

The F.B. Heron Foundation
Financial Statements
December 31, 2016 and 2015

Independent Auditors' Report

Board of Directors **The F.B. Heron Foundation**

We have audited the accompanying financial statements of The F.B. Heron Foundation, which comprise the statements of financial position as of December 31, 2016 and 2015, 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 The F.B. Heron Foundation as of December 31, 2016 and 2015 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of program, administrative and investment expenses on page 14 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 22, 2017

The F.B. Heron Foundation

Statements of Financial Position

| | December 31 | |
|---------------------------------------|-----------------------|-----------------------|
| | 2016 | 2015 |
| ASSETS | | |
| Cash and cash equivalents | \$ 1,797,291 | \$ 6,529,405 |
| Investments allocated for mission | 273,195,480 | 197,293,343 |
| Non-mission investments | - | 68,939,459 |
| Prepaid Federal excise taxes | 36,000 | 87,067 |
| Other assets | 819,409 | 809,422 |
| | \$ 275,848,180 | \$ 273,658,696 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 468,053 | \$ 595,087 |
| Grants payable | 16,000 | 59,250 |
| Deferred rent | 91,863 | 114,828 |
| Deferred Federal excise tax | 538,660 | 197,561 |
| Total Liabilities | 1,114,576 | 966,726 |
| Unrestricted net assets | 274,733,604 | 272,691,970 |
| | \$ 275,848,180 | \$ 273,658,696 |

See notes to financial statements

The F.B. Heron Foundation

Statements of Activities

| | Year Ended | |
|---|-----------------------|-----------------------|
| | December 31 | |
| | <u>2016</u> | <u>2015</u> |
| INVESTMENTS ALLOCATED FOR MISSION | | |
| Revenue | | |
| Interest, dividends and partnership earnings | \$ 4,349,436 | \$ 3,969,841 |
| Realized (loss) gain | (933,938) | 1,822,145 |
| Unrealized gain (loss), net of deferred Federal excise tax | 11,403,267 | (5,929,932) |
| Program service fees (USCII license fee) | 92,500 | 92,500 |
| Current Federal excise tax | <u>(55,740)</u> | <u>(104,018)</u> |
| Net Revenue for Investments Allocated for Mission | <u>14,855,525</u> | <u>(149,464)</u> |
| Expenses | | |
| Program expenses | 3,546,481 | 3,515,126 |
| Administrative expenses | 1,044,633 | 1,227,186 |
| Investment expenses | <u>1,378,541</u> | <u>1,023,397</u> |
| Total Expenses for Investments Allocated for Mission | <u>5,969,655</u> | <u>5,765,709</u> |
| Excess (Deficiency) of Revenue over Expenses for Investments Allocated for Mission Before Grant Expense | 8,885,870 | (5,915,173) |
| Grants | <u>8,207,495</u> | <u>5,695,030</u> |
| Excess (Deficiency) of Revenue over Expenses for Investments Allocated for Mission | <u>678,375</u> | <u>(11,610,203)</u> |
| NON-MISSION INVESTMENTS | | |
| Revenue | | |
| Interest, dividends and partnership earnings | 2,017,524 | 2,682,291 |
| Realized (loss) gain | (4,871,098) | 1,083,807 |
| Unrealized gain (loss), net of deferred Federal excise tax | 4,386,822 | (6,571,405) |
| Current Federal excise tax | <u>(35,327)</u> | <u>(77,440)</u> |
| Net Revenue for Non-Mission Investments | <u>1,497,921</u> | <u>(2,882,747)</u> |
| Expenses | | |
| Investment expenses | <u>134,662</u> | <u>215,934</u> |
| Excess (Deficiency) of Revenue over Expenses for Non-Mission Investments | <u>1,363,259</u> | <u>(3,098,681)</u> |
| Change in Net Assets | 2,041,634 | (14,708,884) |
| NET ASSETS | | |
| Beginning of year | <u>272,691,970</u> | <u>287,400,854</u> |
| End of year | <u>\$ 274,733,604</u> | <u>\$ 272,691,970</u> |

See notes to financial statements

The F.B. Heron Foundation

Statements of Cash Flows

| | Year Ended | |
|--|---------------|-----------------|
| | December 31 | |
| | 2016 | 2015 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 2,041,634 | \$ (14,708,884) |
| Adjustments to reconcile change in net assets to net cash from operating activities | | |
| Realized and unrealized (gain) loss on investments | (10,326,152) | 9,830,590 |
| Deferred Federal excise tax | 341,099 | (235,205) |
| Deferred rent | (22,965) | 2,102 |
| Net change in operating assets and liabilities | | |
| Prepaid Federal excise taxes | 51,067 | (13,542) |
| Other assets | (9,987) | 176,756 |
| Accounts payable and accrued expenses | (127,034) | 33,603 |
| Grants payable | (43,250) | (144,880) |
| Net Cash from Operating Activities | (8,095,588) | (5,059,460) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of non-mission investments | (2,010,418) | (2,682,396) |
| Proceeds from non-mission investments sold | 70,555,128 | 35,707,294 |
| Purchases of investments allocated for mission | (111,669,097) | (44,318,800) |
| Proceeds from investments allocated for mission sold or repaid | 46,487,861 | 15,968,900 |
| Net Cash from Investing Activities | 3,363,474 | 4,674,998 |
| Net Change in Cash and Cash Equivalents | (4,732,114) | (384,462) |
| CASH AND CASH EQUIVALENTS | | |
| Beginning of year | 6,529,405 | 6,913,867 |
| End of year | \$ 1,797,291 | \$ 6,529,405 |
| SUPPLEMENTAL DISCLOSURE | | |
| Federal excise tax paid | \$ 40,000 | \$ 195,000 |

See notes to financial statements

The F.B. Heron Foundation

Notes to Financial Statements
December 31, 2016 and 2015

1. Organization

The F.B. Heron Foundation (doing business as “Heron” and referred to herein as the “Foundation”) is a not-for-profit, charitable corporation formed in December 1991 under the General Corporation Law of the State of Delaware. The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and is classified as a private foundation under Section 509(a) of the Code.

To advance its mission of helping people and communities to help themselves out of poverty, the Foundation makes grants and loans and takes equity stakes in organizations and funds that increase and maintain reliable employment, as well as those that advance systemic improvements to help communities be resilient to the changing nature of the economy.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies 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.

Cash Equivalents

Cash equivalents include short-term investments with maturities of three months or less at the time of purchase, which are intended to be used for payment of expenses and grants and exclude those amounts used by investment managers for long-term investment strategies.

Fair Value Measurements

The Foundation follows US 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 US GAAP guidance which removes 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.

The F.B. Heron Foundation

Notes to Financial Statements
December 31, 2016 and 2015

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

Investments Valuation

Investments (both investments allocated for mission and non-mission investments), with the exception of program related investments, are stated at fair value. For insured deposits, fair value is the amount of the deposit.

Program Related Investments

Program related investments (PRIs) defined in IRC 4944(c), have a primary purpose of advancing the mission of the Foundation without a significant purpose for the production of income or the appreciation of property. PRIs are treated as charitable distributions on Internal Revenue Service Form 990-PF, the tax and information return filed by private foundations for minimum-distribution requirement purposes. The Foundation's PRIs are considered below market rate loans and equities. They are stated at cost, less any valuation allowance for discount or uncollectable amounts.

Property and Equipment

Property and equipment are stated at cost. The Foundation capitalized property and equipment costing more than \$100,000. Depreciation was computed using the straight-line method over the estimated useful life of the assets. The estimated useful lives ranged from five to seven years. Leasehold improvements were amortized over the life of the original lease. There was no capitalized property and equipment at December 31, 2016 and 2015.

Net Asset Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Foundation's net assets are classified as permanently restricted, temporarily restricted or unrestricted. There were no temporarily or permanently restricted net assets at December 31, 2016 and 2015.

Investment Income Recognition

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 and unrealized gains and losses are included in the determination of the change in net assets.

Grants

Once a grant has been approved by the Board of Directors and/or President, and once any conditions imposed on the grantee have been fulfilled, the grant becomes payable.

The F.B. Heron Foundation

Notes to Financial Statements
December 31, 2016 and 2015

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

Accounting for Uncertainty in Income Taxes

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Foundation had no uncertain tax positions that would require financial statement recognition of disclosure.

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 22, 2017.

3. Investments Allocated for Mission

Investments allocated for mission advance the mission of the Foundation using the strategies articulated in Note 1. These include both risk-adjusted, market-rate investments that advance the mission as well as PRIs.

The Foundation's PRI loans bear interest at below-market rates from 1% to 6%, generally payable on March 31 and September 30 of each year. PRI loans are individually monitored to determine net realizable value based on an evaluation of recovery. Management has reviewed the collectability of all PRI loans and deemed an allowance to be unnecessary at December 31, 2016 and 2015.

PRI equities consist of eight PRIs in LP and LLC interests in community development ventures and real estate funds, one PRI in preferred stock in a regulated community bank and one direct equity investment. PRI equity balances are net of a \$3,900,000 and \$3,000,000 valuation reserve at December 31, 2016 and 2015.

The F.B. Heron Foundation

Notes to Financial Statements
December 31, 2016 and 2015

3. Investments Allocated for Mission *(continued)*

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

| | 2016 | | | | Total |
|---|-----------------------|----------------------|-------------------|-------------------------|-----------------------|
| | (Level 1) | (Level 2) | (Level 3) | (Practical Expedient) * | |
| At Fair Value | | | | | |
| Common and Preferred Stock | | | | | |
| Information technology | \$ 16,579,499 | \$ - | \$ - | \$ - | \$ 16,579,499 |
| Consumer discretionary | 9,266,397 | - | - | - | 9,266,397 |
| Health care | 11,769,995 | - | - | - | 11,769,995 |
| Other | 44,194,257 | - | - | - | 44,194,257 |
| US community investing index | | | | | |
| commingled fund | - | 27,659,795 | - | - | 27,659,795 |
| Ishares MSCI | 64,357,540 | - | - | - | 64,357,540 |
| Fixed-Income Securities | | | | | |
| US agency | - | 27,310,303 | - | - | 27,310,303 |
| Municipals | - | 19,382,489 | - | - | 19,382,489 |
| Corporate | - | 23,384,052 | - | - | 23,384,052 |
| Limited partnership interests | - | - | - | 10,610,441 | 10,610,441 |
| Total at Fair Value | <u>\$ 146,167,688</u> | <u>\$ 97,736,639</u> | <u>\$ -</u> | <u>\$ 10,610,441</u> | 254,514,768 |
| Program related investments, at cost (net of \$3,900,000 valuation reserve) | | | | | 12,791,504 |
| Invested cash and cash equivalents, at cost | | | | | 5,889,208 |
| Total Investments Allocated for Mission | | | | | <u>\$ 273,195,480</u> |
| 2015 | | | | | |
| | (Level 1) | (Level 2) | (Level 3) | (Practical Expedient) * | Total |
| At Fair Value | | | | | |
| Common and Preferred Stock | | | | | |
| Information technology | \$ 14,593,436 | \$ - | \$ - | \$ - | \$ 14,593,436 |
| Consumer discretionary | 12,075,233 | - | - | - | 12,075,233 |
| Health care | 12,000,026 | - | - | - | 12,000,026 |
| Other | 37,238,578 | - | 250,000 | - | 37,488,578 |
| US community investing index | | | | | |
| commingled fund | - | 24,433,669 | - | - | 24,433,669 |
| Fixed-Income Securities | | | | | |
| US agency | - | 26,789,274 | - | - | 26,789,274 |
| Municipals | - | 20,933,085 | - | - | 20,933,085 |
| Corporate | - | 22,250,817 | - | - | 22,250,817 |
| Limited partnership interests | - | - | - | 9,381,498 | 9,381,498 |
| Total at Fair Value | <u>\$ 75,907,273</u> | <u>\$ 94,406,845</u> | <u>\$ 250,000</u> | <u>\$ 9,381,498</u> | 179,945,616 |
| Program related investments, at cost (net of \$3,000,000 valuation reserve) | | | | | 14,288,633 |
| Invested cash and cash equivalents, at cost | | | | | 3,059,094 |
| Total Investments Allocated for Mission | | | | | <u>\$ 197,293,343</u> |

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

The F.B. Heron Foundation

Notes to Financial Statements
December 31, 2016 and 2015

3. Investments Allocated for Mission *(continued)*

The following is a reconciliation of the beginning and ending balances for preferred stock assets:

| | 2016 | 2015 |
|--------------------------------------|------------|--------------|
| Beginning balance | \$ 250,000 | \$ 2,000,000 |
| Unrealized loss | (250,000) | (1,750,000) |
| Purchases, issuances and settlements | - | - |
| Ending balance | \$ - | \$ 250,000 |

Information regarding limited partnership interests and preferred stock at December 31, 2016 is as follows:

| | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|-------------------------------|---------------|----------------------|----------------------|--------------------------|
| Limited partnership interests | \$ 10,610,441 | \$ 9,301,051 | * | * |

* Limited partnership interests are illiquid assets.

The following summarizes changes in PRIs for 2016 and 2015:

| | 2016 | | | 2015 | | |
|------------------------------|---------------|--------------|---------------|---------------|--------------|---------------|
| | PRI Loans | PRI Equities | Total | PRI Loans | PRI Equities | Total |
| Balance at beginning of year | \$ 11,932,232 | \$ 2,356,401 | \$ 14,288,633 | \$ 13,797,712 | \$ 2,167,990 | \$ 15,965,702 |
| Additions | | | | | | |
| Disbursements | 2,344,517 | 1,013,867 | 3,358,384 | 56,467 | 1,370,513 | 1,426,980 |
| Deductions | | | | | | |
| Repayments | (3,792,227) | (163,286) | (3,955,513) | (1,921,947) | (182,102) | (2,104,049) |
| Writeoffs | - | - | - | - | - | - |
| | 10,484,522 | 3,206,982 | 13,691,504 | 11,932,232 | 3,356,401 | 15,288,633 |
| Valuation adjustment | - | (900,000) | (900,000) | - | (1,000,000) | (1,000,000) |
| Balance at end of year | \$ 10,484,522 | \$ 2,306,982 | \$ 12,791,504 | \$ 11,932,232 | \$ 2,356,401 | \$ 14,288,633 |

There is an additional \$4,111,182 of unfunded commitment for equity PRI investments.

The F.B. Heron Foundation

Notes to Financial Statements
December 31, 2016 and 2015

3. Investments Allocated for Mission (continued)

PRI loan principal repayments at December 31, 2016 are projected as follows:

| | |
|------------|----------------------|
| 2017 | \$ 1,030,100 |
| 2018 | 1,832,351 |
| 2019 | 1,088,421 |
| 2020 | 3,747,936 |
| 2021 | - |
| Thereafter | <u>2,785,714</u> |
| | <u>\$ 10,484,522</u> |

PRI equity investments will be redeemed over the next ten years depending on investment performance and activity.

4. Non-Mission investments

The following are the classes and major categories of non-mission investments at December 31 measured at fair value on a recurring basis:

| | 2016 | 2015 |
|---|-------------|----------------------|
| At Fair Value | | |
| Equity Funds | | |
| Non-US developed markets | \$ - | \$ 52,916,484 |
| Non-US emerging markets | <u>-</u> | <u>16,022,973</u> |
| Total at Fair Value | - | 68,939,457 |
| Invested cash and cash equivalents, at cost | <u>-</u> | <u>2</u> |
| Total Other Investments | <u>\$ -</u> | <u>\$ 68,939,459</u> |

5. Assets Stated at Fair Value

The following summarizes all assets stated at fair value at December 31:

| | 2016 | | | | Total |
|-----------------------------------|-----------------------|-----------------------|-------------------|-----------------------|-----------------------|
| | (Level 1) | (Level 2) | (Level 3) | (Practical Expedient) | |
| Investments allocated for mission | \$ 146,167,688 | \$ 97,736,639 | \$ - | \$ 10,610,441 | \$ 254,514,768 |
| Non-mission | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 146,167,688</u> | <u>\$ 97,736,639</u> | <u>\$ -</u> | <u>\$ 10,610,441</u> | <u>\$ 254,514,768</u> |
| | 2015 | | | | Total |
| | (Level 1) | (Level 2) | (Level 3) | (Practical Expedient) | |
| Investments allocated for mission | \$ 75,907,273 | \$ 94,406,845 | \$ 250,000 | \$ 9,381,498 | \$ 179,945,616 |
| Non-mission | <u>-</u> | <u>68,939,457</u> | <u>-</u> | <u>-</u> | <u>68,939,457</u> |
| | <u>\$ 75,907,273</u> | <u>\$ 163,346,302</u> | <u>\$ 250,000</u> | <u>\$ 9,381,498</u> | <u>\$ 248,885,073</u> |

The F.B. Heron Foundation

Notes to Financial Statements
December 31, 2016 and 2015

6. Grants Payable

The following summarizes changes in grants payable for the years ended December 31:

| | <u>2016</u> | <u>2015</u> |
|------------------------------|--------------------|--------------------|
| Balance at beginning of year | \$ 59,250 | \$ 204,130 |
| Grants authorized | 8,207,495 | 5,695,030 |
| Grants paid | <u>(8,250,745)</u> | <u>(5,839,910)</u> |
| Balance at end of year | <u>\$ 16,000</u> | <u>\$ 59,250</u> |

There are an additional \$1,320,000 of conditional grant payments at December 31, 2016 which will become payable once the appropriate conditions have been met.

7. Federal Excise Tax

As a private foundation, the Foundation is normally subject to a Federal excise tax equal to 2% of its net investment income. However, under Section 4940(e) of the Code, this tax is reduced to 1% if certain conditions are met. Current taxes are estimated at 2% of net investment income, as defined in the Code.

The Foundation records a liability for deferred Federal excise taxes using the 2% rate. For 2016 the deferred excise tax provision amounted to \$341,099, and for 2015 the deferred excise tax benefit amounted to \$235,205.

For Federal excise tax purposes, realized gains and losses from the sale of securities are determined on the specific-identification basis. Net realized gain or loss is based on the Foundation's allocated share, and, on sale, average cost is used.

8. Lease Commitment

The Foundation's office lease expires on December 31, 2020. Future minimum rental payments under this agreement are as follows:

| | |
|------|---------------------|
| 2017 | \$ 335,905 |
| 2018 | 335,905 |
| 2019 | 335,905 |
| 2020 | <u>335,905</u> |
| | <u>\$ 1,343,620</u> |

Rent expense for 2016 and 2015 was \$350,155 and \$342,009.

The F.B. Heron Foundation

Notes to Financial Statements
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9. Retirement Plans

The Foundation sponsors a defined contribution retirement plan under IRC Section 401(a). Under the current plan, the Foundation contributes 12% of the basic compensation for all eligible employees subject to IRS and ERISA limitations. The Foundation also sponsors a 401(k) savings plan. Eligible participants, as defined, may make voluntary contributions into the savings plan. The Foundation is obligated to match 50% of participant contributions, not to exceed 3% of base compensation. For 2016 and 2015, retirement and savings plan expense was \$312,483 and \$286,106.

* * * * *

The F.B. Heron Foundation

Supplementary Information

Years Ended December 31, 2016 and 2015

The F.B. Heron Foundation

Schedule of Program, Administrative and Investment Expenses Year Ended December 31

| | 2016 | | | | 2015 | | | | |
|------------------------------------|-----------------------------------|---------------------|---------------------|-------------------|-----------------------------------|---------------------|---------------------|-------------------|---------------------|
| | Investments Allocated for Mission | | Non-Mission | | Investments Allocated for Mission | | Non-Mission | | |
| | Program | Investment | Investment | Investment | Program | Administrative | Investment | Investment | |
| Salary and related costs | \$ 1,880,022 | \$ 608,522 | \$ 644,333 | \$ 21,801 | \$ 1,783,790 | \$ 674,213 | \$ 436,732 | \$ 72,615 | \$ 2,967,350 |
| Consulting fees | 539,774 | 16,591 | 26,943 | 593 | 635,119 | 11,052 | 19,659 | 1,190 | 667,020 |
| Occupancy | 220,897 | 71,500 | 75,707 | 2,562 | 219,189 | 82,846 | 53,665 | 8,923 | 364,623 |
| Investment monitoring and advisory | 244,498 | 67,048 | 70,994 | 2,402 | 223,120 | 78,461 | 50,824 | 8,450 | 360,855 |
| Outsourced functions | - | 181,248 | - | - | - | 239,902 | - | - | 239,902 |
| Market data | 145,152 | - | - | - | 187,362 | - | - | - | 187,362 |
| Travel, meetings, and conferences | 229,415 | 16,111 | - | - | 111,929 | 53,937 | 739 | 123 | 166,728 |
| Public education/communications | 69,336 | - | - | - | 145,053 | - | - | - | 145,053 |
| Office expenses | 155,540 | 44,646 | 47,274 | 1,600 | 143,834 | 32,026 | 20,745 | 3,449 | 200,054 |
| Legal fees | - | 15,784 | 29,873 | - | 6,676 | 30,115 | 1,141 | - | 37,932 |
| Audit expenses | 21,112 | 6,833 | 7,235 | 245 | 20,995 | 7,935 | 5,140 | 855 | 34,925 |
| Equipment expenses | 21,821 | 7,063 | 7,478 | 253 | 19,834 | 7,497 | 4,856 | 807 | 32,994 |
| Insurance | 18,914 | 6,122 | 6,482 | 219 | 18,225 | 6,889 | 4,462 | 742 | 30,318 |
| Bank fees | - | 3,165 | - | - | - | 2,313 | - | - | 2,313 |
| Custody fees | - | - | 60,369 | - | - | - | 52,603 | - | 52,603 |
| Asset management | - | - | 401,853 | 104,987 | - | - | 372,831 | 118,780 | 491,611 |
| | <u>\$ 3,546,481</u> | <u>\$ 1,044,633</u> | <u>\$ 1,378,541</u> | <u>\$ 134,662</u> | <u>\$ 3,515,126</u> | <u>\$ 1,227,186</u> | <u>\$ 1,023,397</u> | <u>\$ 215,934</u> | <u>\$ 5,981,643</u> |

See independent auditors' report