

WEINGART FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

WEINGART FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Weingart Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Weingart Foundation (a non-profit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Weingart Foundation as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Weingart Foundation's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 15, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Green Hasson & Janks LLP

September 14, 2018
Los Angeles, California

WEINGART FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30, 2018

With Summarized Totals at June 30, 2017

	2018	2017
ASSETS		
Cash and Cash Equivalents	\$ 1,676,681	\$ 1,214,257
Accounts and Other Receivables	1,169,680	1,731,157
Investment Sales Receivable	-	10,000,000
Prepaid Expenses and Other Assets	670,208	278,180
Investments	792,423,327	772,736,889
Program Related Investments	6,362,348	500,000
	<hr/>	<hr/>
TOTAL ASSETS	\$ 802,302,244	\$ 786,460,483
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LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable and Accrued Expenses	\$ 726,795	\$ 2,452,384
Grants Payable	12,687,183	8,842,189
Deferred Excise Taxes	3,369,668	3,461,182
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TOTAL LIABILITIES	16,783,646	14,755,755
NET ASSETS:		
Unrestricted	785,518,598	771,704,728
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 802,302,244	\$ 786,460,483
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The Accompanying Notes are an Integral Part of These Financial Statements

WEINGART FOUNDATION

STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

With Summarized Totals for the Year Ended June 30, 2017

	2018	2017
REVENUE AND GAINS (LOSSES):		
Interest and Dividends	\$ 18,824,257	\$ 21,287,874
Net Realized and Unrealized Gains on Investments	38,502,907	69,369,129
Rental and Other Income (Net)	(113,577)	43,758
	<hr/>	<hr/>
<i>TOTAL REVENUE AND GAINS (LOSSES)</i>	57,213,587	90,700,761
EXPENSES:		
Program Services:		
Grants	33,882,381	32,199,829
Grant Expenses	4,814,530	4,553,728
	<hr/>	<hr/>
<i>Total Program Services</i>	38,696,911	36,753,557
Investment Expenses	4,266,494	4,243,098
Excise Tax Expense	436,312	1,408,141
	<hr/>	<hr/>
<i>TOTAL EXPENSES</i>	43,399,717	42,404,796
	<hr/>	<hr/>
<i>CHANGE IN UNRESTRICTED NET ASSETS</i>	13,813,870	48,295,965
Unrestricted Net Assets - Beginning of Year	771,704,728	723,408,763
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<i>UNRESTRICTED NET ASSETS - END OF YEAR</i>	\$ 785,518,598	\$ 771,704,728
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The Accompanying Notes are an Integral Part of These Financial Statements

WEINGART FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2018

With Summarized Totals for the Year Ended June 30, 2017

	Program Services	Investment Expenses	Total	
			2018	2017
Grants Approved	\$ 33,882,381	\$ -	\$ 33,882,381	\$ 32,199,829
Personnel Costs:				
Salaries	2,442,073	504,566	2,946,639	2,433,034
Payroll Taxes	141,642	18,849	160,491	146,296
Employee Benefits	793,553	124,251	917,804	988,982
Professional Fees	621,528	3,352,978	3,974,506	4,139,724
Directors Fees	137,000	137,000	274,000	287,250
Rent	320,427	66,205	386,632	341,976
Insurance	91,308	18,865	110,173	108,845
Office Expenses	121,426	25,189	146,615	174,234
Travel and Meetings	129,606	15,292	144,898	153,895
Other Expenses	15,967	3,299	19,266	22,590
TOTAL FUNCTIONAL EXPENSES - 2018	\$ 38,696,911	\$ 4,266,494	\$ 42,963,405	
TOTAL FUNCTIONAL EXPENSES - 2017	\$ 36,753,557	\$ 4,243,098		\$ 40,996,655

The Accompanying Notes are an Integral Part of These Financial Statements

WEINGART FOUNDATION

STATEMENT OF CASH FLOWS

Year Ended June 30, 2018

With Summarized Totals for the Year Ended June 30, 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Unrestricted Net Assets	\$ 13,813,870	\$ 48,295,965
Adjustments to Reconcile Change in Unrestricted Net Assets to Net Cash Used in Operating Activities:		
Net Realized and Unrealized Gains on Investments	(38,502,907)	(69,369,129)
Deferred Excise Tax Expense (Benefit)	(91,514)	683,374
Change in Present Value Discount on Grants Payable	(553,506)	59,428
Recovery of Program Related Investments	-	(750,000)
Decrease in:		
Accounts and Other Receivables	561,477	825,915
Prepaid Expenses and Other Assets	(392,028)	80,608
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(1,725,589)	117,009
Grants Payable	4,398,500	(1,455,000)
NET CASH USED IN OPERATING ACTIVITIES	(22,491,697)	(21,511,830)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds on Sale of Investments	227,384,322	150,535,073
Purchases of Investments	(198,567,853)	(130,412,026)
Collection of Program Related Investments	-	750,000
Advances on Program Related Investments	(5,862,348)	(500,000)
NET CASH PROVIDED BY INVESTING ACTIVITIES	22,954,121	20,373,047
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	462,424	(1,138,783)
Cash and Cash Equivalents - Beginning of Year	1,214,257	2,353,040
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,676,681	\$ 1,214,257

The Accompanying Notes are an Integral Part of These Financial Statements

WEINGART FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 - ORGANIZATION

Weingart Foundation (the Foundation) is a private foundation that was established as a tax-exempt, nonprofit corporation pursuant to the Corporation Code of the State of California on June 29, 1951. The Foundation makes grants to nonprofit agencies and charitable organizations located primarily in Southern California.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting.

(b) ACCOUNTING

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the Foundation are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. All net assets of the Foundation are unrestricted.

(c) 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 reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Actual results could differ from those estimates.

(d) CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Foundation considers cash on hand, deposits in banks, money market accounts and certificates of deposit with an original maturity of three months or less to be cash and cash equivalents. The carrying value of cash and cash equivalents at June 30, 2018 approximates its fair value.

(e) CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash and cash equivalents in bank deposit and other investment accounts which may, at times, exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

WEINGART FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) ACCOUNTS AND OTHER RECEIVABLES

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, if any, represents their estimated net realizable value. The allowance for doubtful accounts, if any, is estimated based on historical collection trends, type of debtor, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due. At June 30, 2018, all receivables are deemed to be fully collectible; therefore, no allowance for doubtful accounts receivable has been established.

(g) INVESTMENTS

Investments in equity and debt securities with readily determinable market values are reported at fair value. The fair value of investments is valued at the closing price on the last business day of the fiscal year. Sales and purchases of securities were recorded on trade date, which may result in receivables and payables on trades that had not yet settled at the financial statement date. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income is recorded when earned. Gains or losses (including investments bought, sold, and held during the year), and interest and dividend income are reflected in the statement of activities as increases or decreases in unrestricted net assets.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Investments are made according to the investment policies, guidelines, and objectives adopted by the Foundation's Board of Directors. These guidelines provide for investments in equities, fixed income, and other securities with performance measured against appropriate indices. The investments are generally managed and reviewed by outside investment managers contracted by the Foundation.

Investments in commercial properties are stated at estimated fair market values, which are determined based on valuations performed by appraisers or by management. These valuations are subjective judgments, and the actual fair market values of real estate investments can only be determined by negotiation between independent third parties in a sales transaction.

Investments in private real estate investment trusts are reported at fair value using the income approach in accordance with the fair value accounting standards.

WEINGART FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) INVESTMENTS (continued)

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized on long-lived assets during the year ended June 30, 2018.

(h) PROGRAM RELATED INVESTMENTS

In accordance with Internal Revenue Code (IRC) Section 4944, the Foundation is permitted to make investments in furtherance of its charitable purpose. At June 30, 2018, the Foundation had five program related investments in the form of unsecured loans to charitable organizations in the amount of \$6,362,348. The loans bear interest at an average interest rate of 2.2% per annum. The loan principals are to be repaid through June 2030.

(i) GRANTS

Grants, including conditional grants, are charged against operations when authorized by the Foundation's Board of Directors. The actual payment of the grant may not necessarily occur in the year of authorization. Based on historical grant cancellation rates and the Foundation's giving trend, management has determined that there is only a remote chance that the conditional grants will not be paid and considers the liability for grants payable at June 30, 2018 to be fairly stated. Grants which are expected to be paid beyond one year are discounted at an appropriate rate, which management has determined to be 3.4%. Amortization of the present value discount rate is recorded as additional grants expense.

(j) INCOME TAXES

The Foundation is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). The Foundation is subject to a 2% (1% if certain criteria are met) federal excise tax on net investment income. For the year ended June 30, 2018, the Foundation was subject to the 2% federal excise tax, which totaled \$527,826. Deferred excise taxes arise from the net unrealized appreciation in the fair value of investments and are calculated using the 2% excise tax rate, as the qualification for the 1% excise tax rate is usually not determined until the year in which the unrealized gains become realized.

The excise tax expense in the statement of activities consists of the following for the year ended June 30, 2018:

Current	\$	527,826
Deferred		(91,514)
TOTAL EXCISE TAX EXPENSE	\$	436,312

WEINGART FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the Foundation's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The Foundation uses proportional salary dollars to allocate indirect costs.

(l) COMPARATIVE TOTALS

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

(m) NEW ACCOUNTING PRONOUNCEMENTS

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*. The ASU eliminates the requirement to categorize investments in the fair value hierarchy if the fair value is measured at net asset value (NAV) per share (or its equivalent) using the practical expedient in the FASB's fair value measurement guidance. The Foundation adopted the provisions of this guidance during the year ended June 30, 2018.

In August 2016, FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which is intended to reduce complexity in financial reporting. The ASU focuses on improving the current net asset classification requirements and information presented in financial statements that is useful in assessing a nonprofit's liquidity, financial performance, and cash flows. For the Foundation, the ASU will be effective for the year ending June 30, 2019.

In February 2016, FASB issued ASU No. 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. The new standard will require organizations that lease assets with terms of more than 12 months to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU also will require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements and provide additional information about the amounts recorded in the financial statements. For the Foundation, the ASU will be effective for the year ending June 30, 2021.

(n) SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2018 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through September 14, 2018, the date these financial statements were available to be issued. The Foundation is not aware of any subsequent events which would require recording or disclosure in the financial statements.

WEINGART FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 3 - INVESTMENTS

The Foundation has implemented the fair value accounting standard for those assets that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset and include situations where there is little, if any, market activity for the asset.

The following table presents information about the Foundation's assets that are measured at fair value on a recurring basis at June 30, 2018, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2018	Fair Value Measurements Using			Net Asset Value Per Share or its Equivalent (NAV)
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
MARKETABLE SECURITIES:					
Fixed Income	\$ 198,185,958	\$ -	\$ -	\$ -	\$ 198,185,958
U.S. Equities	226,296,402	-	-	-	226,296,402
International Equities	172,423,179	-	-	-	172,423,179
Real Assets Fund	53,048,732	40,859,947	-	-	12,188,785
TOTAL MARKETABLE SECURITIES	649,954,271	40,859,947	-	-	609,094,324
REAL ESTATE:					
Private Real Estate					
Investment Trusts	142,469,056	-	-	-	142,469,056
TOTAL REAL ESTATE	142,469,056	40,859,947	-	-	142,469,056
TOTAL INVESTMENTS	\$ 792,423,327	\$ 40,859,947	\$ -	\$ -	\$ 751,563,380

WEINGART FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 3 - INVESTMENTS (continued)

The following is a rollforward of the amounts for the year ended June 30, 2018 for investments within Level 3:

	<u>Fair Value Measurements Using Significant Unobservable Inputs (Level 3)</u>
	<u>Commercial Properties</u>
Balance - July 1, 2017	\$ 7,650,000
Purchases	-
Sales	(7,194,879)
Unrealized and Realized Gains/Loss (Net)	<u>(455,121)</u>
<i>BALANCE - JUNE 30, 2018</i>	<u><u>\$ -</u></u>

The Foundation recognizes transfers at the beginning of each reporting period. Transfers between Level 1 and 2 investments generally relate to whether a market becomes active or inactive. Transfers between Level 2 and 3 investments relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety and when redemption rules become more or less restrictive. There were no transfers between levels during the year ended June 30, 2018.

The fair value of the marketable securities within Level 1 was obtained based on quoted market price at the closing of the last business day of the fiscal year.

The commercial properties previously held within Level 3 were sold during the year ended June 30, 2018.

Investments valued using NAV are comprised of interests in limited partnerships, corporations and trusts. These investments (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Investments are valued using the NAV provided by the fund managers or general partners. It is probable that the investments will be sold at an amount different from their fair value at June 30, 2018.

The following table summarizes the redemption frequency and notice period for the Foundation's investments using NAV as practical expedient at June 30, 2018:

WEINGART FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 3 - INVESTMENTS (continued)

	Total Fair Value	Redemption Frequency and Notice Period
Fixed Income	\$ 198,185,958	\$ 188,522,273 Redeemable Daily to Quarterly Upon 3-90 Day Notice, and \$9,633,685 Illiquid
U.S. Equities	226,296,402	Redeemable Daily to Monthly Upon 2-3 Day Notice
International Equities	172,423,179	Redeemable Daily to Monthly Upon 3-30 Day Notice
Real Asset Funds	12,188,785	Redeemable Daily Upon 3 Day Notice
Private Real Estate Investment Trusts	142,469,056	\$ 90,000,252 Redeemable Quarterly Upon 90 Day Notice, and \$50,468,804 Illiquid
<i>TOTAL</i>	<u>\$ 751,563,380</u>	

The illiquid investments provide distributions only upon liquidation of the underlying assets by respective fund managers. The fund managers estimate the underlying assets of these funds will be liquidated over one to ten years. Unfunded commitments amounted to approximately \$105,700,000 as of June 30, 2018

NOTE 4 - PROGRAM RELATED INVESTMENTS

Program related investments consist of the following:

	Funded	Unfunded
Nonprofit Corporation, Lending Capital for Production of Permanent Supportive Housing for Homeless Individuals, Unsecured, Interest Charged at 2%, Due June 2027	\$ 3,750,000	\$ 1,250,000
Nonprofit Organization, Capital Campaign Bridge Financing for a Recreational and Cultural Center, Unsecured, Interest Charged at 2%, Due October 2020	1,500,000	-
Limited Liability Company, Lending Capital for Production and Preservation of Affordable Housing for Low-Income Individuals, Unsecured, Interest Charged at 2%, Due June 2030	500,000	1,000,000
Nonprofit Corporation, Lending Capital to Increase Access to Healthy and Affordable Food in Underserved Communities, Unsecured, Interest Charged at 2%, Due February 2028	112,348	887,652
Nonprofit Organization, Working Capital for Service Expansion into an Underserved Community, Unsecured, Interest Charged at 3%, Due November 2018	500,000	-
<i>TOTAL PROGRAM RELATED INVESTMENTS</i>	<u>\$ 6,362,348</u>	<u>\$ 3,137,652</u>

WEINGART FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 4 - PROGRAM RELATED INVESTMENTS (continued)

Evaluation during the due diligence process is based on an assessment of the borrower's management and governance, financial performance, and various risks and mitigating factors. The Foundation regularly monitors each loan by reviewing quarterly and annual reporting as well as the borrower's financial standing.

The Foundation has entered into a third party loan guarantee for the repayment of a \$6,000,000 loan. The term of the guarantee is a three year period ending September 8, 2020. Upon default by the unrelated third party and through the terms of a reimbursement agreement, the Foundation can recover any payments made on behalf of the unrelated third party. The Foundation evaluated the need to record a contingent liability based on the net present value of the guarantee. The Foundation concluded that the recording of a contingent liability was not required at June 30, 2018. As of June 30, 2018, the unrelated third party has complied with the terms of the loan agreement.

NOTE 5 - GRANTS PAYABLE

Grants authorized but unpaid at June 30, 2018 are reported as liabilities. The following is a summary of grants authorized and payable at June 30, 2018:

To Be Paid in Less than One Year	\$ 4,278,500
To Be Paid in One to Five Years	<u>9,000,000</u>
TOTAL	13,278,500
Less: Present Value Discount (3.4%)	<u>(591,317)</u>
TOTAL GRANTS PAYABLE	<u>\$ 12,687,183</u>

Included in grants payable are authorized grants totaling \$4,972,500 that are contingent upon certain requirements being met by the grantees.

Grant activity during the year ended June 30, 2018 is summarized as follows:

Grants Approved in Prior Years	
Pending Payment	\$ 8,842,189
Grants Approved in Current Year	<u>34,435,887</u>
TOTAL GRANTS APPROVED	43,278,076
Less: Grants to be Paid in Subsequent Years	(12,687,183)
Add: Movement in Present Value Discount	<u>(553,506)</u>
GRANTS PAID IN CURRENT YEAR	<u>\$ 30,037,387</u>

The Foundation is required to distribute annually, to qualifying charitable organizations, an amount equal to 5% of the average fair market value of the Foundation's assets (the minimum distribution). If the Foundation does not distribute the required minimum distribution, a one-year grace period is granted to distribute the undistributed income. If undistributed income is not distributed by the close of the following tax year, a minimum 30% penalty under Internal Revenue Code (IRC) §4942(a) will apply. The Foundation met the IRC grant distribution requirement for the year ended June 30, 2018.

WEINGART FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 6 - LEASES

The Foundation has a non-cancellable operating lease for its current office space which expired in July 2018. In January 2018, the Foundation entered into a non-cancelable operating lease for its new office space with an expiration date in June 2029. The lease contains provisions for a base rent, subject to fixed escalation, with rent abatement and tenant improvement allowance, plus reimbursement for certain operating expenses.

Minimum future rental expense on the non-cancelable lease at June 30, 2018 is as follows:

Years Ending June 30

2019	\$	74,856
2020		596,774
2021		669,817
2022		690,331
2023		710,845
Thereafter		<u>4,732,547</u>
TOTAL	\$	<u>7,475,170</u>

Rent expense for the year ended June 30, 2018 was \$301,152.

NOTE 7 - RETIREMENT PLAN

The Foundation offers its full-time employees a 403(b) defined contribution pension plan. Under the provisions of the plan, the Foundation makes annual contributions up to certain limits prescribed by Internal Revenue Service regulations. Contributions vest immediately and investments are employee-directed. The Foundation contributed \$479,847 to the plan during the year ended June 30, 2018 on behalf of its employees.

NOTE 8 - RELATED PARTY TRANSACTIONS

The Foundation's Board of Directors has adopted a conflict of interest policy and re-affirms its belief that its mission is fostered by having on the Board persons active in the community, including those who serve on the boards of organizations who are or may become grant recipients. The conflict of interest policy is intended to assure grantees of the Foundation that decisions of the Foundation are made objectively with full knowledge of the involvement, if any, of the Board and staff and their immediate family members with grant-seeking agencies. Board members with an affiliation with the grantees were not involved in the grant making decision process.

The Board of Directors was compensated for performance of Board services during the year ended June 30, 2018.