The Schmidt Family Foundation and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2013 and 2012

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member
of BDO International Limited, a UK company limited by guarantee.

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Independent Auditor's Report

To the Board of Directors of
The Schmidt Family Foundation and Subsidiaries
Palo Alto, California

We have audited the accompanying consolidated financial statements of The Schmidt Family Foundation and its subsidiaries (collectively referred to as the "Foundation"), a California non-profit public benefit corporation, which comprise the consolidated statements of financial position as of December 31, 2013 and 2012, 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 consolidated 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 Foundation'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 Foundation'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 Schmidt Family Foundation and its subsidiaries as of December 31, 2013 and 2012, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

September 30, 2014

Consolidated Financial Statements

The Schmidt Family Foundation and Subsidiaries

Consolidated Statements of Financial Position

December 31,	2013	2012
Assets		
Cash and cash equivalents	$ 9,586,024	$ 36,914,392
Investments	389,971,628	259,523,671
Investment related receivables	181,180	4,005,255
Program-related investments, net	3,252,323	2,901,305
Prepaid excise tax, expenses and deposits	133,842	859,751
Property and equipment, net	8,889,862	7,985,506
Total Assets	$ 412,014,859	$ 312,189,880
Liabilities and Net Assets		
Accounts payable and other liabilities	$ 3,199,623	$ 1,802,046
Grants payable	6,819,843	6,608,400
Total Liabilities	10,019,466	8,410,446
Commitments		
Net assets - unrestricted	401,995,393	303,779,434
Total Liabilities and Net Assets	$ 412,014,859	$ 312,189,880

See accompanying notes to the consolidated financial statements.

The Schmidt Family Foundation and Subsidiaries

Consolidated Statements of Activities and Changes in Net Assets

Year Ended December 31,	2013	2012
Revenues and Other Support		
Contributions	$ 57,617,956	$ 143,260,275
Net realized and unrealized gains on investments	69,770,149	11,269,152
Dividend, interest and other investment income	3,031,668	1,751,103
Rental and other income	428	8,928
Investment related expenses	(1,160,898)	(504,493)
Federal excise and income taxes	(5,141,312)	(944,075)
Net Revenue and Other Support	124,117,991	154,840,890
Expenses		
Program services - grants awarded	19,447,644	21,874,773
Program services - direct charitable	5,993,508	3,746,394
Management and general	460,880	369,728
Total Expenses	25,902,032	25,990,895
Change in net assets	98,215,959	128,849,995
Net assets, Unrestricted, beginning of period	303,779,434	174,929,439
Net Assets, Unrestricted, end of period	$ 401,995,393	$ 303,779,434

See accompanying notes to the consolidated financial statements.

The Schmidt Family Foundation and Subsidiaries

Consolidated Statements of Cash Flows

Year Ended December 31,	2013	2012
Cash Flows from Operating Activities		
Change in net assets	$ 98,215,959	$ 128,849,995
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized gains on investments	(69,770,149)	(11,269,152)
Contributed property and investments	(57,007,772)	(143,260,275)
Depreciation and amortization	160,015	110,017
Changes in operating assets and liabilities:		
Investment related receivables	3,824,075	(3,922,113)
Prepaid excise tax, expenses and deposits	725,909	(557,281)
Accounts payable and other liabilities	1,397,577	955,947
Grants payable	211,443	4,365,945
Net Cash Used by Operating Activities	(22,242,943)	(24,726,917)
Cash Flows from Investing Activities		
Program-related investments, net	(351,018)	(600,882)
Acquisition and sales of property and equipment	(102,371)	(194,470)
Purchases of investments	(224,575,631)	(12,213,824)
Distributions from investments	5,125,338	1,970,520
Proceeds from sale of investments	214,818,257	65,118,442
Net Cash Provided by Investing Activities	(5,085,425)	54,079,786
Increase in Cash and Cash Equivalents	(27,328,368)	29,352,869
Cash and Cash Equivalents at Beginning of Year	36,914,392	7,561,523
Cash and Cash Equivalents at End of Year	$ 9,586,024	$ 36,914,392

See accompanying notes to the consolidated financial statements.

1. Organization and Operations

The Schmidt Family Foundation (the "Foundation") was incorporated on January 24, 2006 as a California non-profit public benefit corporation that supports activities for charitable, scientific, literary, and educational purposes. The Foundation's mission is to advance the creation of an increasingly intelligent relationship between human activity and the use of the world's natural resources. The Foundation's support and revenue comes primarily through contributions and investment returns.

Greenhound, LLC ("Greenhound"), a wholly owned subsidiary of the Foundation, was formed to further the Foundation's mission by working with the town of Nantucket, Massachusetts and the regional transit authority in developing a zero-emission transit operation model for the island's seasonal bus system. The goal is to reduce traffic congestion in the historic downtown streets and offer islanders and visitors an attractive mass transit option. The Greenhound facilities include a plot of land with a building, and is used by various governmental and non-profit organizations as a public transit bus depot, adult community school and food pantry.

ReMain Nantucket, LLC (“ReMain”) is a wholly owned subsidiary of the Foundation. ReMain is an island-based philanthropic organization established and dedicated to strengthening the lasting economic, environmental and social vitality of downtown Nantucket, Massachusetts.

ReMain 54, LLC (“ReMain 54”) is a wholly owned subsidiary of the Foundation. ReMain 54 owns real property currently being held as an investment rental property.

The 11th Hour Project, the Foundation's main direct charitable program, works to promote a fuller understanding of the impact of human activity within the web of interdependent living systems. Together with the Foundation, they connect organizations with good information on how to develop a more responsible relationship with the world's water, energy, and food resources.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Foundation and its wholly owned subsidiaries, Greenhound, LLC, ReMain Nantucket, LLC and ReMain 54, LLC, after elimination of intercompany accounts and transactions.

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting which recognizes revenue and support when earned and expenses when incurred and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Consolidated financial statement presentation follows the recommendations of the Financial Accounting Standards Board ("FASB") for not-for-profit entities. The Foundation is required to report information regarding its consolidated financial position and activities according to three classes of net assets: permanently restricted, temporarily restricted, and unrestricted net assets. Unrestricted net assets have no donor-imposed restrictions and include those revenues and expenses associated with program and supporting services. As of December 31, 2013 and 2012, all of the Foundation's net assets were classified as unrestricted net assets.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates include excise tax and other accruals and the valuation of investments.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and money market funds. The Foundation considers all highly liquid investments with maturity of three months or less at the date of purchase to be cash equivalents.

Cash and cash equivalents are maintained at financial institutions, and at December 31, 2013, are insured under a federal program to the extent of $250,000 per depositor at each financial institution. Interest bearing accounts at December 31, 2013 and 2012 approximated $9,099,722 and $36,794,500, respectively. The Foundation has not experienced any losses related to these balances.

Receivables

Receivables include accounts receivable, proceeds from sales in transit due from broker, interest receivable from program related investment loans, and other dividend and interest earnings outstanding at year-end.

Investments

All investments are recorded at fair value in accordance with GAAP.

Publicly Traded Securities

The Foundation invests in marketable securities. All equity securities are carried at quoted market prices as of the last trading date of the year. Unrealized gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains or losses resulting from sales of equity securities, including mutual funds, are based on the trade date and calculated on an adjusted cost basis. The adjusted cost, as a result of reinvested dividends, is the estimated fair value of the equity securities at the beginning of the year or the cost if purchased during the year. Realized gains and losses resulting from the sales of marketable securities are calculated on an actual cost basis. Dividend and interest income are accrued when earned.

Mutual Funds

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

Alternative Investments

The Foundation invests in alternative investments, including investments in limited partnerships and investment funds. The investment partnerships and funds are valued based on the NAV, as reported by the partnership or fund. The NAV of each partnership or fund is based on the value of the underlying assets owned by the fund minus its liabilities. The NAV is used as a practical expedient to estimate fair value, and is not used when it is determined to be probable that the Foundation will sell the investment for an amount different than the reported NAV. To the extent that these partnerships invest in publicly traded securities, the investments are included at quoted market prices as described above. The remaining investments are carried at estimated fair values as determined by the investment manager of these securities after giving consideration to operating results, financial condition, recent sales prices of issuers' securities and other pertinent information. These investments are valued at the Foundation's pro rata interest in these investment companies. Because of the inherent uncertainty of valuations, however, these estimated fair values may differ from the values that would have been used had a ready market for the securities existed, and the differences could be material.

Property and Equipment, Net

Purchased property and equipment are stated at cost. Acquisitions of property and equipment in excess of $750 are capitalized. Significant donated property and equipment are recorded at fair value at the date of receipt. If donors stipulate how long or for what purpose the assets must be used, the contributions would be recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Depreciation and amortization is computed on a straight-line basis over the estimated useful lives of the particular assets generally estimated as follows: buildings 39 years, furniture and equipment 3 to 15 years, and building improvements over the lesser of the assets' estimated useful lives or the term of the applicable lease. Expenditures for maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

Program Related Investments, Net

The Foundation makes loans and investments to advance its charitable purpose. Program related investments consist of loans outstanding that bear a below-market interest rate in either a senior or subordinated position. Loans are measured at fair value at inception to determine if a contributions element exists. Loans are recorded on a net basis to reflect a discount on loan receivable (if a contributions element exists) or a reasonable loss reserve. The loss reserve estimate is reviewed on an annual basis and adjusted if collectability risk has significantly changed based on the Foundation’s understanding of the borrower’s financial health and/or payment history.

At December 31, 2013 and 2012, the Foundation's program-related investments totaled $3,252,323 and $2,901,305, respectively. Interest is calculated on the outstanding loan amounts at an annual interest rate ranging from 0.19% to 2.5% and is due at maturity with the principal. The loans are discounted at the federal risk free rate valid for the year the note was made. Included in the program related investments are two related party loan receivables at $2,000,002 and $2,350,002 at December 31, 2013 and 2012, respectively. Management reviewed the collectability of the program-related investments, including related party loans, and determined no additional impairment is required to be recorded as of December 31, 2013.

In a prior year, one of the related party loans was impaired by $1,999,998. In January 2014, the Foundation agreed to formally forgive the principal of the loan in the form of a conditional matching grant as the related entity raises funds. No amounts have yet been forgiven under this agreement.

Program-related investment impairments, if any, are recorded in Program services – direct charitable expense in the accompanying Consolidated Statements of Activities and Changes in Net Assets. No program-related investment write-offs or impairments were recorded in 2013 and 2012.

Long Lived Assets

The Foundation reviews long lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of any assets may not be recoverable.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities include the Foundation's trade accounts payable, other liabilities incurred in the normal course of operations including current and deferred taxes payable, and professional service fees due to a related party of the Foundation.

Grants

Grant expenditures are made in accordance with the Foundation’s mission and are recognized in the period the grant is approved and the recipient is notified, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions. Grants payable that are expected to be paid in future years are recorded at the present value of expected future payments.

Contributions and Revenue Recognition

Contributions received are recognized as revenue at their fair value in the period the contribution is received, and to date have consisted primarily of public stock, donated services, and donated equipment. Contributions of public stock are recorded at quoted market prices at the date of donation. In-kind contributions of donated construction services, supplies, and equipment are recorded at estimated fair value at date of donation based on market information and invoices and other information provided by the donors. The Foundation has been funded primarily through contributions received from the Founders. To date, such contributions have been unrestricted.

Functional Expense Allocations

The Foundation’s operating costs have been summarized on a functional basis as grants awarded, direct charitable and management and general expenses on the Consolidated Statements of Activities and Changes in Net Assets.

Fair Value of Financial Instruments

Financial instruments included in the Foundation's Consolidated Statements of Financial Position as of December 31, 2013 and 2012 include cash and cash equivalents, investments, investment related receivables, and program-related investments. For cash and cash equivalents and investment related receivables, the carrying amounts approximate fair value due to their short maturity. Investments and program-related investments are reflected in the accompanying Consolidated Statements of Financial Position at their estimated fair values using methodologies described above.

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to credit risk consist primarily of cash and cash equivalents, investments, investment related receivables and program-related investments. The Foundation maintains cash and cash equivalents with commercial banks and other major financial institutions. Cash equivalents include overnight investments and money market funds. The Foundation's investments and investment related receivables have been placed with established financial institutions. The Foundation monitors these investments and has not experienced any credit losses.

The credit risk associated with the program-related investment loan receivables is monitored closely through review of financial reports received periodically during the year.

Accounting for Income Taxes

The Foundation is a qualified organization exempt from federal and state tax under the provisions of Section 501(c)(3) of the Internal Revenue Code and applicable state codes. Therefore, no provision for federal or state income tax is reflected in the financial statements. However, to the extent the Foundation carries out investment activities that are subject to the unrelated business income tax, it is subject to income taxation at ordinary corporate rates.

The Foundation follows authoritative accounting guidance which prescribes a threshold and measurement attribute for the financial recognition and measurement of a tax position taken or expected to be taken in a tax return. The guidance also provides for de-recognition of tax benefits, classification on the statement of financial position, interest and penalties, accounting in interim periods, disclosure and transition. The guidance utilizes a two-step approach for evaluating uncertain tax positions. Step one, Recognition, requires the Foundation to determine if the weight of available evidence indicates that a tax position is more likely than not to be sustained upon audit, including resolution of related appeals or litigation processes, if any. If a tax position is not considered “more likely than not” to be sustained then no benefits of the position are to be recognized. Step two, Measurement, is based on the largest amount of benefit, which is more likely than not to be realized on ultimate settlement.

The Foundation evaluated its tax provisions for any potential uncertain tax positions. The Foundation does not believe its consolidated financial statements include any uncertain tax positions which are not deemed more likely than not to be sustained if challenged.

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3. Investments

At December 31, 2013 and 2012, portfolio investments are recorded at fair value. The estimated fair values of the Foundation's portfolio investments are as follows:

December 31,	2013	2012
Stocks	$ 61,791,467	$ 120,669,832
Fixed income / Bonds	55,056,475	22,463,851
Exchange-traded funds / Mutual funds	133,983,242	38,854,471
Alternative investments	139,140,444	77,535,517
Total	$ 389,971,628	$ 259,523,671

The following schedule summarizes the investment returns:

For the Year Ended December 31,	2013	2012
Net realized gains	$ 41,566,701	$ 5,155,461
Net unrealized gains	28,203,448	6,113,691
Net realized and unrealized gains	69,770,149	11,269,152
Dividend income	2,982,350	1,734,099
Interest income	35,419	10,754
Other investment income	13,899	6,250
Total dividend, interest and other investment income	3,031,668	1,751,103
Less: investment related expenses	(1,160,898)	(504,493)
Net investment returns	$ 71,640,919	$ 12,515,762

At December 31, 2013, the Foundation had investments in the following marketable securities in excess of 10% of the total investment portfolio:

Google Class A Stock	$ 61,791,467	16%

At December 31, 2012, the Foundation had investments in the following marketable securities in excess of 10% of the total investment portfolio:

Google Class A Stock	$ 120,669,832	46%

4. Fair Value Measurements

The fair market value of a financial instrument is defined in authoritative accounting guidance as "the amount at which the instrument could be exchanged in a current transaction between willing parties." The carrying amounts reported in the accompanying Consolidated Statements of Financial Position for cash and cash equivalents and investments approximate fair value given the nature of the financial instruments or are based on a recurring assessment of fair value.

As defined, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Foundation utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Foundation primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information. Accordingly, the Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The Foundation is able to classify fair value balances based on the observability of those inputs.

The Foundation's assessment of the significance of a particular input to the fair value measurements requires judgment, and may affect the valuation of fair value of assets and liabilities and their placement within the fair value hierarchy levels. Also, the time between inception and performance of the contract may affect the fair value. The determination of fair value may, therefore, affect the timing of recognition of revenues and net income.

Authoritative accounting guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 Inputs: Valuation based on quoted prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Inputs: Valuation based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, that is markets in which there are few transactions, prices are not current, or prices vary substantially over time.

Level 3 Inputs: Valuation based on inputs that are unobservable for an asset or liability and shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. This input therefore reflects the Foundation's assumptions about what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

An investment's classification within a level in the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. The categorization of the investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Foundation's perceived risk of that investment.

The following are the major categories of investments measured at fair value on a recurring basis during the year ended December 31, 2013, using quoted prices in active markets for identical assets (Level 1) and significant unobservable inputs (Level 3):

December 31, 2013	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 3: Significant Unobservable Inputs	Total
Money market fund*	$ 1,266,215	$ -	$ 1,266,215
Investments:			
Domestic stocks:			
Technology	61,791,467	-	61,791,467
Exchange-traded funds / Mutual funds:			
Commodities	8,460,359	-	8,460,359
International equity	120,541,118	-	120,541,118
Fixed income / Bonds	55,056,475	-	55,056,475
Real Estate	4,981,765	-	4,981,765
Alternative investments:			
Hedge funds	-	58,442,813	58,442,813
Venture capital / Private equity	-	36,083,209	36,083,209
Real estate	-	11,296,594	11,296,594
Fund of funds – private equity	-	14,051,341	14,051,341
Fund of funds – hedge fund	-	19,266,487	19,266,487
Total Investments	$ 250,831,184	$ 139,140,444	$ 389,971,628
Total	$ 252,097,399	$ 139,140,444	$ 391,237,843

*Included in Cash and Cash Equivalents on the Consolidated Statements of Financial Position.

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The following are the major categories of investments measured at fair value on a recurring basis during the year ended December 31, 2012, using quoted prices in active markets for identical assets (Level 1) and significant unobservable inputs (Level 3):

December 31, 2012	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 3: Significant Unobservable Inputs	Total
Money market fund*	$ 34,517,400	$ -	$ 34,517,400
Investments:			
Domestic stocks:			
Technology	120,669,832	-	120,669,832
Exchange-traded funds / Mutual funds:			
Large cap equity	6,412,423	-	6,412,423
International equity	32,442,048	-	32,442,048
Fixed income / Bonds	22,463,851	-	22,463,851
Alternative investments:			
Hedge funds	-	20,568,762	20,568,762
Venture capital / Private equity	-	28,329,433	28,329,433
Real estate	-	1,624,728	1,624,728
Fund of funds – private equity	-	10,125,549	10,125,549
Fund of funds – hedge fund	-	16,887,045	16,887,045
Total Investments	$ 181,988,154	$ 77,535,517	$ 259,523,671
Total	$ 216,505,554	$ 77,535,517	$ 294,041,071

* Included in Cash and Cash Equivalents on the Consolidated Statements of Financial Position.

During the years ended December 31, 2013 and 2012, there were no transfers in or out of Level 1, Level 2, and Level 3.

The following table presents the Foundation's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31,:

	2013	2012
Beginning balance	$ 77,535,517	$ 69,231,257
Contributions to investments	47,984,637	10,984,227
Distributions from investments	(4,300,220)	(2,698,607)
Gains/(Losses):		
Realized	3,158,223	2,903,209
Unrealized	14,762,287	(2,884,569)
Ending balance	$ 139,140,444	$ 77,535,517
Unrealized gains/(losses) related to investments still held at December 31	$ 14,762,287	(2,884,569)

Net Asset Value (NAV) Per Share

The Foundation's alternative investments consist of funds for which fair value is not readily determinable and whose fair value is estimated using the net asset value per share or its equivalent.

The following table sets forth a summary of the Foundation's investments with a reported NAV as of December 31, 2013:

December 31, 2013	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Alternative investments:				
Hedge funds	$ 58,442,813	$ -	Quarterly-Annually	30-90 days
Venture capital / Private equity	36,083,209	4,302,237	None	N/A
Real estate	11,296,594	493,031	None	N/A
Fund of funds – private equity	14,051,341	3,550,000	None	N/A
Fund of funds – hedge fund	19,266,487	-	Quarterly-Annually	30-90 days
Total	$ 139,140,444	$ 8,345,268		

5. Property and Equipment, Net

Total property and equipment consists of the following:

December 31,	2013	2012
Land	$ 5,723,339	$ 5,723,339
Buildings	1,257,573	1,257,574
Building improvements	1,896,789	922,771
Furniture and equipment	543,406	453,052
Total property and equipment	9,421,107	8,356,736
Less: accumulated depreciation	(531,245)	(371,230)
Total property and equipment, net	$ 8,889,862	$ 7,985,506

Depreciation expense for the years ended December 31, 2013 and December 31, 2012 was $160,015 and $110,017, respectively.

A donation of building improvements, office furniture, fixtures and equipment, at an estimated fair value of $962,000 has been recorded for the year ended December 31, 2013. This donation was made to the Foundation from a related party entity for the Foundation's main office relocation.

6. Grants Payable

As of December 31, 2013 and 2012, the Foundation had various multi-year grants payable in the amounts of $6,819,843 and $6,608,400, respectively.

The maturities of the Foundation's multi-year grants are expected to be as follows:

Years Ended December 31,	Amount
2014	$ 5,334,500
2015	890,000
2016	295,000
2017	305,000
Thereafter	-
Total	6,824,500
Less discount to reflect grants payable at present value	(4,657)
Grants Payable, net	$ 6,819,843

7. Federal Excise Taxes and Distribution Requirements

Distribution Requirements

The Foundation is subject to distribution requirements of the Internal Revenue Code. Accordingly, it must distribute within one year after the end of each fiscal year 5% of the fair value of its investment assets, as defined. The investments includable for the 5% distribution requirement are based on average monthly balances and are exclusive of those investments deemed to be held for charitable activities. In determining qualifying distributions, grant payments are considered on a cash basis and certain expenses are considered as qualifying distributions. For the years ended December 31, 2013 and 2012, the Foundation has complied with the distribution requirements.

Federal Excise and Income Taxes

In accordance with the applicable provisions of the Internal Revenue Code, the Foundation is a private foundation and qualifies as a tax exempt organization. Private foundations are liable for an excise tax of 2% (1% if minimum payout requirements prescribed by the Internal Revenue Code are met) on net investment income, excluding unrealized gains, as defined.

Deferred taxes arise due to temporary differences between reported amounts of investments and their tax basis. Deferred taxes also arise for the difference between the cash basis used for tax purposes and the accrual basis used for financial statement purposes for investment activities. Deferred federal excise taxes on unrealized depreciation or appreciation is calculated using the 2% tax rate since the qualification for the 1% tax is not determinable until the year in which losses or gains are realized.

Deferred federal excise tax liability at December 31, 2013 and 2012 was $2,256,000 and $500,000, respectively, and is included in accrued and other liabilities in the accompanying Consolidated Statements of Financial Position.

In addition, income from certain investments is subject to unrelated business income tax. The expense provision for excise and income taxes consists of the following:

December 31,	2013	2012
Excise tax:		
Current	$ 3,289,076	$ 789,075
Deferred	1,756,000	140,000
Unrelated business income tax	96,236	15,000
Total excise and income taxes	$ 5,141,312	$ 944,075

8. Management and General Expenses

Management and general expenses consisted of the following:

December 31,	2013	2012
Management service fees	$ 45,629	$ 49,479
Professional fees	68,480	75,569
Office rent	42,134	31,318
Other	304,637	213,362
Total management and general expenses	$ 460,880	$ 369,728

The management service fees noted above are for services provided by a related party. See Note 10.

9. Commitments

The Foundation has entered into operating lease agreements in California, Massachusetts and Rhode Island to lease certain of its facilities. Rent expense for the Foundation under these agreements for the years ended December 31, 2013 and 2012 was $459,507 and $351,830, respectively.

Future minimum annual lease payments required under these agreements are as follows:

Year Ended December 31,	Amount
2014	$ 896,214
2015	900,595
2016	645,855
2017	369,088
Thereafter	36,000
Total	$ 2,847,752

10. Related Party Transactions

Publicly traded stock, valued at approximately $56,045,000 and $143,260,000, was donated by the Founders in 2013 and 2012, respectively. The Foundation's sales of donated publicly traded stock were made during the Foundation's open window period, in which the Foundation was permitted to trade in pursuant to trading plans intended to comply with the provisions of Rule 10b5-1 under the Securities Exchange Act of 1934.

Donated services, building renovations, property and equipment, valued at approximately $1,572,000, were received from the Founders and its related entities in 2013.

The Foundation subleased private office spaces within its leased property to a 501(c)(3) tax-exempt organization of which the President of the Foundation is a member of the sublessee's Board of Directors. The sublease originated in 2008 and ended in January 2013. Rental income received was $425 and $9,350 in 2013 and 2012, respectively.

The Foundation has an agreement for professional services with an organization where one of the members of the Foundation's Board of Directors has an ownership interest. For the years ended December 31, 2013 and 2012, the Foundation incurred expense to this related organization of $996,480 and $427,585, respectively, for investment services, charitable program management, accounting, human resources and information technology services, of which $441,858 and $137,429 is included in accounts payable at December 31, 2013 and 2012, respectively. $45,629 and $49,479 of the expense was allocated to management and general expenses for the years ended December 31, 2013 and 2012, respectively. See Note 8.

In 2013, the Foundation awarded grants totaling $2,775,000 to various related party organizations, of which $675,000 were multi-year grants. In 2012, the Foundation awarded grants totaling $5,770,000 to various related party organizations, of which $2,750,000 were multi-year grants.

The Foundation has program-related investment loans outstanding to two related party organizations, where one of the Foundation's board members is a board member of both organizations. As discussed in Note 2, based on financial condition and other economic factors, one of the loans is carried at a nominal value. In 2014, the Foundation agreed to formally forgive the principal of the loan in the form of a conditional matching grant as the related entity raises funds. No amounts have yet to be forgiven under this agreement.

11. Subsequent Events

In 2014, through the issuance date of the financial statements, the Foundation paid grants totaling $1,775,000 to various related party organizations.

The Foundation has evaluated subsequent events through September 30, 2014, the date that the financial statements were available to be issued, and did not note any events that would require adjustment to or disclosure in these financial statements.