as of December 31, 2020 and 2019, the related statements of revenues, expenses, and changes in net assets without restrictions – cash basis, and functional expenses – cash basis 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 the cash basis of accounting described in Note 1; determining that the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 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 auditors' 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 Fund'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.

Board of Directors
The McKnight Endowment Fund for Neuroscience

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, assets and net assets without restrictions – cash basis of The McKnight Endowment Fund for Neuroscience as of December 31, 2020 and 2019, and its revenue, expenses, and changes in net assets without restrictions – cash basis for the years then ended, in conformity with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the 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.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 13, 2021

THE MCKNIGHT ENDOWMENT FUND FOR NEUROSCIENCE
STATEMENTS OF ASSETS AND NET ASSETS WITHOUT RESTRICTIONS – CASH BASIS
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS, CASH	$ 25,180	$ 18,030
NET ASSETS WITHOUT RESTRICTIONS	$ 25,180	$ 18,030

See accompanying Notes to Financial Statements.

THE MCKNIGHT ENDOWMENT FUND FOR NEUROSCIENCE
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS WITHOUT RESTRICTIONS – CASH BASIS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
REVENUES		
Grants Received	$ 3,464,000	$ 3,700,000
EXPENSES		
Program:		
Memory and Cognitive Disorders Awards Program	1,222,500	1,226,810
Scholars Awards Program	1,385,046	1,394,968
Technological Innovations in Neuroscience Awards Program	620,000	619,860
Annual Neuroscience Conference	88,000	297,008
Total Program Expenses	3,315,546	3,538,646
Administrative Expenses	141,304	153,296
Total Expenses	3,456,850	3,691,942
CHANGE IN NET ASSETS	7,150	8,058
Net Assets Without Restrictions – Beginning of Year	18,030	9,972
NET ASSETS WITHOUT RESTRICTIONS – END OF YEAR	$ 25,180	$ 18,030

See accompanying Notes to Financial Statements.

THE MCKNIGHT ENDOWMENT FUND FOR NEUROSCIENCE
STATEMENTS OF FUNCTIONAL EXPENSES – CASH BASIS
YEARS ENDED DECEMBER 31, 2020 AND 2019

| | 2020 | | |
	Program	Management and General	Total
Awards and Conferences	$ 3,237,961	$ -	$ 3,237,961
Board and Committee Fees	67,500	22,000	89,500
Meeting and Travel Expenses	5,085	375	5,460
Administrative Service Fee	-	100,000	100,000
Annual Audit and Tax Return	-	8,630	8,630
Computer Services	-	8,991	8,991
Communication	5,000	-	5,000
Other Expenses	-	1,308	1,308
Total Expenses	$ 3,315,546	$ 141,304	$ 3,456,850

| | 2019 | | |
	Program	Management and General	Total
Awards and Conferences	$ 3,433,256	$ -	$ 3,433,256
Board and Committee Fees	69,500	21,000	90,500
Meeting and Travel Expenses	30,890	13,995	44,885
Administrative Service Fee	-	100,000	100,000
Annual Audit and Tax Return	-	8,777	8,777
Computer Services	-	6,395	6,395
Communication	5,000	-	5,000
Other Expenses	-	3,129	3,129
Total Expenses	$ 3,538,646	$ 153,296	$ 3,691,942

See accompanying Notes to Financial Statements.

NOTE 1   NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The McKnight Endowment Fund for Neuroscience (the Fund) is a private foundation incorporated under the laws of Minnesota. The Fund is an independent charitable organization established by The McKnight Foundation (the Foundation) to support innovative research in neuroscience through three competitive annual awards and an annual conference.

Basis of Accounting

The financials statements of the Fund are maintained on a cash basis, and the statements of revenues, expenses and changes in net assets without restrictions – cash basis and the statements of assets and net assets without restrictions – cash basis reflect only cash received and disbursed. Therefore, grants receivable and payable, accounts payable, and accrued income and expenses, which may be material in amount, are not reflected in the accompanying financial statements, which are not intended to present financial position and results of activities in conformity with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

Net assets and revenues, gains, and losses are classified based on donor-imposed restrictions. There are no donor-imposed restrictions, and the board of directors has discretionary control over the resources. Accordingly, net assets of the Fund and changes therein are classified and reported as without restrictions.

Tax Exempt Status

The Fund is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Fund is classified as a private foundation as defined in Section 509(a) and 4940 of the IRC and as such is subject to certain minimum distribution requirements. No taxes were paid during the years ended December 31, 2020 and 2019.

The Fund follows a policy that clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. The policy prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The implementation of this policy had no impact on the Fund's financial statements.

Functional Allocation of Expenses

The costs of providing programs and services have been summarized on a functional and natural basis. Specifically identifiable expenses have been allocated to program and management and general, respectively. Other expenses, not specifically identifiable, have been allocated to program and management and general expenses based upon best estimates of management.

NOTE 1   NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, the Fund has evaluated events and transactions for potential recognition of disclosure through April 13, 2021, the date the financial statements were available to be issued.

NOTE 2   LIQUIDITY AND AVAILABILITY

Because its records are maintained on a cash basis, the Fund's only financial asset is cash held in a checking account. To meet its current financial obligations, the Fund receives its annual funding of approximately $3.8 million from the Foundation in four to six installments per year, as needed.

NOTE 3   CASH BALANCE

At December 31, 2020 and 2019, cash was maintained in a checking account that, at times during the years then ended, exceeded federally insured limits. The Fund has not experienced any losses in such accounts.

NOTE 4   RELATED PARTY TRANSACTIONS

The Foundation has approved grant funding to the Fund annually through 2023 for the purposes of funding and administering neuroscience awards. The Foundation, upon which the Fund solely relies for grant funding, has the ability to appoint two of the ten members of the Fund's board of directors. During 2020 and 2019, $3,464,000 and $3,700,000 of grants were received by the Fund, respectively. The Foundation grants to be received by the Fund are as follows as of December 31:

	2020	2019
Less Than One Year	$ 3,875,000	$ 3,875,000
One Year to Five Years	4,991,800	8,455,800
Total	$ 8,866,800	$ 12,330,800

NOTE 4   RELATED PARTY TRANSACTIONS (CONTINUED)

Pursuant to an administrative agreement, the Fund reimbursed the Foundation $100,000 for each of the years ended December 31, 2020 and 2019 for administrative services provided by the Foundation.

During the year, payments have been made to board members for their services as board members.

NOTE 5   GRANT COMMITMENTS

At both December 31, 2020 and 2019, the Fund's board of directors had approved grants of $4,050,000 to be paid through 2021, 2022, and 2023, respectively. Payments of approved grants are expected to be funded by proceeds of grants from the Foundation. Grant payments, net of returned grant funds, during the years ended December 31, 2020 and 2019 were $3,149,961 and $3,136,248, respectively.

NOTE 6   NEUROSCIENCE CONFERENCE COMMITMENTS

As of December 31, 2020, the Fund has signed a contract for the 2021 Neuroscience Conference. At December 31, 2020, the Fund was liable for up to approximately $152,000 if the conference is canceled within three months of the scheduled conference date.