Program Interests

Bioscience
Expanding Arizona’s capacity to become a global center for research and commercialization in the biosciences and a leader in areas such as precision medicine. The Foundation also works with state leaders and commissions tracking of metrics to implement Arizona’s Bioscience Roadmap.

Flinn Scholars
Providing undergraduate scholarship support for approximately 20 of Arizona’s top high-school seniors annually, including full expenses, study-abroad experiences, a professional leadership internship program, and other extracurricular learning opportunities. The program is operated by the Flinn Foundation Scholarship Program LLC in partnership with Arizona’s public universities.

Arts and Culture
Broadening the capacity of Arizona’s large arts-and-culture organizations to thrive in economically challenging times through increased focus on capitalization for financial and creative health.

Civic Leadership
Strengthening civic leadership at the state level through the Arizona Center for Civic Leadership and its centerpiece program, the Flinn-Brown Civic Leadership Academy. The Academy is co-sponsored by the Thomas R. Brown Foundations.

Conference Center
Convening decision-makers and generating discussion on critical issues in the Foundation’s conference facilities. When not in use by the Foundation, the facilities are available to qualified nonprofit organizations at no cost.
2016 Grant Appropriations

Payments totaling $6,024,797 were made on 76 grants in 2016, including 35 grants awarded in prior years and 41 new grants authorized in 2016. The following list presents all grants active during 2016 – those authorized, those receiving payment, and those due additional payment from commitments made in prior years. The amount listed represents the Foundation’s overall commitment (minus cancellations) to the grant. The year of the award is listed in parentheses.

**BIOSCIENCES**

**Arizona Bioindustry Association, Chandler, $24,858**
Creation of Member Services Director position. (2016)

**Arizona Bioindustry Association, Chandler, $5,000**
2016 events. (2016)

**Arizona Bioindustry Association, Chandler, $15,000**
White Hat Investors Conference, Awards Dinner. (2016)

**Arizona Commerce Authority, Phoenix, $150,000**
Creation of bioscience portfolio-advisor position. (2014)

**Arizona State University, Tempe, $500,000**
Mayo Medical School in partnership with Arizona State University. (2012)

**Arizona State University, Tempe, $1,000,000**
High-throughput protein production center. (2014)

**Arizona State University, Tempe, $558,241**
Medical-nutrition education program for health-care providers. (2016)

**Banner Alzheimer’s Institute, Phoenix, $2,000,000**
Alzheimer’s Prevention Initiative. (2013)

**Battelle, Columbus, Ohio, $19,200**
Continued study and implementation of strategies to develop Arizona’s bioscience sector. (2013)
Bioscience Entrepreneurship Program
Program to benefit Arizona early-stage bioscience firms through funding and program services provided through a nonprofit partner organization. (Firms are listed in parentheses.) (2016)

- Arizona State University, Tempe (Breezing; Epifinder; Neolight; Omica Science (now bioSyntagma)), $120,000
- Northern Arizona Center for Entrepreneurship and Technology, Flagstaff (Anicell Biotech; Symple Surgical), $60,000

CMCG Consulting LLC, Tempe, $300,000

Critical Path Institute, Tucson, $1,000,000
Development of Data Collaboration Center. (2014)

Critical Path Institute, Tucson, $800,000
Organizational-development and planning activities. (2016)

Health Research Alliance, Research Triangle, North Carolina, $2,500
Membership dues. (2016)

Maricopa Community Colleges, Phoenix, $67,000
Bioscience workforce needs assessment. (2015)

Maricopa Community Colleges, Phoenix, $83,000
Bioscience internship program for community-college students. (2015)

Mayo Clinic, Scottsdale, $500,000
Mayo Medical School in partnership with Arizona State University. (2012)

Northern Arizona University, Flagstaff, $200,000
Development of genomics center studying C. difficile in clinical settings. (2016)

TEConomy Partners, Columbus, Ohio, $25,000

Translational Genomics Research Institute, Phoenix, $250,000
Planning for Transformative Medicine Alliance in partnership with Arizona State University and Mayo Clinic. (2015)

Translational Genomics Research Institute, Phoenix, $1,200,000
Implementation of Transformative Medicine Alliance. (2016)
Translational Genomics Research Institute, Phoenix, $1,000,000
Research and recruitment projects. (2016)

Translational Research in Precision Medicine Seed Grant Initiative
Support research collaborations between basic scientists and clinical researchers. (2014)

• Arizona State University, Tempe (with Mayo Clinic), $100,000: Develop peripheral blood test to identify invasive bladder cancer using standard lab equipment.

• Arizona State University, Tempe (with Phoenix Children’s Hospital), $100,000: Develop next-generation precision diagnostics for brain injury.

• Northern Arizona University, Flagstaff (with Flagstaff Medical Center), $200,000: Define community reservoirs of infectious agents through regional biobanking and whole-genome analysis.

• St. Joseph’s Hospital and Medical Center, Phoenix (with Arizona State University), $100,000: Analyze immunosignatures for prediction of therapy response and tumor recurrence in malignant brain tumors.

• University of Arizona, Tucson (with St. Joseph’s Hospital and Medical Center), $200,000: Study functional role of vaginal microbiome in promotion of infection-associated cancer in high-risk populations.

University of Arizona, Tucson, $500,000
Flinn Medical Innovation Visiting Scholars Program. (2011)

University of Arizona, Tucson, $44,160
Donald K. Buffmire Visiting Lectureship in Medicine. (2016)

FLINN SCHOLARS

Arizona State University, Tempe, $3,326,400
Scholarship awards. (2012-2016)

Arizona State University, Tempe, $109,905
Group seminar in China for Class of 2015 Flinn Scholars. (2016)

Arizona State University, Tempe, $15,000
Oversight of Flinn Scholars study abroad. (2016)
Flinn Foundation, Phoenix, $984,000
Flinn Scholars study-related travels. (2010-2016)

Flinn Foundation, Phoenix, $100,000
Scholarship awards for Professional Leadership Internship Program. (2015)

Northern Arizona University, Flagstaff, $94,500
Scholarship awards. (2015-2016)

University of Arizona, Tucson, $1,958,400
Scholarship awards. (2012-2016)

University of Arizona, Tucson, $1,980
Flinn Scholars activities. (2016)

**ARTS AND CULTURE**

Arizona Commission on the Arts, Phoenix, $15,000
Technical assistance to arts-and-culture organizations. (2015)

Cultural Data Project (now DataArts), Philadelphia, Pennsylvania, $120,000
Arizona participation in DataArts. (2015)

Initiative for Financial and Creative Health – Deeper Planning Grant
Support for projects to strengthen capitalization and programmatic capacity. (2016)
- Arizona Center for Nature Conservation, Phoenix, $25,000
- Arizona Science Center, Phoenix, $25,000
- Children’s Museum of Phoenix, Phoenix, $25,000
- Heard Museum, Phoenix, $25,000
- Museum of Northern Arizona, Flagstaff, $25,000
- Scottsdale Arts, Scottsdale, $25,000

Initiative for Financial and Creative Health – Implementation Grant
Support for projects to strengthen capitalization and programmatic capacity. (2014-2016)
- Arizona Center for Nature Conservation, Phoenix, $100,000 (2016)
- Arizona Opera, Phoenix, $100,000 (2015)
• Ballet Arizona, Phoenix, $100,000 (2015)
• Desert Botanical Garden, Phoenix, $100,000 (2014)
• Mesa Arts Center, Mesa, $100,000 (2014)
• Phoenix Symphony, Phoenix, $100,000 (2016)
• Phoenix Theatre Company, Phoenix, $100,000 (2014)
• Tucson Symphony Orchestra, Tucson, $100,000 (2016)

**Initiative for Financial and Creative Health – Next Steps Grant**
Support for projects to strengthen capitalization and programmatic capacity. (2016)
• Childsplay, Tempe, $100,000

**Participation Enhancement Grants Program for Large Arts and Culture Organizations**
Support for strategies to expand and deepen audience and donor participation. (2015)
• Museum of Northern Arizona, Flagstaff, $25,000

**Technical Development Corp., Boston, Massachusetts, $130,000**

**WolfBrown, San Francisco, California, $94,000**

**PHILANTHROPIC ORGANIZATIONS AND SPECIAL PROJECTS**

**Arizona Grantmakers Forum, Phoenix, $8,060**
Membership dues. (2016)

**Arizona Grantmakers Forum, Phoenix, $8,500**
Supplemental Program Support. (2016)

**Arizona State University, Tempe, $25,000**
Central Idea feasibility study. (2016)

**Philanthropy Southwest, Dallas, Texas, $4,250**
Membership dues. (2016)

**Valley of the Sun United Way, Phoenix, $31,150**
Employee and director contributions match. (2016)
Investment and Financial Highlights

The policies governing the Foundation’s investment portfolio and financial operations are designed to support the long-term needs of its programs. To accomplish this, the assets are invested to produce relatively stable and predictable investment returns that will support consistent spending patterns. The Foundation has attempted to minimize the effects of market downturns on its programs by maintaining a diversified investment portfolio.

During 2016, the value of the endowment increased from $197.9 million to $200.4 million. For the year, the Foundation’s investment portfolio earned a 1.3% nominal return.

The Foundation awarded $6.2 million in new grants and made cash payments of $6.0 million toward current and prior-year grant awards. Expenses for specific programs administered by the Foundation and general administrative expenses totaled $2.8 million and $2.0 million, respectively. Additional investment and operating data are available on the Foundation’s website at www.flinn.org.

Please see Appendix for full financial statements.
Board and Staff

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Assistant Secretary
Stacy Tucker
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Assistant Treasurer

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Lisa R. Baker
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Operations
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Felecia Clack
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Communications
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General Manager,
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Civic Leadership
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Building Operations Specialist
William A. Read, Ph.D.
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Research & Special Programs
Anna Tanori
Bioscience Program
Coordinator
Nancy Welch
Vice President,
Arizona Center for
Civic Leadership

AT DECEMBER 31, 2016
Robert Stanley Flinn and his wife, Irene Pierce Flinn, established the Flinn Foundation in 1965 to formalize and expand their personal philanthropic goals. Mrs. Flinn died in 1978 at age 78; Dr. Flinn in 1984 at age 87. Through their bequests, they provided the Foundation a permanent endowment from which the derived income supports grants to Arizona nonprofit organizations.

Dr. Flinn practiced internal medicine with a special emphasis in cardiology for nearly half a century in Phoenix and was known as one of Arizona’s leading medical practitioners. Mrs. Flinn’s personal philanthropic interests were active and widespread, and many Arizona hospitals, schools, civic organizations, and individuals benefited from her giving.

The insight, compassion, and generosity of Robert and Irene Flinn touched the lives of many Arizonans. Through the Flinn Foundation, their legacy continues today.
Appendix

Financial Statements
Consolidated Financial Statements and Report of Independent Certified Public Accountants

The Flinn Foundation and Affiliates

December 31, 2016 and 2015
## Contents

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<td>Consolidated statements of financial position</td>
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<td>Consolidated statements of activities and changes in net assets</td>
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<td>Consolidated statements of cash flows</td>
<td>7</td>
</tr>
<tr>
<td>Notes to consolidated financial statements</td>
<td>8</td>
</tr>
</tbody>
</table>
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
The Flinn Foundation

We have audited the accompanying consolidated financial statements of The Flinn Foundation and Affiliates, which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Flinn Foundation and Affiliates as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Phoenix, Arizona
September 12, 2017
The Flinn Foundation and Affiliates

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Years Ended December 31,
(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Assets</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$633</td>
<td>$593</td>
</tr>
<tr>
<td>Investments</td>
<td>193,524</td>
<td>199,275</td>
</tr>
<tr>
<td>Interest, dividend, and other receivables</td>
<td>7,103</td>
<td>325</td>
</tr>
<tr>
<td>Property, furniture, and equipment, net</td>
<td>3,964</td>
<td>4,083</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$205,224</td>
<td>$204,276</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and net assets</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants payable</td>
<td>$5,827</td>
<td>$5,672</td>
</tr>
<tr>
<td>Excise tax liability – deferred</td>
<td>357</td>
<td>218</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>231</td>
<td>237</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>6,415</td>
<td>6,127</td>
</tr>
<tr>
<td>Net assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>198,809</td>
<td>198,149</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>198,809</td>
<td>198,149</td>
</tr>
<tr>
<td><strong>$205,224</strong></td>
<td><strong>$204,276</strong></td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
## CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

**The Flinn Foundation and Affiliates**

**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

**Years Ended December 31,**  
(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue and gains:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net realized and unrealized gain (loss) on investments</td>
<td>$11,345</td>
<td>$(5,132)</td>
</tr>
<tr>
<td>Dividends, interest, and other</td>
<td>824</td>
<td>1,083</td>
</tr>
<tr>
<td>Total unrestricted revenue and gains (losses)</td>
<td>12,169</td>
<td>(4,049)</td>
</tr>
<tr>
<td>Net assets released from restriction</td>
<td>173</td>
<td>165</td>
</tr>
<tr>
<td>Total unrestricted revenue and gains (losses)</td>
<td>12,342</td>
<td>(3,884)</td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program grant commitments</td>
<td>6,178</td>
<td>5,436</td>
</tr>
<tr>
<td>Direct program</td>
<td>2,748</td>
<td>2,698</td>
</tr>
<tr>
<td>General and administrative</td>
<td>2,073</td>
<td>1,974</td>
</tr>
<tr>
<td>Direct investment</td>
<td>511</td>
<td>460</td>
</tr>
<tr>
<td>Excise taxes - current</td>
<td>33</td>
<td>130</td>
</tr>
<tr>
<td>Excise taxes - deferred</td>
<td>139</td>
<td>(184)</td>
</tr>
<tr>
<td>Total expenses</td>
<td>11,682</td>
<td>10,514</td>
</tr>
<tr>
<td>Change in unrestricted net assets</td>
<td>660</td>
<td>(14,398)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Change in temporarily restricted net assets</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>173</td>
<td>165</td>
</tr>
<tr>
<td>Net assets released from restriction</td>
<td>(173)</td>
<td>(165)</td>
</tr>
<tr>
<td>Change in temporarily restricted net assets</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Change in net assets</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>660</td>
<td>(14,398)</td>
</tr>
<tr>
<td>Net assets at beginning of year</td>
<td>198,149</td>
<td>212,547</td>
</tr>
<tr>
<td>Net assets at end of year</td>
<td>$198,809</td>
<td>$198,149</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
## CONSOLIDATED STATEMENTS OF CASH FLOWS

**Years Ended December 31,**

**(Dollars in Thousands)**

### Operating activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$660</td>
<td>$(14,398)</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>207</td>
<td>207</td>
</tr>
<tr>
<td>Net unrealized and realized gain (loss) on investments</td>
<td>11,346</td>
<td>5,132</td>
</tr>
<tr>
<td>Excise tax liability - deferred</td>
<td>139</td>
<td>(184)</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest, dividend, and other receivables</td>
<td>(6,779)</td>
<td>959</td>
</tr>
<tr>
<td>Grants payable</td>
<td>155</td>
<td>(1,035)</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>(6)</td>
<td>(737)</td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>5,722</td>
<td>(10,056)</td>
</tr>
</tbody>
</table>

### Investing activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from sale of investments</td>
<td>4,452</td>
<td>17,176</td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(10,047)</td>
<td>(7,189)</td>
</tr>
<tr>
<td>Purchases of property, furniture, and equipment</td>
<td>(87)</td>
<td>(26)</td>
</tr>
<tr>
<td>Net cash (used in) provided by investing activities</td>
<td>(5,682)</td>
<td>9,961</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net change in cash</td>
<td>40</td>
<td>(95)</td>
</tr>
<tr>
<td>Cash at beginning of year</td>
<td>593</td>
<td>688</td>
</tr>
<tr>
<td>Cash at end of year</td>
<td>$633</td>
<td>$593</td>
</tr>
</tbody>
</table>

### Supplemental disclosure of cash flow information

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash paid for excise tax</td>
<td>$33</td>
<td>$200</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business
The Flinn Foundation (the “Foundation”) is a private philanthropic organization, which seeks to enhance the quality of life for the people of Arizona. The Foundation was established as a trust in 1965 by Dr. and Mrs. Robert S. Flinn of Phoenix. On January 1, 1982, the trust was reorganized as a not-for-profit corporation under the laws of the state of Arizona. Foundation grants are made in support of specific activities in the fields of health, education, arts and civic leadership.

The Foundation has two sole-member limited liability corporations, The Flinn Foundation Educational Conference Center, LLC (“Educational Conference Center”) and The Flinn Foundation Scholarship Program, LLC (“Scholarship Program”). The Educational Conference Center was established to own and operate the land and building that serve as the Foundation’s headquarters, and to operate a conference center that provides a quality meeting space to qualifying Arizona nonprofit organizations. The Scholarship Program was established to be responsible for the conduct and operation of two scholarship programs for the Foundation, of which only one remains.

Significant Accounting Policies

Basis of Presentation - The accompanying consolidated financial statements include the accounts of the Foundation, as well as the wholly owned and controlled entities (“affiliates”) described above as defined by generally accepted accounting principles in the United States of America. All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents - Cash and cash equivalents include cash, time deposits and highly liquid debt instruments with an original maturity of three months or less.

Investments - Investments are carried at fair value. Investments in publicly-traded company stocks and publicly-traded mutual funds are reported at fair value based upon quoted market prices in active markets.

Investments in privately-traded company stocks, privately-traded mutual funds, and limited partnerships are valued at amounts reported by the investment managers. The Foundation obtains and considers the audited financial statements of such investments when evaluating the overall reasonableness of carrying value. These audited financial statements indicate that the investment managers report fair value based upon quoted market prices in active markets, when available, and when not available, fair value is estimated based on net asset value.

The Foundation believes that this method provides a reasonable estimate of fair value. However, for those investments in which there is little, if any market activity, the recorded value may differ from the market value had a readily available market existed for such investments, and those differences could be material.

The Foundation records its interest in limited partnership investments using the equity method of accounting, initially recording the value of limited partnerships at cost with subsequent adjustments made for the Foundation’s share of the limited partnership income or loss.

The Foundation reports investment income and expenses on the accrual basis. Realized gains and losses are calculated based on the specific-identification method for both financial statement and income tax purposes. All distributions from investments in mutual funds are recorded as dividend income. Unrealized gains and losses on investments are recorded based upon the change in the fair value of investments.
NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Accounting Policies (continued)

The Foundation has ownership of certain cash and cash equivalents held, along with other marketable securities, by the Foundation or outside investment managers for the benefit of the Foundation. Although these cash and cash equivalents are readily available, it is the intent of the Foundation to hold these cash and cash equivalents for investment purposes, and accordingly, these cash and cash equivalents are classified as investment assets in the consolidated financial statements.

Property, Furniture, and Equipment - Property, furniture, and equipment acquisitions are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging from three to 30 years. Depreciation begins when the assets are placed into service.

Program Grant Commitments - Grants are expensed and recorded as payable in the year the grants are approved by the Foundation’s Board of Directors and the Award Letter sent to the Grantee. Grants that are expected to be paid in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using a risk-free interest rate. Amortization of the discounts is included in program grant commitment expense.

Direct Program Expenses - Direct program expenses represent costs of the Foundation’s administration of programs and charitable projects performed at the direction of the Board of Directors. Direct program expenses include salaries, benefits, consulting fees, and other costs. Direct program expenses are reported in the period incurred.

Contributions - The Foundation has entered into an agreement with an unaffiliated foundation whereby the unaffiliated foundation contributes funds for the operating expenses of a certain Flinn Foundation sponsored program. During 2016 and 2015, the Foundation received contributions under this arrangement of $173 and $165, respectively. As of December 31, 2016 and 2015, reimbursement receivable totaled $94 and $49, respectively.

Income and Excise Taxes - The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not subject to federal income taxes, except for income from unrelated business activities.

Accounting Standards Codification (“ASC”) Topic 740, Accounting for Income Taxes, addresses how uncertain tax positions should be recognized, measured, presented, and disclosed in the financial statements. The guidance requires the accounting and disclosure of tax positions taken, or expected to be taken, in the course of preparing the Foundation’s tax returns to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Management of the Foundation is required to analyze all open tax years, as defined by the statute of limitations, for all major jurisdictions, which include federal and certain states. The Foundation has had no examinations in progress and none are expected at this time. As of December 31, 2016 and 2015, management of the Foundation has reviewed fiscal years 2013 through 2016 for the federal and 2012 through 2016 for major state tax jurisdictions, which currently remain open to examination and concluded there is no known tax liability resulting from the income tax positions taken from unrecognized tax benefits in current or future periods.

The Foundation is classified as a private foundation and is subject to a federal excise tax of 2% on net investment income received, which principally includes income from investments plus net realized capital gains. Net capital losses, however, are not deductible. Under certain circumstances, the Foundation may qualify for a 1% excise tax rate. An annual determination is made by the Foundation as to whether a 1% or 2% rate is applicable in each year.
NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Accounting Policies (continued)

The Foundation accrues for excise taxes under the liability method. Under the liability method, deferred excise taxes are based on net unrealized gains on investments and will be due in future periods as the gains are realized. The Foundation applied a 1% tax rate for excise taxes due in 2016 and a 1.5% tax rate for the deferred excise taxes.

Net Assets - Net assets are classified as unrestricted, temporarily restricted, and permanently restricted based upon the following criteria:

- Unrestricted net assets represent expendable funds available for operations that are not otherwise limited by donor restrictions.

- Temporarily restricted net assets consist of contributed funds subject to specific donor imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Foundation may spend the funds. The Foundation had no temporarily restricted net assets as of December 31, 2016 and 2015.

- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity, usually for generating investment income to fund current operations. The Foundation had no permanently restricted net assets as of December 31, 2016 and 2015.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Concentration of Credit Risk - The Foundation maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits. The Federal Deposit Insurance Corporation (“FDIC”) insures only the first $250 of funds at member banks. At December 31, 2016 and 2015, the Foundation had approximately $916 and $793, respectively, in banks in excess of the FDIC coverage.

Recent Accounting Pronouncements - From time to time, new accounting pronouncements are issued by Financial Accounting Standards Board (the “FASB”) or other accounting standard setting bodies, which the Foundation may adopt as of the specified date required by each standard. While the Foundation believes the impact of recently issued standards that are not yet effective will not have a material impact on its consolidated financial statements upon adoption, certain Accounting Standards Updates (“ASU”) have not been fully evaluated.

In May 2015, FASB issued ASU 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). This ASU removes the requirement to categorize investments measured using net asset value ("NAV") practical expedient within the fair value hierarchy. The basis of the Standard will show the carrying amount of investments measured using the NAV practical expedient as a reconciling item between the total investments measured at fair value on the face of the financial statements. The Standard exempts investments measured using the NAV practical expedient from categorization within the fair value hierarchy and related disclosures. The Standard is effective for annual reporting periods beginning on or after December 15, 2016, and early adoption is permitted. This Standard should be applied prospectively in the period of adoption. The Foundation is in the process of evaluating the impact of this ASU on its operations.
NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Accounting Policies (continued)

In August 2016, the FASB issued Accounting Standards Updated 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958). The guidance is intended to simplify and improve how a not-for-profit organization (NFP) classifies its net assets, as well as the information it presents in financial statements about its liquidity, financial performance and cash flows. The main provisions of this update require an NFP to do the following:

• Present net assets in two classes instead of three – net assets with donor restrictions and net assets without donor restrictions.

• Continue to present the statement of cash flows using either direct or indirect methods, but no longer require the presentation of the indirect method (reconciliation) if using the direct method.

• Provide enhanced disclosures about:
  o Compositions of net assets with donor restrictions and how the restrictions affect the use of resources;
  o Qualitative information about how an NFP manages its liquid resources;
  o Qualitative information about the availability of financial assets;
  o Expenses in both their natural and functional classes;
  o Description of cost allocation methods; and

• Report investment return net of external and direct internal investment expenses without disclosure of the netted expenses.

The new guidance is effective for annual reporting periods beginning after December 15, 2017. The Foundation is in the process of evaluating the impact of this standard on its operations.

NOTE 2 - INVESTMENTS

The primary objective in investing the Foundation’s financial assets is to provide a reasonably stable and predictable stream of earnings to support charitable programs and the operations of the Foundation, and to preserve and enhance over time the real (inflation adjusted) value of the Foundation’s investments. In accordance with the Foundation’s investment policies and procedures, the Foundation diversifies its investments among various financial instruments and asset categories, and uses multiple investment strategies. Investment managers under contract with the Foundation have complete discretion in the management of assets entrusted to them subject to the guidelines set forth in the Foundation’s investment guidelines and prudent investment standards.

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of money market investments and fixed income securities. Money market accounts are not insured by the Federal Deposit Insurance Corporation. The Foundation’s fixed income securities in corporate and government bonds are exposed to issuer credit risk until these securities are sold or mature.
NOTE 2 - INVESTMENTS (continued)

The Foundation does not invest directly in financial derivative instruments, such as options, futures, and forwards contracts. However, some investment managers retained by the Foundation may engage in the use of derivative instruments as part of their investment strategy. To minimize the risk of loss associated with trading derivative instruments, the Foundation requires investment managers to employ strategies consistent with prudent investment management.

The table below summarizes the Foundation’s diversified asset allocation among outside managers.

<table>
<thead>
<tr>
<th>December 31, 2016</th>
<th>December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equities</strong></td>
<td><strong>Equities</strong></td>
</tr>
<tr>
<td>U.S. large capitalization firms</td>
<td>$21,000</td>
</tr>
<tr>
<td>U.S. small/ mid capitalization firms</td>
<td>5,214</td>
</tr>
<tr>
<td>Non-U.S. equities - developed markets</td>
<td>19,883</td>
</tr>
<tr>
<td>Non-U.S. equities - emerging markets</td>
<td>8,723</td>
</tr>
<tr>
<td>Real estate</td>
<td>573</td>
</tr>
<tr>
<td>Alternative assets (primarily venture capital, private equity, and hedge funds)</td>
<td>34,995</td>
</tr>
<tr>
<td>Oil and gas partnership</td>
<td>3,133</td>
</tr>
<tr>
<td>Commodities</td>
<td>10,846</td>
</tr>
<tr>
<td><strong>Debt securities</strong></td>
<td><strong>Debt securities</strong></td>
</tr>
<tr>
<td>U.S. fixed-income securities</td>
<td>15,868</td>
</tr>
<tr>
<td>Non-U.S. fixed-income securities</td>
<td>-</td>
</tr>
<tr>
<td><strong>Money market investments</strong></td>
<td><strong>Money market investments</strong></td>
</tr>
<tr>
<td></td>
<td>7,107</td>
</tr>
<tr>
<td></td>
<td>2,508</td>
</tr>
<tr>
<td>$</td>
<td>$127,342</td>
</tr>
<tr>
<td>$</td>
<td>$168,265</td>
</tr>
</tbody>
</table>

The Foundation’s assets in alternative assets, oil and gas partnerships, and real estate include lockup periods, which limit the Foundation’s ability to sell its ownership interest in these investments for periods in excess of one year. At December 31, 2016 and 2015, the fair value of investments with lockup periods in excess of one year totaled $7,092 and $36,253 respectively.
NOTE 3 - PROPERTY, FURNITURE AND EQUIPMENT

Property, furniture, and equipment consists of the following at December 31:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and improvements</td>
<td>$1,793</td>
<td>$1,793</td>
</tr>
<tr>
<td>Building</td>
<td>4,058</td>
<td>3,992</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>964</td>
<td>942</td>
</tr>
<tr>
<td>Other</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td></td>
<td>6,895</td>
<td>6,807</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>2,931</td>
<td>2,724</td>
</tr>
<tr>
<td></td>
<td>$3,964</td>
<td>$4,083</td>
</tr>
</tbody>
</table>

NOTE 4 - GRANTS PAYABLE

At December 31, 2016, grants payable in future years are as follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$3,273</td>
</tr>
<tr>
<td>2018</td>
<td>1,869</td>
</tr>
<tr>
<td>2019</td>
<td>848</td>
</tr>
<tr>
<td></td>
<td>5,990</td>
</tr>
<tr>
<td>Less discount to present value using an interest rate of 2.45%</td>
<td>163</td>
</tr>
<tr>
<td></td>
<td>$5,827</td>
</tr>
</tbody>
</table>

NOTE 5 - EMPLOYEE BENEFIT PLANS

The Foundation sponsors two defined contribution employee retirement plans in accordance with Internal Revenue Code Sections 403(b) and 457(b) for those employees eligible under the provisions of the respective plans. The Foundation’s contributions to these plans totaled approximately $215 and $255 for the years ended December 31, 2016 and 2015, respectively.

NOTE 6 - FAIR VALUE MEASUREMENT

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. ASC Topic 820, Fair Value Measurement and Disclosures, establishes a fair value disclosure framework which prioritizes and ranks the level of observable inputs used in measuring investments at fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements.) The three levels of the fair value hierarchy are as follows:

- Level 1 - Inputs based on quoted prices of identical assets or liabilities in an active market that the Foundation can access. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market usually provides the most reliable evidence of fair value and is generally used without adjustment, if available.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

December 31, 2016 and 2015

(Dollars in Thousands)

NOTE 6 - FAIR VALUE MEASUREMENT (continued)

• Level 2 – Inputs that are observable either directly or indirectly but are not Level 1 inputs. Level 2 inputs include quoted prices for similar instruments, broker quotes, or observable inputs that directly impact value such as interest rates, prepayment spreads, and credit risk. Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, and fair value is determined through the use of models or other valuation methodologies. For investments in funds where there is an ability to redeem such investments at the net asset value per share (or its equivalent) at the measurement date or in the near term, the fair value of the investment is generally categorized as Level 2.

• Level 3 – Pricing inputs are unobservable. Level 3 inputs are generally used in situations where there is little, if any, market activity for the investment. These inputs into the determination of fair value require significant management judgment or estimation, including but not limited to private and public comparables, third-party appraisals, discounted cash flow models, and fund manager estimates. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed. Investments that are included in this category generally include private fund investment structures and limited partnership interests, where there is limited or no ability to redeem such investments at net asset value per share (or its equivalent) at the measurement date or in the near term.

Assets and liabilities measured at fair value are based on one or more of three valuation techniques identified in the tables below. Where more than one technique is noted, individual assets or liabilities were valued using one or more of the noted techniques. The valuation techniques are as follows:

(a) Market approach. Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

(b) Cost approach. Amount that would be required to replace the service capacity of an asset (replacement cost).

(c) Income approach. Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing, and excess earnings models).

It is required that when observable market data is available, it be used in determining the fair value measurement. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized based on the lowest level input that is significant to the fair value measurement.
The Flinn Foundation and Affiliates  

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)  

December 31, 2016 and 2015  

(Dollars in Thousands)

**NOTE 6 – FAIR VALUE MEASUREMENT (continued)**

The following table presents the fair value hierarchy for those financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2016.

<table>
<thead>
<tr>
<th>Financial assets</th>
<th>Quoted Prices in Active Markets for Identical Assets (Level 1)</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
<th>Valuation Technique (a,b,c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments:</td>
<td>Total</td>
<td>$7,107</td>
<td>$5,958</td>
<td>$16,057</td>
</tr>
<tr>
<td>Mutual funds - publicly traded:</td>
<td></td>
<td>$7,107</td>
<td>$5,958</td>
<td>$16,057</td>
</tr>
<tr>
<td>Money market</td>
<td>$7,107</td>
<td>$7,107</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equities</td>
<td>5,958</td>
<td>5,958</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fixed income</td>
<td>16,057</td>
<td>16,057</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mutual funds - privately traded:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodities</td>
<td>3,879</td>
<td>-</td>
<td>3,879</td>
<td>-</td>
</tr>
<tr>
<td>Hedge funds</td>
<td>20,141</td>
<td>-</td>
<td>20,141</td>
<td>c</td>
</tr>
<tr>
<td>Company stocks - publicly traded</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3,236</td>
<td>3,236</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Company stocks - privately traded</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>700</td>
<td>-</td>
<td>-</td>
<td>700</td>
<td></td>
</tr>
<tr>
<td>Limited partnerships:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equities</td>
<td>92,139</td>
<td>-</td>
<td>92,139</td>
<td>-</td>
</tr>
<tr>
<td>Fixed income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Hedge funds</td>
<td>11,330</td>
<td>-</td>
<td>11,330</td>
<td>c</td>
</tr>
<tr>
<td>Venture/private equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oil and gas</td>
<td>5,421</td>
<td>-</td>
<td>5,421</td>
<td>c</td>
</tr>
<tr>
<td>Real Estate</td>
<td>1,781</td>
<td>-</td>
<td>1,781</td>
<td>c</td>
</tr>
<tr>
<td>Royalty interest - oil and gas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Total investments</td>
<td>$193,524</td>
<td>$32,358</td>
<td>$96,018</td>
<td>$65,148</td>
</tr>
</tbody>
</table>

For the year ended December 31, 2016, there were no transfers between Level 1, Level 2, and Level 3 assets. As noted in the Level 2 fair value definition provided at the beginning of Note 6, Level 2 assets include certain limited partnership interests with asset valuations based on Level 1 and/or Level 2 observable inputs. Level 2 assets consist of limited partnership interests in which significantly all of the underlying assets are primarily marketable debt and equity securities that trade on nationally recognized exchanges.
The following table presents the fair value hierarchy for those financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2015.

<table>
<thead>
<tr>
<th>Financial assets</th>
<th>Quoted Prices in Active Markets for Identical Assets (Level 1)</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
<th>Valuation Technique (a,b,c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments:</td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds - publicly traded:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money market</td>
<td>$2,508</td>
<td>$2,508</td>
<td>-</td>
<td>a</td>
</tr>
<tr>
<td>Equities</td>
<td>3,705</td>
<td>3,705</td>
<td>-</td>
<td>a</td>
</tr>
<tr>
<td>Fixed income</td>
<td>13,606</td>
<td>13,606</td>
<td>-</td>
<td>a</td>
</tr>
<tr>
<td>Mutual funds - privately traded:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodities</td>
<td>3,501</td>
<td>-</td>
<td>3,501</td>
<td>a</td>
</tr>
<tr>
<td>Hedge funds</td>
<td>26,626</td>
<td>-</td>
<td>26,626</td>
<td>c</td>
</tr>
<tr>
<td>Company stocks - publicly traded</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3,150</td>
<td>3,150</td>
<td>-</td>
<td></td>
<td>a</td>
</tr>
<tr>
<td>Company stocks - privately traded</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>500</td>
<td>-</td>
<td>-</td>
<td>500</td>
<td>c</td>
</tr>
<tr>
<td>Limited partnerships:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equities</td>
<td>96,661</td>
<td>-</td>
<td>96,661</td>
<td>a</td>
</tr>
<tr>
<td>Fixed income</td>
<td>4,222</td>
<td>-</td>
<td>4,222</td>
<td>a</td>
</tr>
<tr>
<td>Hedge funds</td>
<td>13,052</td>
<td>-</td>
<td>13,052</td>
<td>c</td>
</tr>
<tr>
<td>Venture/private equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26,100</td>
<td>-</td>
<td>-</td>
<td>26,100</td>
<td>c</td>
</tr>
<tr>
<td>Oil and gas</td>
<td>3,617</td>
<td>-</td>
<td>3,617</td>
<td>c</td>
</tr>
<tr>
<td>Real Estate</td>
<td>2,022</td>
<td>-</td>
<td>2,022</td>
<td>c</td>
</tr>
<tr>
<td>Royalty interest - oil and gas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>-</td>
<td>-</td>
<td>5</td>
<td>c</td>
</tr>
<tr>
<td>Total investments</td>
<td>$199,275</td>
<td>$22,969</td>
<td>$104,384</td>
<td>$71,922</td>
</tr>
</tbody>
</table>

For the year ended December 31, 2015, there were no transfers between Level 1, Level 2, and Level 3 assets. As noted in the Level 2 fair value definition provided at the beginning of Note 6, Level 2 assets include certain limited partnership interests with asset valuations based on Level 1 and/or Level 2 observable inputs. Level 2 assets consist of limited partnership interests in which significantly all of the underlying assets are primarily marketable debt and equity securities that trade on nationally recognized exchanges.

The Foundation values substantially all of its Level 2 and Level 3 investments at amounts reported by the investment managers and as validated through consideration of the audited financial statements of such investments. Accordingly, the Foundation does not use separate quantitative information to value such investments.
NOTE 6 - FAIR VALUE MEASUREMENT (continued)

The changes in investments measured at fair value for which the Foundation’s investment managers have used Level 3 inputs to determine fair value are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MF – hedge fund</td>
<td>$26,626</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$(6,735)</td>
<td>$252</td>
</tr>
<tr>
<td>CS – private</td>
<td>500</td>
<td>-</td>
<td>200</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>LP – hedge fund</td>
<td>13,052</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(3,000)</td>
<td>1,278</td>
</tr>
<tr>
<td>LP – VC/PE</td>
<td>26,100</td>
<td>(2,108)</td>
<td>3,052</td>
<td>-</td>
<td>(1,041)</td>
<td>(232)</td>
</tr>
<tr>
<td>LP – oil and gas</td>
<td>3,617</td>
<td>(1,180)</td>
<td>2,156</td>
<td>-</td>
<td>827</td>
<td>5,421</td>
</tr>
<tr>
<td>LP – real estate</td>
<td>2,022</td>
<td>32</td>
<td>283</td>
<td>-</td>
<td>(492)</td>
<td>1,781</td>
</tr>
<tr>
<td>Royalty interest</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1)</td>
<td>4</td>
</tr>
<tr>
<td>Total financial assets</td>
<td>$71,922</td>
<td>$(3,320)</td>
<td>$5,691</td>
<td>$(10,776)</td>
<td>(1,632)</td>
<td>$1,632</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MF – hedge fund</td>
<td>$27,808</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$(1,182)</td>
</tr>
<tr>
<td>CS – private</td>
<td>500</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$-</td>
<td>-</td>
</tr>
<tr>
<td>LP – hedge fund</td>
<td>15,756</td>
<td>(86)</td>
<td>-</td>
<td>(2,000)</td>
<td>$(618)</td>
<td>13,052</td>
</tr>
<tr>
<td>LP – VC/PE</td>
<td>25,214</td>
<td>(3,820)</td>
<td>3,659</td>
<td>(1,021)</td>
<td>$2,068</td>
<td>26,100</td>
</tr>
<tr>
<td>LP – oil and gas</td>
<td>5,601</td>
<td>(652)</td>
<td>299</td>
<td>(28)</td>
<td>(1,603)</td>
<td>3,617</td>
</tr>
<tr>
<td>LP – real estate</td>
<td>1,289</td>
<td>(562)</td>
<td>904</td>
<td>-</td>
<td>391</td>
<td>2,022</td>
</tr>
<tr>
<td>Royalty interest</td>
<td>20</td>
<td>(1)</td>
<td>-</td>
<td>-</td>
<td>(14)</td>
<td>5</td>
</tr>
<tr>
<td>Total financial assets</td>
<td>$76,188</td>
<td>$(5,121)</td>
<td>$4,862</td>
<td>$(3,049)</td>
<td>$(958)</td>
<td>$71,922</td>
</tr>
</tbody>
</table>
NOTE 6 - FAIR VALUE MEASUREMENT (continued)

The following tables present information regarding funds with a fair value that is determined using net asset value (or its equivalent) provided by the funds as of December 31, 2016.

<table>
<thead>
<tr>
<th>Financial assets</th>
<th>Fair Value</th>
<th>Unfunded Commitments</th>
<th>Redemption Frequency (if Currently Eligible)</th>
<th>Redemption Notice Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds – privately traded:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodities (a)</td>
<td>$3,879</td>
<td>$-</td>
<td>Monthly</td>
<td>7 days</td>
</tr>
<tr>
<td>Hedge funds (b)</td>
<td>20,141</td>
<td>-</td>
<td>Year-end</td>
<td>90 days</td>
</tr>
<tr>
<td>Company stocks – privately traded (c)</td>
<td>700</td>
<td>-</td>
<td>Not eligible</td>
<td>N/A</td>
</tr>
<tr>
<td>Limited partnerships:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equities (d)</td>
<td>92,139</td>
<td>-</td>
<td>Monthly, quarterly</td>
<td>5-60 days</td>
</tr>
<tr>
<td>Hedge funds (e)</td>
<td>11,130</td>
<td>-</td>
<td>Quarterly, year-end (f)</td>
<td>45-90 days</td>
</tr>
<tr>
<td>Venture/private equity (f)</td>
<td>25,771</td>
<td>14,624</td>
<td>Not eligible</td>
<td>N/A</td>
</tr>
<tr>
<td>Oil and gas (g)</td>
<td>5,421</td>
<td>5,808</td>
<td>Not eligible</td>
<td>N/A</td>
</tr>
<tr>
<td>Real estate(h)</td>
<td>1,781</td>
<td>797</td>
<td>Not eligible</td>
<td>N/A</td>
</tr>
<tr>
<td>Royalty interest – oil and gas (i)</td>
<td>4</td>
<td>-</td>
<td>Not eligible</td>
<td>N/A</td>
</tr>
<tr>
<td>Total investments</td>
<td>$160,966</td>
<td>$21,229</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a) The sole investment in this class is an equity investment in a privately traded mutual fund that invests in U.S. Treasury securities, commodity futures and swap contracts, and currency futures. The fair values of the investments have been estimated using asset value per share of the investments.

b) The sole investment in this class is an equity investment in a privately traded, mutual fund that invests in numerous underlying limited partnerships employing various diversified, global, hedge-fund strategies, including long/short, event and multi-strategy, and distressed credit. The fair values of the investments have been estimated using net asset value per share of the investments.

c) The sole investment in this class is a privately traded, equity investment in a corporation with an underlying limited partnership interest in a partnership that invests in a geographically diversified portfolio of numerous income-producing properties, principally industrial, office, and residential properties. The fair values of the investments have been estimated using net asset value per share of the investments. Investments in this class are required to be held until maturity.

d) This class includes investments in U.S., Non-U.S. developed, and emerging market equities that are publicly traded on various major stock exchanges. The Foundation achieved this broad diversification through investments in seven private partnerships, in which the Foundation is a limited partner. The fair values of the investments have been estimated using net asset value per share of the investments.
NOTE 6 - FAIR VALUE MEASUREMENT (continued)

e) This class includes hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The hedge fund composite portfolio for this class comprises three limited-partnerships investing in long/short, event and multi-strategy, and distressed credit. The fair values of the investments have been estimated using net asset value per share of the investments. Two limited-partnership interests totaling $7,092 representing approximately 63% of the value of the Foundation’s investment in this class, is not eligible for redemption because the partnership restrictions do not allow redemptions until certain underlying assets of the partnership are liquidated.

f) This class includes venture capital and private equity, global investment in equity and credit of private companies through the Foundation’s investments in 20 limited partnerships, with each investing in numerous private companies, reducing risk through broad diversification. The fair values of the investments have been estimated using net asset value per share of the investments. The Foundation has subscribed to purchase an additional $14,549 over a time period of approximately the next five to seven years. Investments in this class are required to be held until maturity.

g) This class includes oil and gas investments through four limited partnerships. The fair values of the investments have been estimated using net asset value per share of the investments. The Foundation has subscribed to purchase an additional $5,808 over a time period of approximately the next five to seven years. Investments in this class are required to be held until maturity.

h) The sole investment in this class is a limited partnership that invests primarily in office, hospitality, and multi-family real estate properties, primarily in the United States and Western Europe. The fair value of the investment has been estimated using net asset value per share. The Foundation has subscribed to purchase an additional $797 over a time period of approximately the next two to four years. Investments in this class are required to be held to maturity.

i) The sole investment in this class is a royalty interest in oil and gas properties. The fair values of the investments have been estimated using net asset value per share of the investments. Investments in this class are required to be held until maturity.

NOTE 7 - SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through September 12, 2017, the date the consolidated financial statements were available to be issued.