S.H. COWELL
FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

S. H. COWELL FOUNDATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
S. H. Cowell Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of S. H. Cowell Foundation, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets 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 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 audits 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 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.

MARCUMGROUP
MEMBER

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of S. H. Cowell Foundation as of December 31, 2017 and 2016, 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.

Marcum LLP

San Francisco, California
August 28, 2018

S. H. COWELL FOUNDATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

	2017	2016
Assets		
Cash	$ 5,038,057	$ 1,344,498
Excise tax receivable	179,298	253,000
Interest and other receivables	298,052	405,476
Prepaid expenses	27,267	28,854
Investments	115,987,644	108,228,364
Notes receivable, net	8,251,014	8,802,199
Property and equipment, net	22,717	30,057
Total Assets	$ 129,804,049	$ 119,092,448
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 120,501	$ 136,256
Grants payable	--	125,000
Deferred rent	107,004	122,976
Deferred excise tax	444,000	319,000
Total Liabilities	671,505	703,232
Unrestricted Net Assets	129,132,544	118,389,216
Total Liabilities and Net Assets	$ 129,804,049	$ 119,092,448

The accompanying notes are an integral part of these financial statements.

S. H. COWELL FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Investment Income		
Net realized gain (loss) on investments	$ 4,772,136	$ (3,127,968)
Net unrealized gain on investments	12,548,912	8,162,875
Dividends	433,265	457,822
Interest	170,906	251,644
Net Investment Income	17,925,219	5,744,373
Expenses		
Personnel and office	1,570,245	1,603,131
Investment advisory fees	223,301	342,009
Professional fees	155,002	158,137
Real property	46,659	46,473
Other	200,000	176,183
Total Expenses	2,195,207	2,325,933
Change in net assets before federal excise tax (provision) benefit and grants	15,730,012	3,418,440
Federal Excise Tax (Provision) Benefit	(198,702)	236,000
Change in Net Assets Before Grants	15,531,310	3,654,440
Grants authorized	4,838,906	5,116,230
Grants cancelled	(50,924)	(29,229)
Change in Net Assets	10,743,328	(1,432,561)
Unrestricted Net Assets - Beginning	118,389,216	119,821,777
Unrestricted Net Assets - Ending	$ 129,132,544	$ 118,389,216

The accompanying notes are an integral part of these financial statements.

S. H. COWELL FOUNDATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Cash Flows From Operating Activities		
Change in net assets	$ 10,743,328	$ (1,432,561)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized (gain) loss on investments	(4,772,136)	3,127,968
Net unrealized gain on investments	(12,548,912)	(8,162,875)
Discount on notes receivable	133,170	57,141
Depreciation	8,565	17,827
Changes in operating assets and liabilities:		
Excise tax receivable	73,702	(186,000)
Interest and other receivables	107,424	--
Prepaid expenses	1,587	(2,442)
Accounts payable and accrued expenses	(15,755)	(2,572)
Grants payable	(125,000)	125,000
Deferred rent	(15,972)	(11,652)
Deferred excise tax	125,000	(155,000)
Net Cash Used in Operating Activities	(6,284,999)	(6,625,166)
Cash Flows From Investing Activities		
Proceeds from sale of investments	31,777,968	14,316,185
Purchase of investments	(25,690,130)	(8,498,219)
Partnership distributions	3,473,930	952,817
Collection on notes receivable	418,015	209,007
Purchase of property and equipment	(1,225)	(9,507)
Net Cash Provided by Investing Activities	9,978,558	6,970,283
Net Increase in Cash	3,693,559	345,117
Cash - Beginning	1,344,498	999,381
Cash - Ending	$ 5,038,057	$ 1,344,498

The accompanying notes are an integral part of these financial statements.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PURPOSE AND ORGANIZATION

The S. H. Cowell Foundation (the "Foundation") is a nonprofit public benefit corporation established in 1956 through a bequest by Samuel H. Cowell. The mission of the Foundation is to improve the quality of life of children living in poverty in Northern and Central California by providing support that strengthens families and communities. The Foundation's grantmaking focuses on five complementary program areas: Families and Communities, Education, Youth Development, Leadership Development, and Opportunity Fund.

BASIS OF ACCOUNTING

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred regardless of the timing of cash flows.

BASIS OF PRESENTATION

U.S. GAAP requires that the Foundation report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Accordingly, the net assets of the Foundation are classified and reported as described below:

Unrestricted
Those net assets and activities which represent the portion of expendable funds that are available to support the Foundation's operations. A portion of these net assets may be designated by the Board of Directors for specific purposes.

Temporarily Restricted
Those net assets and activities which are donor-restricted for (a) support of specific operating activities; (b) investment for a specified term; (c) use in a specified future period; or (d) acquisition of long-lived assets.

Permanently Restricted
Those net assets and activities which are permanently donor-restricted for holdings of (a) assets donated with stipulations that they be used for a specified purpose, be preserved, and not be sold; or (b) assets donated with stipulations that they be invested to provide a permanent source of income to the Foundation.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

As of December 31, 2017 and 2016, and for the years then ended, the Foundation did not have net assets meeting the definition of temporarily restricted or permanently restricted.

ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FAIR VALUE OF FINANCIAL INSTRUMENTS

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. The carrying amounts of cash and accounts payable approximate fair value because of the short maturity of these instruments. The carrying amounts of long-term receivables approximate fair value as these receivables earn interest based on the Foundation's assessment of the borrower's credit worthiness.

INVESTMENTS

Investments traded on national exchanges are recorded at fair value as determined by the exchanges' quoted prices; unrealized gains and losses are included in the statements of activities and changes in net assets.

The Foundation also has investments in limited companies, limited liability companies, and limited partnerships (Notes 2 and 3) which are valued at their estimated fair value as reported to the Foundation by the general partners of the limited partnerships and investment managers under the supervision of the respective funds' Boards or Managers of those entities. Because these investments are not readily marketable, the estimated fair value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed, and such differences could be material. The estimated fair values are reviewed and evaluated by the Foundation's Investment Committee, which is responsible for establishing investment criteria and overseeing the Foundation's investments.

Certain mineral rights have been retained in property sold. Carrying values have been assigned to these interests based upon capitalization of estimated royalty income.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NOTES RECEIVABLE

Notes receivable are stated at the principal amount or net present value if due beyond one accounting cycle. Interest on notes receivable is recognized over the term of the note and is calculated using the simple interest method on principal amounts outstanding. Management evaluates the collectability of notes receivable annually and at December 31, 2017 and 2016, no allowance was considered necessary.

PROPERTY AND EQUIPMENT

The Foundation capitalizes acquisitions of property and equipment with a cost or value in excess of $1,000 and with an estimated useful life beyond one year. Purchased assets are recorded at cost. Depreciation is calculated using the straight-line method based upon estimated useful lives ranging from 3 to 10 years. Leasehold improvements are amortized over the shorter of the asset's life or the lease term. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any gain or loss is reflected in the statements of activities and changes in net assets.

DEFERRED RENT

The Foundation leases office space under a lease agreement that is subject to scheduled rent increases. The scheduled rent increases are amortized evenly over the term of the lease. The deferred rent liability represents the difference between the cash payments made and the amount expensed since inception of the lease.

REVENUE RECOGNITION

Revenue is recognized in the period in which it is earned. The Foundation derives its revenues from the interest and dividends earned from its investments, notes receivable, and from the change in fair value of its investments. Realized and unrealized gains (losses) and investment income (losses) derived from investment transactions are included as income in the year earned.

GRANT AWARDS

Grants are characterized as either conditional or unconditional. Conditional grants are those that depend upon the occurrence of a specified future and uncertain event to bind the Foundation. These grants are not reflected in the financial statements until the period in which the conditions upon which they depend are substantially met, that is, when they become unconditional.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GRANT AWARDS (CONTINUED)

During 2016, unconditional grant awards that were more than $75,000 were recognized when the award was approved by the Board of Directors. If the unconditional grant award was $75,000 or under, the award was recognized when approved by the President of the Foundation.

The Board approved an increase in the grant award limit approved by the President from $75,000 to amounts of less than $100,000, effective January 2017. Beginning in 2017, unconditional grant awards that are more than $100,000 are recognized when the award is approved by the Board of Directors. If the unconditional grant award is $100,000 or under, the award is recognized when approved by the President of the Foundation.

INCOME TAXES

The Foundation is a qualified organization exempt from federal income and state franchise taxes under §501(c)(3) of the Internal Revenue Code ("IRC") and §23701d of the California Revenue and Taxation Code. The Foundation also qualifies as a private foundation under §509(a) of the IRC, and, as such, is subject to either a 1% or 2% federal excise tax on its net investment income based upon the Foundation's history of contributions paid.

Federal excise tax expense includes taxes currently payable and those deferred because of temporary differences between the estimated future tax effects of financial statement carrying amounts and the tax bases of existing assets and liabilities.

Management evaluated the Foundation's tax positions and concluded that it maintained its tax-exempt status and had taken no uncertain tax positions that would require adjustment to the financial statements. Therefore, no provision or liability for unknown income taxes has been included in the financial statements. The Foundation's tax returns are subject to examination by federal and state taxing authorities. However, there are no examinations in progress nor are there any pending.

CONCENTRATIONS OF RISK

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of cash and investments. The Foundation maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to this concentration.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONCENTRATIONS OF RISK (CONTINUED)

The Foundation invests in various investments that are not covered by federal insurance. These investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Foundation's balances and the amounts reported in the statements of financial position. To minimize its exposure to these risks, the Foundation's Investment Committee closely monitors all its investments in accordance with the Foundation's policies.

RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the Financial Accounting Standards Board ("FASB") issued its new lease accounting guidance in Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. ASU 2016-02 will require lessees to recognize for all leases (with terms of more than 12 months) at the commencement date the following: a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and b) 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. The new lease guidance also simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. ASU 2016-02 will be effective for fiscal years beginning after December 15, 2019, including interim periods within fiscal years beginning after December 15, 2020. Early application is permitted. Management is evaluating the impact of this new guidance.

In August 18, 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, representing the completion of the first phase of a two-phase project to amend not-for-profit ("NFP") financial reporting requirements as set out in FASB ASC 958, *Not-for-Profit Entities*. This standard:

- Eliminates the distinction between resources with permanent restrictions and those with temporary restrictions from the face of the financial statements by reducing the current three net asset classes (unrestricted, temporarily restricted, and permanently restricted) to two classes (net assets with donor restrictions and net assets without donor restrictions).
- Removes the current requirement to present or disclose the indirect method (reconciliation) when using the direct method of reporting cash flows.
- Requires NFPs to report investment return net of external and direct internal investment expenses and no longer requires disclosure of those netted expenses.
- Requires NFPs to use, in the absence of explicit donor stipulations, the placed-in-service approach for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

NFPs will reclassify any amounts from net assets with donor restrictions to net assets without donor restrictions for such long-lived assets that have been placed in service as of the beginning of the period of adoption. This amendment eliminates the current option that, in the absence of explicit donor stipulations, had allowed an NFP to delay reporting of an expiration of a donor imposed restriction for the acquisition or construction of a long-lived asset by electing to report the expiration over time (as the asset is used or consumed) rather than when placed in service.

ASU 2016-14 also requires enhanced disclosures about:

- Amounts and purposes of governing board designations, appropriations, and similar actions that result in self-imposed limits on the use of resources without donor-imposed restrictions as of the end of the period.
- Composition of net assets with donor restrictions at the end of the period and how the restrictions affect the use of resources.
- Qualitative information that communicates how an NFP manages its liquid resources available to meet cash needs for general expenditures within one year of the statement of financial position.
- Quantitative information and additional qualitative information in the notes as necessary, that communicates the availability of an NFP's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year of the statement of financial position date.
- Amounts of expenses by both their natural classification and their functional classification and the methods used to allocate costs among program and support functions.
- Underwater endowment funds.

NFP entities are required to adopt this standard for annual reporting periods beginning after December 15, 2017. Management is evaluating the impact of this new guidance.

NOTE 2 - FAIR VALUE MEASUREMENTS

The Foundation's financial assets and liabilities that are carried at fair value have been classified, for disclosure purposes, based on a hierarchy that gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset or a liability's classification is based on the lowest level input that is significant to its measurement.

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

Level 1
Inputs are unadjusted quoted prices for identical assets or liabilities in active markets accessible at the measurement date.

Level 2
Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities from those willing to trade in markets that are not active, or inputs that are derived principally from or corroborated by observable market data by correlation or other means for the term of the instrument.

Level 3
Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

ALTERNATIVE INVESTMENTS

Alternative investments consist of investments in various funds, whose underlying investments are aggregated into equities, absolute return, hedge funds, hybrid, private equity, and buyout/growth. The fair value of such investments is determined using the net asset value ("NAV") per share as a practical expedient.

MUTUAL FUNDS

Direct investment in equity securities and mutual funds listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the mean of the last bid and asked prices on such exchange. The Foundation's interests in such investments are categorized as real assets, equity and fixed income funds. Such securities are classified within Level 1 of the fair value hierarchy.

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

MINERAL RIGHTS

The fair value of mineral rights are based on inputs that are not observable in the market; thus, the Foundation has categorized these investments as Level 3 in the fair value hierarchy. The otherwise required disclosures are not included due to the immateriality of mineral rights.

In accordance with the fair value hierarchy, investments at fair value are as follows:

	Investments at Fair Value as of December 31, 2017			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 18,946,647	$ --	$ --	$ 18,946,647
Mineral rights	--	--	165,000	165,000
Investments valued at net asset value (1)				
Limited partnerships and limited liability companies	--	--	--	96,875,997
Total Investments at Fair Value	$ 18,946,647	$ --	$ 165,000	$ 115,987,644

	Investments at Fair Value as of December 31, 2016			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 24,378,145	$ --	$ --	$ 24,378,145
Mineral rights	--	--	165,000	165,000
Investments valued at net asset value (1)				
Limited partnerships and limited liability companies	--	--	--	83,685,219
Total Investments at Fair Value	$ 24,378,145	$ --	$ 165,000	$ 108,228,364

(1) In accordance with Accounting Standards Codification Subtopic 820-10, certain investments measured at NAV 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 financial position.

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth additional disclosures of the Foundation's investments whose fair value is estimated using NAV per share or ownership percentage as of December 31, 2017:

	Total Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equities:				
Generation IM Fund PLC	$ 23,412,970	$ --	Quarterly [a]	30 days
Acacia Conservation Fund (Offshore), Ltd.	9,723,196	--	Semi-annually	30 days
WGI Emerging Markets Fund, LLC	4,572,187	--	Monthly	30 days
	37,708,353	--		
Absolute Return:				
Canyon Value Realization Fund (Cayman), Ltd.	6,233,248	--	Quarterly [b]	60 days [b]
Fir Tree International Value Fund, Ltd.	4,650,098	--	Bi-annually [c]	60 days [c]
Aurelius Capital International, Ltd.	6,365,128	--	Semi-annually	65 days
Centerbridge Credit Partners TE, L.P.	5,595,812	--	Annually [d]	90 days
Eton Park Overseas Fund, Ltd.	230,366	--	Quarterly [e]	65 days [e]
Luxor Capital Partners Offshore, Ltd.	597,650	--	Biennial	None [f]
Tybourne Long Opportunities (Offshore) Fund	5,437,536		Quarterly [g]	65 days [g]
Pelham Long/Short Fund Ltd.	3,516,359	--	Monthly [h]	180 days [h]
	32,626,197	--		
Equity Hedge:				
Steadfast International, Ltd.	9,106,984	--	Annually [i]	60 days
Mission Value Global Fund, L.P.	8,511,821	--	None	None
	17,618,805	--		
Hybrid:				
Fortress Credit Opportunities Fund II (B), L.P.	1,531,625	477,326	None	None
Mount Kellett Capital Partners (Cayman), L.P.	455,361	--	None	None
Mount Kellett Capital Partners (Cayman) II, L.P.	435,655	46,436	None	None
	2,422,641	523,762		
Private Equity Fund of Funds:				
HCP Private Equity Fund VI (Cayman), L.P.	3,381,270	740,000	None	None
Legacy Venture II, LLC	740,730	90,000	None	None
	4,122,000	830,000		
Buyout/Growth:				
Oaktree European Principal Fund III (U.S.), L.P.	2,378,001	673,769	None	None
Total	$ 96,875,997	$ 2,027,531		

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

(a) Redemption provision includes a 1% early withdrawal penalty prior to the third anniversary of contribution.

(b) Redemption frequency is quarterly, with maximum 25% withdrawal per quarter. The investment requires 60 days' notice for withdrawals of up to 10% of outstanding shares and 75 days' notice for withdrawals of more than 10% of outstanding shares.

(c) Investment includes two tiers: redemption frequency on the first tier is as of each two-year anniversary of contribution with 60 days' notice. The redemption frequency on the second tier is as of each two-year anniversary of contribution with 90 days' notice. Ten percent of the capital available on December 31 of the previous year is available with 90 days' notice. The 10% redemption can be withdrawn at end of the calendar quarter and can be split across more than one quarter.

(d) Redemption frequency is annually on the anniversary of contribution. The redemption provision includes a two-year lock on 50% of the investment with a rolling two-year lock thereafter. There is also a three-year lock on the remaining 50% with a two-year rolling lock thereafter.

(e) Redemption frequency is quarterly on quarter-end of the anniversary of contribution. The redemption notice period is 65 days for 20% of capital quarterly. Full redemption is to be processed over the course of seven consecutive quarters. The fund is currently in full liquidation.

(f) The Foundation requested full liquidation of this fund during the last notification period.

(g) Redemption within the commitment period of three years are subject to a 2% redemption fee.

(h) Redemption frequency provision includes a one-year lock-out and redemption frequency is monthly after expiration of the initial lock-out period. Lock-out period expired April 1, 2017.

(i) Redemption of up to 10% on March 1 annually.

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth additional disclosures of the Foundation's investments whose fair value is estimated using NAV per share or ownership percentage as of December 31, 2016.

	Total Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equities:				
Generation IM Fund PLC	$ 21,322,818	$ --	Quarterly [(a)]	30 days
Acacia Conservation Fund (Offshore), Ltd.	7,022,254	--	Semi-annually	30 days
WGI Emerging Markets Fund, LLC	3,552,562	--	Monthly	30 days
	31,897,634	--		
Absolute Return:				
Canyon Value Realization Fund (Cayman), Ltd.	8,351,158	--	Quarterly	60 days
Fir Tree International Value Fund, Ltd.	5,004,602	--	Bi-annually [(b)]	90 days [(b)]
Aurelius Capital International, Ltd.	6,849,797	--	Semi-annually	65 days
Centerbridge Credit Partners TE, L.P.	6,637,093	--	Annually [(c)]	90 days
Eton Park Overseas Fund, Ltd.	4,165,715	--	Quarterly [(d)]	65 days [(d)]
Luxor Capital Partners Offshore, Ltd.	513,392	--	Biennial	90 days
Pelham Long/Short Fund Ltd.	3,006,955	--	Monthly [(e)]	180 days [(e)]
	34,528,712	--		
Equity Hedge:				
Steadfast International, Ltd.	9,196,634	--	Quarterly [(f)]	60 days
Hybrid:				
Fortress Credit Opportunities Fund II (B), L.P.	1,743,709	501,368	None	None
Mount Kellett Capital Partners (Cayman), L.P.	576,808	--	None	None
Mount Kellett Capital Partners (Cayman) II, L.P.	478,863	46,436	None	None
	2,799,380	547,804		
Private Equity Fund of Funds:				
HCP Private Equity Fund VI (Cayman), L.P.	2,058,506	1,820,000	None	None
Legacy Venture II, LLC	1,019,113	90,000	None	None
	3,077,619	1,910,000		
Buyout/Growth:				
Oaktree European Principal Fund III (U.S.), L.P.	2,185,240	332,025	None	None
Total	$ 83,685,219	$ 2,789,829		

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

(a) Redemption provision includes a 1% early withdrawal penalty prior to the third anniversary of contribution.

(b) Investment includes two tiers: redemption frequency on the first tier is as of each two-year anniversary of contribution with 60 days' notice. The redemption frequency on the second tier is as of each two-year anniversary of contribution with 90 days' notice. Ten percent of the capital available on December 31 of the previous year is available with 90 days' notice. The 10% redemption can be withdrawn at end of the calendar quarter and can be split across more than one quarter.

(c) Redemption frequency is annually on the anniversary of contribution. The redemption provision includes a two-year lock on 50% of the investment with a rolling two-year lock thereafter. There is also a three-year lock on the remaining 50% with a two-year rolling lock thereafter.

(d) Redemption frequency is quarterly on quarter-end of the anniversary of contribution. The redemption notice period is 65 days for 20% of capital quarterly. Full redemption is to be processed over the course of seven consecutive quarters.

(e) Redemption frequency provision includes a one-year lock-out and redemption frequency is monthly after expiration of the initial lock-out period.

(f) Investment includes two tiers: redemption frequency on the first tier is as of the first year anniversary of contribution and quarterly thereafter. The redemption frequency on the second tier is tri-annually as of the anniversary of contribution with 60 days' notice. Up to 10% of the investment may be withdrawn annually on March 1.

NOTE 3 - INVESTMENTS

Investments consist of the following at December 31:

	2017	2016
Equities:		
Generation IM Fund PLC	$ 23,412,970	$ 21,322,818
Dodge & Cox Global Stock Fund	4,424,580	3,641,244
Acacia Conservation Fund (Offshore), Ltd.	9,723,196	7,022,254
WGI Emerging Markets Fund, LLC	4,572,187	3,552,562
	42,132,933	35,538,878
Absolute Return:		
Canyon Value Realization Fund (Cayman), Ltd.	6,233,248	8,351,158
Fir Tree International Value Fund, Ltd.	4,650,098	5,004,602
Aurelius Capital International, Ltd.	6,365,128	6,849,797
Centerbridge Credit Partners TE, L.P.	5,595,812	6,637,093
Eton Park Overseas Fund, Ltd.	230,366	4,165,715
Luxor Capital Partners Offshore, Ltd.	597,650	513,392
Tybourne Long Opportunities (Offshore) Fund	5,437,536	-
Pelham Long/Short Fund Ltd.	3,516,359	3,006,955
	32,626,197	34,528,712
Fixed Income Funds:		
Vanguard Total Bond Market Index	8,009,032	--
Vanguard Short-Term Investment-Grade Fund	6,513,035	18,069,161
	14,522,067	18,069,161
Equity Hedge:		
Steadfast International, Ltd.	9,106,984	9,196,634
Mission Value Global Fund, L.P.	8,511,821	--
	17,618,805	9,196,634
Hybrid:		
Fortress Credit Opportunities Fund II (B), L.P.	1,531,625	1,743,709
Mount Kellett Capital Partners (Cayman), L.P.	455,361	576,808
Mount Kellett Capital Partners (Cayman) II, L.P.	435,655	478,863
	$ 2,422,641	$ 2,799,380

NOTE 3 - INVESTMENTS (CONTINUED)

	2017	2016
Real Assets:		
Van Eck Global Hard Assets Fund	$ --	$ 2,667,740
Private Equity Fund of Funds:		
HCP Private Equity Fund VI (Cayman), L.P.	3,381,270	2,058,506
Legacy Venture II, LLC	740,730	1,019,113
	4,122,000	3,077,619
Buyout/Growth:		
Oaktree European Principal Fund III (U.S.), L.P.	2,378,001	2,185,240
Mineral rights	165,000	165,000
Total	$ 115,987,644	$ 108,228,364

At December 31, 2017 and 2016, the Foundation had commitments outstanding to the following security investments, for which the Foundation had yet to be called upon for its full commitment at and through December 31, 2017 and 2016:

- Fortress Credit Opportunities Fund II (B), L.P., a limited partnership, invests in a range of distressed and undervalued credit investments primarily in North America and Western Europe. The Foundation is committed to invest $3,500,000 to be called upon by the limited partnership, and through December 31, 2017 and 2016 had invested $3,022,674 and $2,998,632, respectively.

- Mount Kellett Capital Partners (Cayman) II, L.P., a limited partnership, focuses on making opportunistic investments in the debt and equity of private and public companies, bank loans and bonds, distressed and stressed investments, including control positions, portfolios of consumer receivables, mortgage loans, real estate and real estate related securities. The Foundation is committed to invest $2,000,000 to be called upon by the limited partnership, and through December 31, 2017 and 2016 had invested $1,953,564.

NOTE 3 - INVESTMENTS (CONTINUED)

- HCP Private Equity Fund VI (Cayman), L.P., a limited partnership, invests substantially all of its assets in, and conducts its operations through, HCP Private Equity Fund VI, L.P., a private equity fund that has the same investment objective, which is to realize long-term capital appreciation in excess of the long-term returns by investing in portfolio funds, direct investments, and secondary investments. The Foundation is committed to invest $4,000,000 to be called upon by the limited partnership, and through December 31, 2017 and 2016 had invested $3,260,000 and $2,180,000, respectively.

- Legacy Venture II, LLC, a limited liability company, which was formed to provide superior long-term investment returns and to encourage its members to give all of the proceeds to their designated charities. The Foundation is committed to invest $3,000,000 to be called upon by the limited liability company, and through December 31, 2017 and 2016 had invested $2,910,000.

- Oaktree European Principal Fund III (U.S.), L.P., a limited partnership, which operates solely as a “feeder fund” to the “master fund” which invests in publicly traded or privately placed debt securities and other obligations such as bank loans and participations, equipment trust certificates and trade credits, equity securities, and options and warrants. The Foundation is committed to invest $2,330,000 to be called upon by the limited partnership, and through December 31, 2017 and 2016 had invested $1,656,231 and $1,997,975, respectively. During the year ended December 31, 2017, $341,744 of distributions were recalled decreasing amount invested.

During the years ended December 31, 2017 and 2016, there were no investments for which the Foundation was fully called upon for its commitment.

NOTE 4 - NOTES RECEIVABLE

Notes receivable are comprised of the following:

- A $5,500,000 note issued in August 2001 secured by a first deed of trust relating to the sale of real property. The latest note amendment, dated June 23, 2017, extended the note two years and calls for repayment of principal due June 23, 2019 with interest payable quarterly at 4.00%.

NOTE 4 - NOTES RECEIVABLE (CONTINUED)

- A $1,000,000 program-related investment loan, issued in September 2005, drawn down in three stages with the final draw in February 2008. The latest note amendment, dated November 2, 2017, calls for repayment of principal and accrued interest on October 31, 2022, with interest accrued at 2.5%. In addition, interest payments of $25,000 are due annually beginning October 31, 2018. The proceeds of a construction loan for the development of low income housing on the real property will be used to repay the note. The note is secured by real property. The principal amount outstanding at December 31, 2017 and 2016, net of unamortized discount of $83,087 at 0.75% and $0, was $916,913 and $1,000,000, respectively.

- A $1,000,000 unsecured recoverable grant (a note receivable) issued in December 2006. The note receivable was renewed in December 2016, and calls for repayment of principal due December 31, 2023, with interest payable annually at 2.50%. The principal amount outstanding at December 31, 2017 and 2016, net of unamortized discount of $98,858 and $67,282 at 1.75% and 1.00%, respectively, was $901,142 and $932,718, respectively.

- A $1,045,037 secured installment note issued in February 2014 that calls for quarterly principal payments of $52,252 plus interest at 2.50% due November 1, 2018. The principal amount outstanding at December 31, 2016, was $418,015. On November 30, 2017, the note balance was repaid in full.

- A $1,000,000 unsecured recoverable grant (a note receivable) issued in December 2014 that calls for repayment of principal due December 23, 2021, with interest payable annually at 2.50%. The principal amount outstanding at December 31, 2017 and 2016, net of unamortized discount of $67,041 and $48,534 at 1.75% and 1.00%, respectively, was $932,959 and $951,466 respectively.

Payments on notes receivable are due as follows:

For the Years Ending December 31,	Amount
2018	$ --
2019	5,500,000
2020	--
2021	1,000,000
2022	1,000,000
Thereafter	1,000,000
	8,500,000
Present value discount, based on Federal Reserve rates ranging from 0.75% to 1.75%	(248,986)
Total	$ 8,251,014

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2017	2016
Office furniture and equipment	$ 134,630	$ 134,630
Computer equipment and software	56,017	66,247
Leasehold improvements	22,259	22,259
	212,906	223,136
Less: accumulated depreciation	(190,189)	(193,079)
Total	$ 22,717	$ 30,057

Depreciation expense for the years ended December 31, 2017 and 2016, was $8,565 and $17,827, respectively.

NOTE 6 - PARTICIPATION RIGHTS

On November 30, 2017, the Foundation received an early payoff of the balance due on its promissory note arising out of a sale of the Foundation's economic participation in the commercially-zoned portion of property located in Contra Costa County, California. The five-year note in the amount of $1,045,037 was signed in 2014, and the November 30, 2017 final payment of principal and interest due totaled $263,442.

NOTE 7 - FEDERAL EXCISE TAX PROVISION

The Foundation is subject to federal excise taxes at a rate of 1% for the years ended December 31, 2017 and 2016 on its net investment income. Deferred excise taxes arise primarily from the difference in the book and tax accounting bases of investments and this temporary difference is provided at the 1% tax rate, for the years ended December 31, 2017 and 2016.

NOTE 7 - FEDERAL EXCISE TAX PROVISION (CONTINUED)

For the years ended December 31, 2017 and 2016, the change in deferred excise taxes is due to the net market changes in investments. The deferred excise tax liability represents the tax outcome should all the investments be sold. The components of the federal excise tax expense (benefit) are as follows:

	2017	2016
Current federal excise taxes	$ 75,000	$ 8,500
Adjustments to federal excise taxes	(1,298)	(89,500)
Deferred federal excise taxes	125,000	(155,000)
Total	$ 198,702	$ (236,000)

The Tax Reform Act of 1984 requires that certain minimum distributions be made in accordance with a specified formula. For the years ended December 31, 2017 and 2016, the Foundation made charitable distributions in excess of the required minimum. As of December 31, 2017, the Foundation has estimated carryforwards to meet future charitable distribution requirements, which expire as follows:

For the Years Ending December 31,	Amount
2018	$ 1,080,000
2019	141,000
2020	819,000
2021	918,000
2022	947,000
Total	$ 3,905,000

NOTE 8 - RETIREMENT PLANS

The Foundation has a defined contribution retirement plan (the “Plan”) established under IRC §403(b). All employees are eligible to participate in the Plan and make voluntary contributions by salary reductions to the Plan up to the limit allowed by the IRC.

The Foundation also has a money purchase pension plan and contributes up to 15% of each eligible employee’s annual compensation following three months of service. For the years ended December 31, 2017 and 2016, the Foundation contributed $145,325 and $144,372, respectively, to the money purchase pension plan.

NOTE 9 - CONDITIONAL GRANTS

Conditional grants, which have not been recorded at December 31, 2017 and 2016, amounted to $1,587,500 and $842,000, respectively.

The conditions associated with these grants are anticipated to be satisfied and paid in the years as follows:

For the Years Ending December 31,	Amount
2018	$ 1,152,500
2019	435,000
Total	$ 1,587,500

NOTE 10 - RELATED PARTY TRANSACTIONS

Various members of the Board of Directors and employees of the Foundation are also board members or officers of organizations that have been awarded grants from the Foundation. For the years ended December 31, 2017 and 2016, the Foundation paid $200,000 to two organizations and $64,700 to four organizations, respectively, of which a Foundation board member or employee was also a board member or officer of the grantee. The Foundation's board members and employees do not receive any compensation from grantees when serving as a board member or officer of the grantee. The Foundation's board members also recuse themselves from decisions to award grants to organizations on whose boards they serve. The Foundation's board members are not compensated for their services.

The Foundation has a Conflict of Interest Policy, whereby directors and employees are expected to make full disclosure whenever a prospective grantee is one with which they have a close professional or family relationship, and they are expected to abstain from making decisions relating to that grantee. All members of the Board of Directors are prohibited from benefiting from any grants awarded by the Foundation.

The Foundation also has a matching grant policy that will match up to $3 for every $1 donated by directors or employees, up to a maximum of $20,000 for the years ended December 31, 2017 and 2016, for each individual. For the years ended December 31, 2017 and 2016, the Foundation made matching grants of $237,056 and $183,050, respectively.

One member of the Foundation's Board of Directors also serves as a board member at an organization with whom the Foundation holds a note receivable. This individual does not receive any compensation from this organization when serving as a board member.

NOTE 11 - COMMITMENTS

Beginning on December 31, 2011, the Foundation entered into a lease agreement for office space in San Francisco, California, with a monthly base rent ranging from $11,506 to $14,743. This lease expires in December 2021.

The minimum lease commitments are as follows:

For the Years Ending December 31,	Amount
2018	$ 163,970
2019	168,285
2020	172,600
2021	176,915
Total	$ 681,770

For the years ended December 31, 2017 and 2016, rent expense was $160,636 and $157,430, respectively.

The Foundation is also committed under various equipment lease agreements and contracts covering future periods, which collectively are not material to its financial position or change in net assets.

NOTE 12 - SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Noncash investing transactions for the year ended December 31, 2016, consist of a holdback on an investment distribution related to the liquidation of Luxor Capital Partners Offshore Ltd. A total of $132,424 is included in *interest and other assets* and *realized loss on investments* in the statements of financial position and statements of activities and changes in net assets. This amount was received by the Foundation during the year ended December 31, 2017.

NOTE 13 - SUBSEQUENT EVENTS

The Foundation has evaluated all subsequent events through August 28, 2018, the date the financial statements were available to be issued. No events requiring recognition or disclosure in the financial statements have been identified.