Financial Statements for the seven months ending July 31, 2019:

- The market value or the portfolio experienced an unrealized gain of $1.3 million in July. During July, the Lord Abbett Short Duration Income Fund was liquidated; and $6.0 million proceeds were transferred for investment in a Goldman Sachs ultra-short-term fixed income fund and $1.2 million was used for grant payments and toward a Brickman Fund VII Capital call. On a year-to-date basis, the total portfolio is 13% or $21.0 million higher at $184.2 million at July 31, 2019 compared to December 31, 2018. Equity/Fixed Ratio (generally defined by overall fund manager categorization) was 72.5/27.5% at July 31, 2019 compared to 69.8/30.2% at yearend.

    (See exhibits A for comparative investment portfolio balances and A-1 for a detailed list of all holdings, in alphabetical order and now classified by investment type– equity, fixed, private equity and real estate. The difference in % classification between Exhibits A and A-1 is caused by certain fund managers holding more than one asset classification as shown in A-1, but being grouped in one category in Ex A – i.e. North Coast holds fixed, equity and real estate investments This investment classification will be refined in future months, as appropriate, with the Investment Committee.)

- Revenues:
    - Interest and dividends of $2.3 million ytd is $231k higher than the prior year and $371k higher than budget.
    - Realized net gain of $5.2 million ytd in 2019 compares to $5.3 million net gain in 2018. (The budget amount of $4.6 million gain is calculated as 7/12 of the annual $7.9 million total fiscal year budget.)
    - Other investment income includes distributions for Portfolio Advisors Funds IV, V and the Secondary Fund.
    - The endowment value increased $1.3 million in July for a total unrealized net gain of $16.9 million in the first seven months of 2019 compared to a net unrealized loss of ($1.4 million) in 2018 for a year over year variance of $18.3 million.

- Grants:
    - Grants paid of $2.6 million are $164k more than prior year and $15k less than budget.
    - Starting in 2019, we are also recording grants that have been approved, but not yet paid, $2.0 million as of July 31, 2019. Total grant activity (payments, approvals and payables) agrees with Lisa's monthly analysis.
    - The 5-year trend of grant payments by quarter is shown in Exhibit F. The Foundation has paid 32% of the total grant target of nearly $8.0 million through July 31, 2019, which is similar pacing to the prior year. $3.1 million grant payments for 2019 remain to be approved (some at the August Board meeting) or identified.

- Expenses:
    - Investment management expenses of $323k in 2019 appear to be $1101k less than the prior year. 2018 monthly amounts were not corrected for the change to accrual accounting and represents fees for 2017. 2019 expenses are $5k less than budget. An analysis of investment fees will be forthcoming in a future month.
    - General and administrative expenses of $1,048k are $87k higher than the prior year and $41k less than budget.
        - Compared to the prior year: 2019 includes accounting consulting, Kittleman and legal fees that were not incurred in 2018, and higher office rent per lease terms, offset by reduced program support spending, CFO retirement in May and 2018 retreat expenses that did not recur in 2019.
        - Compared to budget: Wages and health insurance are favorable to the budget attributed to the mid-May retirement of the CFO and his movement to Medicare health coverage starting in March (and away from the Foundation's plan). Overall, the CFO savings is greater than the increased accounting consulting. In addition, budgeted professional fees of $43k for July will absorb the unplanned Kittleman consulting, legal expenses.and RSM tax bill. The $23k office supplies budget does

include $10k for new furniture, of which $3k was spent in January and capitalized as a fixed asset leaving a $7k difference. (See exhibit C for detail.)

- Consistent with the latest accounting rules (Accounting Standards Update 2016-14) adopted by the Foundation for the 12/31/18 audited financial statements, costs are allocated on a functional basis and allocated among investment, program services and management/general. Management determines a reasonable allocation methodology. Time and effort are estimated to allocate: salaries and benefits, director expenses and program support. Square footage is used to allocate occupancy. The 2019 YTD expense allocation is shown on Exhibit C.

- Full Year 2019 Forecast
  - A full year **2019 forecast** was created at the end of July. This forecast reflects the Board's decision to increase 2019 grant payouts by $1.5 million to nearly $8.0 million; and spending for program support, administrative expenses and capital were also updated. In total, qualifying distributions are forecasted to total $9.8 million, $1.4 million higher than budget. Grants will be $1.5 million higher offset by reduced administrative expenses of $86k and reduced capital spending of $33k. Further, the forecasted spending should qualify the Foundation for the 1% excise tax rate in 2019.

- Minimum Distribution Analysis (Ex. D) and Analysis of Charitable Spending Requirements (Ex. E):
  - The original budgeted 2019 spending assumed an **average** net asset value of $170.6 million by 12/31/19. (FYI - The 12/31/18 actual net asset value was $164.5 million.) Based on this assumption, the Foundation would need to have qualifying distributions of $8.3 million to qualify for the 1% excise tax. The estimated undistributed income from the prior year is $7.5 million. Total budgeted distributions (including grant payments, administrative expenses and capital spending) are $8.5 million.
  - The 12-month rolling average net asset value as of 7/31/19 is higher than budget at $179.5 million. Based on this ytd average, the Foundation would need to have qualifying distributions of $8.7 million to qualify for the 1% excise tax, which is $264k more than total budgeted spending.
  - The minimum distribution analysis and analysis of charitable spending requirements now reflect the July forecast of $9.8 million targeted charitable spending.
  - As of July 31, 2019, the Foundation has $4.0 million of charitable spending required for the balance of 2019 to reach the new forecast of $9.8 million. This represents 40% of the full year forecast and it seems reasonable to conclude the Foundation is on –track to meet the revised charitable spending target. This includes $3.1 million additional grants to be approved and paid in 2019. (see Exhibit E).