

New York State Health Foundation

Financial Statements

December 31, 2018 and 2017

Independent Auditors' Report

To the Board of Directors of New York State Health Foundation

We have audited the accompanying financial statements of New York State Health Foundation (the "Foundation") which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 New York State Health Foundation as of December 31, 2018 and 2017, 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, during the year ended December 31, 2018 New York State Health Foundation adopted new accounting guidance resulting in a change in the manner in which it presents net assets and reports certain aspects of its financial statements. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

PKF O'Connor Davies, LLP

May 29, 2019

New York State Health Foundation

Statements of Financial Position

| | December 31 | |
|---------------------------------------|-----------------------|-----------------------|
| | <u>2018</u> | <u>2017</u> |
| ASSETS | | |
| Cash and cash equivalents | \$ 3,262,692 | \$ 1,316,608 |
| Prepaid federal excise tax | 143,456 | 284,000 |
| Investments | 269,458,292 | 302,198,540 |
| Deposits and other assets | 17,133 | 134,979 |
| Property and equipment, net | <u>103,159</u> | <u>121,285</u> |
| | <u>\$ 272,984,732</u> | <u>\$ 304,055,412</u> |
| | | |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 207,702 | \$ 285,631 |
| Grants payable, net | 6,539,977 | 5,730,493 |
| Deferred rent | 545,870 | 586,456 |
| Deferred federal excise tax | <u>924,884</u> | <u>1,628,939</u> |
| Total Liabilities | 8,218,433 | 8,231,519 |
| | | |
| Net assets without donor restrictions | <u>264,766,299</u> | <u>295,823,893</u> |
| | <u>\$ 272,984,732</u> | <u>\$ 304,055,412</u> |

See notes to financial statements

New York State Health Foundation

Statements of Activities

| | Year Ended | |
|--|----------------|----------------|
| | December 31 | |
| | 2018 | 2017 |
| REVENUE AND SUPPORT | | |
| Investment Return | | |
| Interest and dividends | \$ 3,309,663 | \$ 2,736,638 |
| Net realized gain from sale of investments | 13,676,429 | 17,566,371 |
| Unrealized (loss) gain on investments | (35,223,859) | 24,192,822 |
| Benefit (provision) for federal excise taxes | 313,511 | (763,434) |
| (Less) direct investment expense | (514,266) | (641,270) |
| Net Investment Return | (18,438,522) | 43,091,127 |
| Rental income | 192,701 | 187,092 |
| Total Revenue and Support | (18,245,821) | 43,278,219 |
| EXPENSES | | |
| Program Services | | |
| Grants authorized, net of rescinded/refunded amounts of \$21,400 and \$237,290, and present value discount of (\$3,472) and \$16,728 | 7,883,856 | 11,994,741 |
| Program support, planning and development | 4,254,766 | 4,072,331 |
| Total Program Services | 12,138,622 | 16,067,072 |
| Operations and governance | 673,151 | 723,008 |
| Total Expenses | 12,811,773 | 16,790,080 |
| Change in Net Assets | (31,057,594) | 26,488,139 |
| NET ASSETS WITHOUT DONOR RESTRICTIONS | | |
| Beginning of year | 295,823,893 | 269,335,754 |
| End of year | \$ 264,766,299 | \$ 295,823,893 |

See notes to financial statements

New York State Health Foundation

Statements of Cash Flows

| | Year Ended | |
|--|-----------------|---------------|
| | December 31 | |
| | 2018 | 2017 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ (31,057,594) | \$ 26,488,139 |
| Adjustments to reconcile change in net assets to net cash from operating activities | | |
| Depreciation | 30,904 | 24,869 |
| Realized gain from sale of investments | (13,676,429) | (17,566,371) |
| Unrealized loss (gain) on investments | 35,223,859 | (24,192,822) |
| Deferred federal excise tax | (704,055) | 483,434 |
| Discount on grants payable | 3,472 | (16,728) |
| Deferred rent | (40,586) | (40,586) |
| Contributions of stock to grantee | - | 1,020,107 |
| Changes in operating assets and liabilities | | |
| Prepaid federal excise tax | 140,544 | (120,000) |
| Deposits and other assets | 117,846 | (126,588) |
| Accounts payable and accrued expenses | (77,929) | (37,376) |
| Grants payable | 806,012 | 571,647 |
| Net Cash From Operating Activities | (9,233,956) | (13,512,275) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (12,778) | (37,790) |
| Proceeds from sale of investments | 35,590,810 | 33,427,498 |
| Purchase of investments | (24,397,992) | (19,577,884) |
| Net Cash From Investing Activities | 11,180,040 | 13,811,824 |
| Net Change in Cash and Cash Equivalents | 1,946,084 | 299,549 |
| CASH AND CASH EQUIVALENTS | | |
| Beginning of year | 1,316,608 | 1,017,059 |
| End of year | \$ 3,262,692 | \$ 1,316,608 |
| SUPPLEMENTAL CASH FLOW INFORMATION | | |
| Federal excise taxes paid | \$ 250,000 | \$ 400,000 |

See notes to financial statements

New York State Health Foundation

Notes to Financial Statements
December 31, 2018

1. Organization

New York State Health Foundation, formerly The New York Charitable Asset Foundation, (the "Foundation") is a New York not-for-profit corporation organized on October 25, 2002 to pursue tax-exempt charitable purposes. The Foundation was formed as part of the conversion of Empire HealthChoice, Inc. (doing business as Empire Blue Cross & Blue Shield) ("Empire") to a for-profit corporation. Pursuant to the legislation authorizing the conversion, the Foundation received five percent of the stock of WellChoice, the holding company for Empire. The Foundation provides funding and grants for the health care related needs of residents of the State of New York ("NYS"), including without limitation, (i) expansion of access to health care by extending health insurance coverage to NYS residents who cannot afford to purchase their own coverage or who have coverage that is inadequate to meet their needs, (ii) expansion and enhancement of access to health care by augmenting and creating health care programs that deliver services to populations that are unable to access health care or that improve public health, (iii) augmentation of its other program priorities by supporting programs that inform and educate NYS residents about public health issues and empower communities to address the issues by becoming more effective at identifying and articulating health care needs and implementing solutions, and (iv) conducting any and all lawful activities which may be useful in accomplishing the foregoing purposes.

Assets, liabilities and net assets of the New York State Health Foundation Trust (the "Trust"), a revocable trust, are included in the accompanying financial statements. The Foundation is the sole trustee and beneficiary of the Trust.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which 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. Accordingly, actual results could differ from those estimates.

Change in Accounting Principle

On January 1, 2018, the Foundation adopted new guidance regarding the Presentation of Financial Statements for Not-for-Profit Entities. This guidance requires the Foundation to collapse the three-category (unrestricted, temporarily restricted, and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. In addition, the new guidance requires the Foundation to make certain expanded disclosures relating to (1) the liquidity of financial assets, and (2) expenses by both their natural and functional classification in one location in the financial statements.

New York State Health Foundation

Notes to Financial Statements
December 31, 2018

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of checking and money market accounts. The Foundation considers all highly liquid debt instruments available for current use with a maturity date of three months or less at the date of purchase to be cash equivalents.

Fair Value of Financial Instruments

The Foundation follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

The Foundation follows U.S. GAAP guidance which removed the requirements to categorize within the fair value hierarchy alternative investments where fair value is measured using the Net Asset Value ("NAV") per share as a practical expedient.

Investment Valuation and Income Recognition

Investments are stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized gains and losses on the sale of investments are computed on the specific identification basis. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Direct Investment Expense

Investment expense on the statements of activities consists of fees paid directly to the Foundation's investment advisor as well as an allocation of direct internal costs that the Foundation incurs in the generation of investment return. These costs include salaries, benefits, travel and other costs associated with the officers and staff responsible for the development and execution of the Foundation's investment strategy as well as allocable costs associated with the internal investment management, supervising, selecting and monitoring of external investment management firms.

Property and Equipment

Property and equipment are carried at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of other assets, which range from 3 to 5 years. Leasehold improvements are depreciated over the lesser of the life of the asset or the term of the lease. Physical assets acquired with costs in excess of \$1,000 and having a period of benefit in excess of one year are capitalized.

New York State Health Foundation

Notes to Financial Statements
December 31, 2018

2. Summary of Significant Accounting Policies *(continued)*

Grants

The liability for grants is recognized when specific grants are authorized by the Board of Directors and the recipients have been notified in an award letter. Discounts are provided on amounts due in more than one year from the date of the award.

Net Asset Presentation

Net assets without donor restrictions include funds having no restriction as to use or purpose imposed by donors. Net assets with donor restrictions are those whose use is limited by donors to a specific time period or purpose or are limited by donors in perpetuity. As of December 31, 2018 and 2017 all net assets were without donor restrictions.

Functional Allocation of Expenses

The statements of activities present the expenses of the Foundation by certain classification. Refer to note 9 for the classification of expenses by their functional allocation and policy for allocating such expenses.

Contributions

Contributions are recorded when received and considered available for unrestricted use, unless specifically restricted by the donor or subject to other legal restrictions.

Reclassifications

Reclassifications of certain prior year amounts have been made to conform to the current year presentation.

Accounting for Uncertainty in Income Taxes

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Foundation had no uncertain tax positions that would require financial statement recognition or disclosure. The Foundation is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2015.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which is May 29, 2019.

New York State Health Foundation

Notes to Financial Statements
December 31, 2018

3. Concentrations of Credit Risk

The Foundation's financial instruments that are potentially exposed to concentration of credit risk consist of cash, cash equivalents and investments. The Foundation places its cash and cash equivalents with quality financial institutions. The Foundation invests in exchange traded funds and collective trust funds. At times, cash balances may be in excess of FDIC insurance limit. The Foundation routinely assesses the financial strength of its cash, cash equivalents and investment portfolio. As a consequence, concentrations of credit risk are limited.

4. Property and Equipment

Property and equipment consists of the following as of December 31:

| | 2018 | 2017 |
|--------------------------------|------------|------------|
| Furniture and equipment | \$ 525,503 | \$ 531,776 |
| Leasehold improvements | 154,102 | 146,622 |
| | 679,605 | 678,398 |
| Less: accumulated depreciation | 576,446 | 557,113 |
| | \$ 103,159 | \$ 121,285 |

The Foundation disposed of \$11,571 and \$1,488 in fully depreciated property and equipment during the years ended December 31, 2018 and 2017.

5. Investments

The following are major categories of investments measured at fair value on a recurring basis at December 31, grouped by fair value hierarchy for those investments subject to categorization within such hierarchy:

| | 2018 | | |
|-------------------------|----------------|---|----------------|
| | Level 1 | Investments Measured at Net Asset Value (*) | Total |
| Exchange Traded Funds | | | |
| Equity fund | \$ 38,688,457 | \$ - | \$ 38,688,457 |
| Fixed income fund | 87,864,899 | - | 87,864,899 |
| Alternative Investments | | | |
| Collective trust funds | - | 142,904,936 | 142,904,936 |
| | \$ 126,553,356 | \$ 142,904,936 | \$ 269,458,292 |

New York State Health Foundation

Notes to Financial Statements
December 31, 2018

5. Investments *(continued)*

| | 2017 | | |
|-------------------------|----------------|---|----------------|
| | Level 1 | Investments Measured at Net Asset Value (*) | Total |
| Exchange Traded Funds | | | |
| Equity fund | \$ 38,873,718 | \$ - | \$ 38,873,718 |
| Fixed income fund | 86,075,509 | - | 86,075,509 |
| Natural resources fund | 14,042,475 | - | 14,042,475 |
| Alternative Investments | | | |
| Collective trust funds | - | 163,206,838 | 163,206,838 |
| | \$ 138,991,702 | \$ 163,206,838 | \$ 302,198,540 |

(*) As discussed in Note 2, investments that are measured using the practical expedient are not classified within the fair value hierarchy.

Information regarding investments valued using NAV as practical expedient at December 31, 2018 is as follows:

| | Fair Value | Unfunded Commitments | Redemption Frequency (If Currently Eligible) | Redemption Notice Period |
|--|----------------|-------------------------|---|-----------------------------|
| Collective trust funds (see "a" below) | \$ 142,904,936 | \$ - | Daily | 3 Days |

- a. These assets are in vehicles organized as collective trust funds and the value of the Foundation's interest in these investments is reported by their respective fund managers. The funds include index funds for domestic equities using the Russell 1000 Index and global equities using the Morgan Stanley All Country World Index (excluding US).

Investments organized as collective trust funds are considered alternative investments for financial reporting purposes. The Foundation believes that there is little risk regarding the valuation of these assets: all of the investments comprise publicly traded securities where market values are readily available and almost all have few restrictions on redemption by the Foundation. All of the investments may be redeemed daily.

As of December 31, 2018, three individual investments represented approximately 33%, 30% and 23% of total investments. As of December 31, 2017, three individual investments represented approximately 36%, 28% and 18% of total investments. All of these investments were in broadly diversified index funds.

New York State Health Foundation

Notes to Financial Statements
December 31, 2018

6. Federal Excise Tax

The Foundation is exempt from federal income taxes under Section 501(c)(3) and 509(a) of the Internal Revenue Code and has been further classified as a “private foundation.” The Foundation is subject to an excise tax on its net investment income.

Excise taxes consist of two components: current taxes based upon net investment income and deferred taxes which arise from the difference between the tax cost of the investments and the fair value.

For the years ended December 31, federal excise tax expense (benefit) consisted of the following:

| | 2018 | 2017 |
|----------|---------------------|-------------------|
| Current | \$ 390,544 | \$ 280,000 |
| Deferred | <u>(704,055)</u> | <u>483,434</u> |
| | <u>\$ (313,511)</u> | <u>\$ 763,434</u> |

7. Grants Payable

The Foundation has entered into grant commitments with certain organizations. Payments to these organizations at December 31, are to be made as follows:

| | 2018 | 2017 |
|------------------------------|---------------------|---------------------|
| Less than one year | \$ 4,683,057 | \$ 3,929,883 |
| One to three years | <u>1,944,127</u> | <u>1,891,289</u> |
| | 6,627,184 | 5,821,172 |
| Less: present value discount | <u>87,207</u> | <u>90,679</u> |
| Grants payable, net | <u>\$ 6,539,977</u> | <u>\$ 5,730,493</u> |

To reflect the time value of money, grants payable as of December 31, 2018 and 2017 were discounted to the present value using the Federal Reserve business lending rate of 3.75%.

New York State Health Foundation

Notes to Financial Statements
December 31, 2018

8. Liquidity and Availability of Financial Assets

The following reflect the Foundation's financial assets and resources available as of December 31, 2018, to meet cash needs for general expenditures within one year of the date of the statement of financial position:

| | |
|--|-----------------------|
| Financial assets: | |
| Cash and cash equivalents | \$ 3,262,692 |
| Investments | <u>269,458,292</u> |
| Total financial assets available within one year | <u>\$ 272,720,984</u> |

The Foundation's working capital and cash flow are driven by its investment portfolio and investment return. As part of the Foundation's liquidity management strategy, the Foundation seeks to maintain adequate liquidity to meet its obligations, including planned expenditures as approved by the Board. The Foundation structures its financial assets to be available as its grant payments and other general liabilities come due. The Foundation's Chief Investment Officer coordinates with Foundation staff to anticipate liquidity needs. Funds are withdrawn from the investment account as needed based on grants to be disbursed and other general operating expenses. None of the Foundation's financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the date of the statement of financial position.

9. Expenses by Functional and Natural Classification

Expenses are presented by functional classification in alignment with the overall mission of the Foundation. Expenses are applied directly to a classification or allocated on a reasonable basis that is consistently applied. Salaries, benefits and payroll taxes are allocated according to employees' time spent on various activities related to each category. Other expenses that are allocated are office expenses, insurance and occupancy.

New York State Health Foundation

Notes to Financial Statements
December 31, 2018

9. Expenses by Functional and Natural Classification (*continued*)

| | Program Services | Operations and Governance | Total |
|-------------------------------------|----------------------|------------------------------|----------------------|
| Grants authorized, net | \$ 7,883,856 | \$ - | \$ 7,883,856 |
| Salaries and wages | 2,355,645 | 348,563 | 2,704,208 |
| Payroll taxes and employee benefits | 715,406 | 105,856 | 821,262 |
| Legal fees | - | 4,326 | 4,326 |
| Accounting fees | - | 35,497 | 35,497 |
| Other professional fees | 90,322 | - | 90,322 |
| Depreciation | 24,819 | 3,709 | 28,528 |
| Occupancy | 577,491 | 86,293 | 663,784 |
| Travel and meetings | 120,443 | 51,676 | 172,119 |
| Printing and design | 21,994 | 1,799 | 23,793 |
| Office expenses and IT | 129,945 | 20,219 | 150,164 |
| Insurance | 32,546 | 4,863 | 37,409 |
| Outreach and public events | 186,155 | - | 186,155 |
| Miscellaneous | - | 10,350 | 10,350 |
| Total | <u>\$ 12,138,622</u> | <u>\$ 673,151</u> | <u>\$ 12,811,773</u> |

10. Retirement Plans

The Foundation maintains a 403(b) defined contribution plan, which covers all employees that meet eligibility requirements. The Foundation matched employee contributions up to 7.5% of their annual salary in 2018 and 2017. The Foundation made an additional 5% discretionary employer contribution to the 403(b) plan in 2018 and 2017. The Foundation made contributions totaling \$334,670 and \$316,085 to the plan for 2018 and 2017. The Foundation also maintains a 457(b) plan that is limited to senior level management employees. The Foundation does not make contributions to the 457(b) plan.

11. Commitments

Lease Commitments

The Foundation has a lease for its office space in New York City expiring in 2026. The lease contains escalation clauses that provide for increase in payments resulting from increases in real estate taxes and certain other building expenses in excess of the base period amounts. The Foundation's policy is to record base rent on a straight-line basis over the term of the lease.

New York State Health Foundation

Notes to Financial Statements
December 31, 2018

11. Commitments (continued)

Lease Commitments (continued)

The future minimum rental payments under the lease agreement are:

| | |
|------------|---------------------|
| 2019 | \$ 612,000 |
| 2020 | 612,000 |
| 2021 | 654,500 |
| 2022 | 663,000 |
| 2023 | 663,000 |
| Thereafter | <u>1,436,500</u> |
| | <u>\$ 4,641,000</u> |

Rent expense totaled \$571,414 annually for both 2018 and 2017.

Rental Income

The Foundation leases part of this space to third parties. One lease agreement is renewable on a quarterly basis. The other lease was renewed on February 1, 2019, expiring on January 31, 2020. The future minimum rental payments to be received under these lease agreements are:

| | |
|------|-------------------|
| 2019 | \$ 124,183 |
| 2020 | <u>8,305</u> |
| | <u>\$ 132,488</u> |

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New York State Health Foundation

Supplementary Information

For the Year Ended December 31, 2018
(With Summarized Totals for the Year
Ended December 31, 2017)

New York State Health Foundation

Schedule of Expenses
 Year Ended December 31, 2018
 (with summarized totals for the year ended December 31, 2017)

| | Program Services | Operations and Governance | Investment | 2018 Total | 2017 Total |
|-------------------------------------|-----------------------------|---------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Grants authorized, net | \$ 7,883,856 | \$ - | \$ - | \$ 7,883,856 | \$ 11,994,741 |
| Allocated Expenses | | | | | |
| Salaries and wages | 2,355,645 | 348,563 | 225,138 | 2,929,346 | 2,808,082 |
| Payroll taxes and employee benefits | 715,406 | 105,856 | 40,902 | 862,164 | 786,866 |
| Legal fees | - | 4,326 | - | 4,326 | 7,944 |
| Accounting fees | - | 35,497 | - | 35,497 | 34,961 |
| Other professional fees | 90,322 | - | 50,000 | 140,322 | 130,806 |
| Depreciation | 24,819 | 3,709 | 2,376 | 30,904 | 24,869 |
| Occupancy | 577,491 | 86,293 | 55,284 | 719,068 | 734,055 |
| Travel and meetings | 120,443 | 51,676 | 1,612 | 173,731 | 160,575 |
| Printing and design | 21,994 | 1,799 | - | 23,793 | 29,139 |
| Office expenses and IT | 129,945 | 20,219 | 11,785 | 161,949 | 299,623 |
| Insurance | 32,546 | 4,863 | - | 37,409 | 51,884 |
| Outreach and public events | 186,155 | - | - | 186,155 | 177,808 |
| Miscellaneous | <u>-</u> | <u>10,350</u> | <u>-</u> | <u>10,350</u> | <u>8,780</u> |
| Total Allocated Expenses | 4,254,766 | 673,151 | 387,097 | 5,315,014 | 5,255,392 |
| Direct Investment Expenses | | | | | |
| Manager fees | <u>-</u> | <u>-</u> | <u>127,169</u> | <u>127,169</u> | <u>181,217</u> |
| Total | <u>\$ 12,138,622</u> | <u>\$ 673,151</u> | <u>\$ 514,266</u> | <u>\$ 13,326,039</u> | <u>\$ 17,431,350</u> |

See independent auditors' report