The Skillman Foundation

Financial Report

December 31, 2017

Contents

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Independent Auditor's Report

To the Board of Trustees
The Skillman Foundation

We have audited the accompanying financial statements of The Skillman Foundation (the "Foundation"), which comprise the statement of financial position as of December 31, 2017 and 2016 and the related statements of income, expenses, and changes in unrestricted 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.

Auditor's 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 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 Skillman 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.

Emphasis of Matter

As disclosed in Note 2 and Note 3, the 2017 and 2016 financial statements include investments whose fair values of $442,855,417 and $405,910,002, or 94 and 93 percent of net assets, respectively, have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund manager or the general partners. Our opinion is not modified for this matter.

Plante & Moran, PLLC

June 27, 2018

Statement of Financial Position

December 31, 2017 and 2016

	2017	2016
Assets		
Current Assets		
Cash and cash equivalents	$ 17,686,763	$ 14,927,092
Investments (Note 3)	458,484,370	420,752,943
Unsettled trade receivable	278,517	-
Program-related investments - Net (Note 11)	603,133	774,154
Dividend and interest receivable	94,817	93,540
Federal excise tax refundable	94,749	801,412
Other receivables	37	380,532
Total current assets	477,242,386	437,729,673
Fixed Assets - Net (Note 12)	399,278	418,598
Total assets	**$ 477,641,664**	**$ 438,148,271**
Liabilities and Net Assets		
Liabilities		
Accrued liabilities	$ 1,042,555	$ 931,752
Grants payable (Note 8)	2,462,500	4,105,900
Deferred excise tax payable	1,428,366	637,323
Unsettled trade payable	-	983,117
Deferred rent liability (Note 7)	144,269	143,454
Total liabilities	5,077,690	6,801,546
Net Assets - Unrestricted	472,563,974	431,346,725
Total liabilities and net assets	**$ 477,641,664**	**$ 438,148,271**

Statement of Income, Expenses, and Changes in Unrestricted Net Assets

	Years Ended 2017	2016
Changes in Unrestricted Net Assets		
Income (loss):		
Net realized and unrealized gains on investments	$ 58,862,149	$ 18,912,530
Interest income	423,203	326,148
Dividend income	49,323	55,305
Investment management fees	(2,311,026)	(2,249,347)
Total income	57,023,649	17,044,636
Grants and expenses:		
Grants and contributions	8,769,131	16,825,004
Administrative expenses	5,360,320	5,260,263
Federal excise and other tax expense (recovery)	1,676,949	(192,986)
Total grants and expenses	15,806,400	21,892,281
Increase (Decrease) in Unrestricted Net Assets	41,217,249	(4,847,645)
Net Assets - Beginning of year	431,346,725	436,194,370
Net Assets - End of year	**$ 472,563,974**	**$ 431,346,725**

See notes to financial statements.

Statement of Cash Flows

Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Change in net assets	$ 41,217,249	$ (4,847,645)
Adjustments to reconcile change in net assets to net cash and cash equivalents from operating activities:		
Depreciation	87,920	15,021
Net realized and unrealized gains on investments	(58,862,149)	(18,912,530)
Bad debt expense	93,792	-
Changes in deferred excise tax payable	791,043	(11,283)
Changes in operating assets and liabilities which (used) provided cash and cash equivalents:		
Dividend and interest receivable	(1,277)	12,428
Federal and state tax	706,663	(507,106)
Other receivables	380,495	(345,328)
Accrued liabilities	110,803	5,740
Deferred rent liability	815	143,454
Grants payable	(1,643,400)	(493,100)
Net cash and cash equivalents used in operating activities	(17,118,046)	(24,940,349)
Cash Flows from Investing Activities		
Purchase of fixed assets	(68,600)	(433,619)
Purchases of investments	(48,745,210)	(67,276,547)
Change in net unsettled trades	(1,261,634)	3,198,982
Collections of principal of program-related investments	77,229	47,138
Proceeds from sale of investments	69,875,932	81,033,251
Net cash and cash equivalents provided by investing activities	19,877,717	16,569,205
Net Increase (Decrease) in Cash and Cash Equivalents	2,759,671	(8,371,144)
Cash and Cash Equivalents - Beginning of year	14,927,092	23,298,236
Cash and Cash Equivalents - End of year	**$ 17,686,763**	**$ 14,927,092**

See notes to financial statements.

Note 1 - Nature of Business

The Skillman Foundation (the "Foundation") was established in 1960 as a private, nonoperating foundation. The Foundation is committed to expanding opportunities for children and youth in Detroit by expanding high-quality education, fostering equitable systems of support, and preparing them for productive adult lives. It distributes funds primarily to not-for-profits at the direction of the board of trustees.

Note 2 - Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, which includes recognition of dividends, interest, and expenses as earned and incurred. Investment transactions are reported on a trade-date basis.

Cash Equivalents

The Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Investments

Investments in marketable securities, including fixed income, publicly traded securities, and hedge funds, are carried at quoted fair value whenever available. Private equity limited partnerships are valued at fair value based on net asset value of available information, including underlying financial statements and partner reporting as the limited partnerships do not have readily determinable market values as of December 31. The partnership valuations necessarily involve assumptions and methods that are reviewed by the Foundation. Because of the inherent uncertainty of valuations in the absence of a highly liquid market, private equity, real estate, and natural resources, limited partnerships' estimated values may differ materially from the values that would have been used if a ready market for the securities existed.

At December 31, 2017 and 2016, two investment funds accounted for approximately 55 and 52 percent, respectively, of total investments held by the Foundation. These investment funds held a variety of underlying investment assets as managed by other managers. See Note 10 for additional information.

At December 31, 2017 and 2016, the Foundation had commitments to contribute approximately $75,500,000 and $97,000,000, respectively, in additional capital under the terms of various agreements covering private equity and limited partnership agreements.

Concentration of Credit Risk Arising from Deposit Accounts

The Foundation maintains cash balances at various banks. Accounts at each institution are not fully insured.

Program-related Investments (PRI)

The Foundation invests in other organizations through direct loans and equity positions to achieve charitable purposes in alignment with the Foundation's strategies.

PRIs are defined in Section 4944 of the Internal Revenue Code as an investment in which its primary purpose is to accomplish a charitable, educational, or other similar purpose, and in which the production of income or capital appreciation is not a significant purpose of the investment. Like grants, these investments count toward the Foundation's payout requirement in the year of distribution. Return of PRI principal affects the annual payout requirement in a similar manner as a grant refund.

Note 2 - Significant Accounting Policies (Continued)

Debt PRIs consist of loans outstanding generally bearing below-market interest rates. Loans are measured at fair value at inception to determine if a contribution element exists. Available pricing inputs are unobservable for these investments and the determination of fair value requires management judgment be estimated. These investments are anticipated to have a less than fair market value return. Loans are recorded on a net basis to reflect any reasonable loss reserve. The loss reserve estimate is reviewed on an annual basis and adjusted if collectibility risk has significantly changed based on the Foundation's understanding of the borrower's financial health and/or payment history. As of December 31, 2017, a loss reserve in the amount of $93,792 is recorded. It is determined that no loss reserve was necessary at December 31, 2016 for the specific loans outstanding.

Fixed Assets

Property and equipment are recorded at cost when purchased. Depreciation on fixed assets is provided on a straight-line basis over the estimated useful lives of the assets.

Grants

Grants are recognized as an expense at the time of formal approval by the board of trustees. Conditional grants, if any, are expensed when such conditions are substantially met.

The Foundation's total net grants include grantmaking expenses of $471,704 and $700,508 for 2017 and 2016, respectively, that support the Foundation's major initiatives and grantmaking goals.

The Foundation matches gifts of cash and securities made by current employees and trustees of up to $15,000 annually per person on a two-to-one basis up to a maximum match of $30,000. Matching grants are made only to exempt organizations or public-supported charities, as listed in IRS Publication 78.

Risks and Uncertainties

The Foundation invests in various investment securities. Investment securities 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 amounts reported in the statement of financial position.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Foundation's year ending December 31, 2020 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. Early implementation of the new guidance is permitted. The standard will impact the lease referred to in Note 7.

Note 2 - Significant Accounting Policies (Continued)

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU No. 2016-14 requires significant changes to the financial reporting model of organizations that follow the FASB not-for-profit rules, including changing from three classes of net assets to two classes: net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Organization, including required disclosures about the liquidity and availability of resources. The new standard is effective for the Foundation's year ending December 31, 2018 and thereafter and must be applied on a retrospective basis. The Foundation has determined the effects of the new standard on the financial statements will include additional disclosures on liquidity and additional information on the natural classification of the functional expenses.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including June 27, 2018, which is the date the financial statements were available to be issued.

Note 3 - Investments

Investments consisted of the following at December 31:

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Global equities and futures contracts	$ 130,267,718	$ 159,231,505	$ 135,070,218	$ 136,591,375
Alternative investments:				
Hedge funds	118,352,696	141,353,370	115,000,622	122,220,609
Private equity limited partnerships	107,877,880	132,034,228	107,123,530	136,663,893
Total alternative investments	226,230,576	273,387,598	222,124,152	258,884,502
Fixed-income investments	27,212,110	25,865,267	26,219,049	25,277,066
Total	$ 383,710,404	$ 458,484,370	$ 383,413,419	$ 420,752,943

Realized and unrealized gains and losses represent the difference between the original cost of the investments and sales proceeds (realized) or the fair market value at the end of the year (unrealized). Cost is determined on a first-in, first-out basis.

	2017	2016
Realized gain on investments	$ 21,427,709	$ 13,618,663
Change in unrealized market appreciation	37,434,440	5,293,867
Net realized and unrealized gains on investments	$ 58,862,149	$ 18,912,530

Note 3 - Investments (Continued)

A summary of changes in cash and investments during the years ended December 31, 2017 and 2016 is shown below:

	Cash and Cash Equivalents	Global Equities and Futures Contracts	Alternative Investments	Fixed-income Investments
January 1, 2016 - Fair value	$ 23,298,236	$ 143,376,720	$ 245,605,279	$ 26,615,118
Add (deduct) changes during the year ended December 31, 2016:				
Purchases	104,649,320	6,050,921	43,817,969	17,407,657
Sales and maturities - At cost	(113,020,464)	(20,627,861)	(29,032,969)	(17,753,758)
Net appreciation (depreciation) in fair value	-	7,791,595	(1,505,777)	(991,951)
December 31, 2016 - Fair value	14,927,092	136,591,375	258,884,502	25,277,066
Add (deduct) changes during the year ended December 31, 2017:				
Purchases	115,780,135	7,938,799	30,364,386	10,442,025
Sales and maturities - At cost	(113,020,464)	(12,741,297)	(26,257,963)	(9,448,963)
Net appreciation (depreciation) in fair value	-	27,442,628	10,396,673	(404,861)
December 31, 2017 - Fair value	$ 17,686,763	$ 159,231,505	$ 273,387,598	$ 25,865,267

Note 4 - Excise and Other Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As a private foundation, the Foundation is subject to an excise tax on net investment income, including realized gains as defined in the Tax Reform Act of 1969.

The Foundation's excise tax expense as of December 31, 2017 and 2016 is composed of the following approximates:

	2017	2016
Current excise and other taxes	$ 886,000	$ (182,000)
Deferred excise tax expense (recovery)	791,000	(11,000)
Total excise tax expense (recovery)	$ 1,677,000	$ (193,000)

The deferred excise tax represents the tax on unrealized gains on investment securities.

At December 31, 2017 and 2016, amounts receivable related to tax prepayments were $94,749 and $801,412, respectively.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation and has concluded that as of December 31, 2017 and 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements, except for the estimated liability recorded for pass-through UBI from investments in partnerships.

Note 5 - Postretirement Benefits

The Foundation assists its eligible retirees within the payment of the cost of medical insurance coverage during retirement. Net periodic postretirement healthcare cost was approximately $50,000 and $36,000 for the years ended December 31, 2017 and 2016, respectively, and increases the postretirement liability for use for future premiums of current employees. In addition, current postretirement healthcare expenses for current retirees are taken against this liability as it has already been expensed. The Foundation had accrued postretirement benefits of approximately $715,000 and $686,000 as of December 31, 2017 and 2016, respectively.

Note 6 - Defined Contribution Plan

The Foundation sponsors a defined contribution 401(k) plan for all eligible full-time employees. The employees may make elective contributions to the 401(k) plan in accordance with IRS regulations. The Foundation makes contributions to the 401(k) plan based upon eligible compensation.

Contributions to the plan totaled $305,554 and $272,359 for the years ended December 31, 2017 and 2016, respectively.

Note 7 - Lease Commitments

The Foundation renewed its lease for office space under an agreement that expires in December 2025. The lease agreement requires monthly payments based on rates per square foot each year.

The future minimum lease payments are as follows:

Years Ending December 31	Amount
2018	$ 285,277
2019	289,472
2020	293,667
2021	297,863
2022	302,058
2023 and thereafter	931,105
Total	$ 2,399,442

Rent expense for 2017 and 2016 was $281,897.

In conjunction with the new lease agreement, the Foundation received discounted rent from the landlord, which is being amortized over the life of the lease. The unamortized portion at December 31, 2017 and 2016 was $144,269 and $143,454, respectively.

The Foundation has the option to renew the agreement for seven additional years in 2026 and again in 2033 at 90 percent of the market rate.

Note 8 - Grants for Charitable, Educational, and Other Authorized Purposes

Grants are recognized as an expense at the time of formal approval by the board of trustees.

Note 8 - Grants for Charitable, Educational, and Other Authorized Purposes (Continued)

The following summarizes the changes in grants payable as of December 31, 2017 and 2016:

	2017	2016
Grants payable - Beginning of year	$ 4,105,900	$ 4,599,000
Grants approved	7,170,000	15,000,000
Payments made	(8,813,400)	(15,493,100)
Grants payable - End of year	$ 2,462,500	$ 4,105,900

Grant commitments outstanding at December 31, 2017 are scheduled for payment as follows: $1,862,500 for 2018, $500,000 for 2019, and $100,000 for 2020.

Grant commitments outstanding at December 31, 2016 were scheduled for payment as follows: $2,805,900 for 2017, $700,000 for 2018, $500,000 for 2019, and $100,000 for 2020.

On June 3, 2014, the board of trustees approved a $3.5 million grant, payable over 20 years, to the Foundation for Detroit's Future (FDF), a supporting organization of the Community Foundation of Southeast Michigan, for the purpose of funding, in part, the City of Detroit, Michigan's pension obligations. The payment of the grant installments is conditional upon the City of Detroit, Michigan's pension funds and others being in compliance with the grant conditions of both an initial and ongoing nature, which have been memorialized in agreements between the parties. The Foundation has made cumulative payments of $700,000 since 2014. The remaining $2,800,000 will be payable upon fulfillment of the conditions, as monitored by FDF. This amount is not included in grants payable consistent with the Foundation's policy for conditional grants.

Note 9 - Related Party Transactions

The following is a description of transactions between the Foundation and a related party:

The Foundation has been advising and supporting the start-up and continuing activities of another not-for-profit organization, Detroit Children's Fund (DCF). The Foundation is performing certain management functions for DCF based on a formal management services agreement. Related party transactions and balances as of and for the years ended December 31, 2017 and 2016 are shown below:

	2017	2016
Contributed services related to management functions	$ 248,232	$ 112,973
Expenses paid on behalf of DCF	142	7,957
Granted funds to DCF	15,560	6,000
Grants payable	-	370,000
Receivable from DCF	30	2,288

Note 10 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at December 31, 2017 and 2016 and the valuation techniques used by the Foundation to determine those fair values.

Note 10 - Fair Value Measurements (Continued)

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset. Significant Level 3 inputs include most recently audited financial statements and performance reports from independent sources.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2017				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Balance at December 31, 2017
Assets					
Cash equivalents	$ 17,393,976	$ 292,787	$ -	$ -	$ 17,686,763
Global equities and futures contracts	2,713,869	-	-	156,517,636	159,231,505
Fixed-income investments	12,915,084	-	-	12,950,183	25,865,267
Hedge funds	-	-	-	141,353,370	141,353,370
Private equity limited partnerships	-	-	551,116	131,483,112	132,034,228
Total	$ 33,022,929	$ 292,787	$ 551,116	$ 442,304,301	$ 476,171,133

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2016				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Balance at December 31, 2016
Assets					
Cash equivalents	$ 10,543,526	$ 4,383,566	$ -	$ -	$ 14,927,092
Global equities and futures contracts	3,165,495	-	-	133,425,880	136,591,375
Fixed-income investments	11,677,446	-	-	13,599,620	25,277,066
Hedge funds	-	-	-	122,220,609	122,220,609
Private equity limited partnerships	-	-	484,788	136,179,105	136,663,893
Total	$ 25,386,467	$ 4,383,566	$ 484,788	$ 405,425,214	$ 435,680,035

Note 10 - Fair Value Measurements (Continued)

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended December 31, 2017 and 2016 are as follows:

	Private Equity Limited Partnership
Balance at January 1, 2017	$ 484,788
Net realized and unrealized losses on investments	(37,423)
Purchases	103,751
Balance at December 31, 2017	$ 551,116

	Private Equity Limited Partnership
Balance at January 1, 2016	$ 445,658
Net realized and unrealized losses on investments	(122,543)
Purchases	161,673
Balance at December 31, 2016	$ 484,788

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets. As a result, the unrealized gains and losses for these assets presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

One of the Foundation's limited partnerships is categorized as a Level 3 investment. The Foundation estimates its fair value based on income information provided by the general partner and fund manager, as well as third-party reports, including audit reports, interim financial statements, listing of underlying investments, and performance reports.

The Foundation’s policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the end of the reporting period. There were no transfers between levels during the years ended December 31, 2017 and 2016.

Investments in Entities that Calculate Net Asset Value per Share

The Foundation holds shares or interest in investment companies at year end whereby the fair value of the investments held is estimated based on the net asset value per share (or its equivalent) of the investment companies as a practical expedient.

Note 10 - Fair Value Measurements (Continued)

	Investments Held at December 31, 2017			
	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Event-driven (a)	$ 78,080	$ -	Annually	60 Days
Directional equity (b)	35,636	-	Biennial	60 Days
Fixed income (c)	12,950,183	-	Quarterly	90 Days
Multistrategy (d)	297,757,291	-	Quarterly and annually	45-90 Days
Real estate private equity (f)	1,235,933	272,559	N/A	N/A
Natural resource private equity (g)	17,061,356	4,552,065	N/A	N/A
Nonmarketable limited partnerships (h)	49,274,194	52,829,490	N/A	N/A
Private equity - Domestic (i)	30,881,965	4,452,261	N/A	N/A
Private equity - International (i)	33,029,663	13,316,329	N/A	N/A
Total	$ 442,304,301	$ 75,422,704		

	Investments Held at December 31, 2016			
	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Event-driven (a)	$ 113,792	$ -	Annually	60-95 days
Directional equity (b)	4,506,925	-	Monthly and Biennial	45-90 days
Fixed income (c)	13,599,620	-	Quarterly	90 days
Multistrategy (d)	251,008,189	-	Quarterly and annually	45-90 days
Fund of hedge funds (e)	17,585	-	N/A	N/A
Real estate private equity (f)	5,916,068	3,023,724	N/A	N/A
Natural resource private equity (g)	24,399,655	4,442,553	N/A	N/A
Nonmarketable limited partnerships (h)	29,091,203	69,176,059	N/A	N/A
Private equity - Domestic (i)	38,337,725	6,013,542	N/A	N/A
Private equity - International (i)	38,434,452	14,515,359	N/A	N/A
Total	$ 405,425,214	$ 97,171,237		

Note 10 - Fair Value Measurements (Continued)

(a) **Event Driven** - This strategy involves taking a long or short position in any security (stock, bond, or loan) of a corporation that is undergoing some corporate "event." Events include merger, acquisition, spin off, bankruptcy, and restructuring. For instance, in a merger or acquisition, event-driven managers usually buy the stock of the company that is being acquired, and sell short the stock of the company that is acquiring, a trade which makes money if and when the two companies consummate their merger. In other types of corporate events, such as bankruptcy, event-driven managers usually use the bankruptcy to purchase the bonds or loans of the bankrupt company in order to profit from the company's restructuring, either through price appreciation of the security purchased, or through actively working with the company to restructure.

(b) **Directional Equity** - The strategy is similar to the equity market neutral strategy, except the managers do not balance long and short positions. This results in a portfolio that does have some market exposure, but far less than traditional long-only portfolios of stocks.

(c) **Fixed Income** - This strategy is similar to directional equity except that managers use fixed-income securities.

(d) **Multistrategy** - A hedge fund strategy that involves a combination of any other strategies. Multistrategy managers add value both by their successful management of each of the underlying strategies, but also in the relative allocation to different strategies in their fund.

(e) **Fund of Hedge Funds** - This asset class seeks to generate returns through diversified portfolios of hedge funds and hedge fund strategies. It should be expected that this asset class will have varying levels of exposure to all of the various hedge fund strategies previously identified. The investments in this asset class will be made in securities of offshore corporations and will have an identifiable, although thinly traded, market for liquidity.

(f) **Real Estate Private Equity** - This asset class seeks to generate returns predominately through the identification of undervalued or mispriced real estate assets or real estate-related companies. Investments would be expected to be made through either public or private equity securities, convertible notes or warrants, or other acquired or originated debt securities. The exposure within this asset class would be expected to be predominately long-only exposure, and will generally be maintaining a long exposure to direct real estate assets or real estate-related companies and securities. Additionally, it is not expected that these assets would be held as marketable securities with an active or easily identifiable market; however, the asset class overall would be expected to generate some level of current income. This exposure is obtained primarily through investments in long-dated limited partnership vehicles and is considered illiquid.

(g) **Natural Resources Private Equity** - This asset class seeks to generate returns predominately through the identification of undervalued or mispriced assets or companies engaged in the exploration, production, transportation, or related services in natural resources such as oil, natural gas, timber, land, minerals, or precious metals, etc. Investments would be expected to be made through either public or private equity securities, convertible notes or warrants, or other acquired or originated debt securities. The exposure within this asset class would be expected to be predominately long-only exposure and will generally be maintaining a long exposure to companies or assets engaged in the basic materials sector. Additionally, it is not expected that these assets would be held as marketable securities with an active or easily identifiable market; however, the asset class overall would be expected to generate some level of current income. This exposure is obtained primarily through investments in long-dated limited partnership vehicles and is considered illiquid.

(h) **Nonmarketable Limited Partnerships (Investure)** - Investments in private equity are typically made through limited partnership structures and are illiquid in nature. Investments are typically made in unlisted companies (companies that are not traded on public exchanges) or, in some cases, listed companies are purchased and taken private. Private equity encompasses a broad array of strategies and securities that may include buyout, growth equity, and venture capital strategies. Other strategies may include real estate, natural resources, and credit. Investments may be in any sector of the economy or geography in the world, though funds will typically specialize in specific industries and regions.

Note 10 - Fair Value Measurements (Continued)

(i) **Private Equity Domestic and International (Legacy)** - Investments in private equity are typically made through limited partnership structures and are illiquid in nature. Investments are typically made in unlisted companies (companies that are not traded on public exchanges) or, in some cases, listed companies are purchased and taken private. Private equity encompasses a broad array of strategies and securities. Buyout, growth equity, and venture capital strategies purchase equity in private companies at different stages of the company's life cycle. Other strategies, such as mezzanine or special situations, will invest in debt, preferred equity, or other parts of a company's capital structure. Investments may be in any sector of the economy or geography in the world, though funds will typically specialize in specific industries and regions.

Note 11 - Program-related Investments (PRI)

At December 31, 2017 and 2016, the Foundation's PRI portfolio included four loans and one equity investment. The debt investments are summarized in the table below as follows:

	2017	2016
Debt principal amount	$ 496,925	$ 574,154
Equity investment	200,000	200,000
Total program-related investments	696,925	774,154
Less reserve	93,792	-
Net program-related investments	$ 603,133	$ 774,154

Quarterly interest payments are due on the outstanding debt amounts at interest rates of 1 to 4 percent.

Note 12 - Fixed Assets

The cost of fixed assets as of December 31, 2017 and 2016 are summarized as follows:

	2017	2016
Furniture and fixtures	$ 212,050	$ 179,677
Computer equipment and software	99,196	80,107
Leasehold improvements	190,973	173,835
Total cost	502,219	433,619
Less accumulated depreciation	102,941	15,021
Net property and equipment	$ 399,278	$ 418,598

Depreciation expense for 2017 and 2016 was $87,920 and $15,021, respectively.