

FISA Foundation

Financial Statements

Years Ended June 30, 2018 and 2017
with Independent Auditor's Report

MaherDuessel

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FISA FOUNDATION

YEARS ENDED JUNE 30, 2018 AND 2017

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Independent Auditor's Report

Board of Directors FISA Foundation

We have audited the accompanying financial statements of FISA Foundation (FISA), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's 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 audits 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 FISA as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mahe Duessel

Pittsburgh, Pennsylvania
October 19, 2018

FISA FOUNDATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash	\$ 218,761	\$ 186,484
Investments	40,813,824	40,129,590
Prepaid taxes	6,178	10,039
Other assets	5,650	4,774
Furniture, fixtures, and equipment - less accumulated depreciation of \$4,080 and \$3,060, respectively	1,020	2,040
Total Assets	<u>\$ 41,045,433</u>	<u>\$ 40,332,927</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 15,214	\$ 20,980
Grants payable	141,000	236,625
Accrued compensation and amounts withheld from compensation	18,698	16,454
Total Liabilities	<u>174,912</u>	<u>274,059</u>
Net Assets:		
Unrestricted	40,655,185	40,058,868
Temporarily restricted	95,000	-
Permanently restricted	120,336	-
Total Net Assets	<u>40,870,521</u>	<u>40,058,868</u>
Total Liabilities and Net Assets	<u>\$ 41,045,433</u>	<u>\$ 40,332,927</u>

See accompanying notes to financial statements.

FISA FOUNDATION

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Unrestricted Net Assets:		
Revenues, gains, and other support:		
Contributions	\$ 16,872	\$ 15,131
Investment income (loss) - net of expenses of \$183,915 and \$171,735, respectively	2,634,481	4,762,033
Net assets released from restrictions	5,000	-
Total revenues, gains, and other support	2,656,353	4,777,164
Expenses:		
Program expenses:		
Program grants	1,463,973	1,192,930
Direct charitable expenses	228,897	225,069
Total program expenses	1,692,870	1,417,999
Management and general expenses:		
Salaries, wages, and benefits	123,429	120,929
Office operations	116,988	121,280
Insurance	4,995	4,933
Legal and professional	46,086	32,150
Depreciation	1,020	1,020
Excise tax	18,861	13,814
Other expenses	18,767	9,833
Total management and general expenses	330,146	303,959
Total expenses	2,023,016	1,721,958
Excess (Deficiency) of Revenues, Gains, and Other Support Over Expenses	633,337	3,055,206
Discontinued operations revenues (expenses):		
Other	(37,020)	(18,555)
Change in Unrestricted Net Assets	596,317	3,036,651
Temporarily Restricted Net Assets:		
Contributions	100,000	-
Net assets released from restriction	(5,000)	-
Change in Temporarily Restricted Net Assets	95,000	-
Permanently Restricted Net Assets:		
Contributions	120,336	-
Change in Permanently Restricted Net Assets	120,336	-
Change in Net Assets	811,653	3,036,651
Net Assets:		
Beginning of year	40,058,868	37,022,217
End of year	\$ 40,870,521	\$ 40,058,868

See accompanying notes to financial statements.

FISA FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash Flows From Operating Activities:		
Change in net assets	\$ 811,653	\$ 3,036,651
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,020	1,020
Net (appreciation) depreciation of investments	(740,194)	(3,373,113)
Change in:		
Prepaid taxes	3,861	13,814
Other assets	(876)	-
Accounts payable and accrued compensation	(3,522)	8,892
Grants payable	(95,625)	(297,023)
Total adjustments	(835,336)	(3,646,410)
Net cash provided by (used in) operating activities	(23,683)	(609,759)
Cash Flows From Investing Activities:		
Purchase of investments	(4,072,852)	(2,209,590)
Proceeds from sale of investments	4,128,812	2,851,845
Net cash provided by (used in) investing activities	55,960	642,255
Net Increase (Decrease) in Cash	32,277	32,496
Cash:		
Beginning of year	186,484	153,988
End of year	\$ 218,761	\$ 186,484
Supplemental Information:		
Excise tax paid	\$ 15,000	\$ -

See accompanying notes to financial statements.

FISA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

1. Organization and Summary of Accounting Policies

Organization

FISA Foundation (FISA) is a private non-operating foundation whose principal activity is awarding charitable grants to nonprofit organizations in southwestern Pennsylvania. Its mission is to build a culture of respect and improve the quality of life for three populations: women, girls, and people with disabilities. FISA envisions a community where these three populations reach their full potential, are safe and healthy, and participate fully in community life, thus enriching their own lives and those of others.

Since 1911, FISA Foundation and its predecessors, Harmarville Convalescent Home for Women and Harmarville Rehabilitation Center, have focused on addressing important but overlooked issues affecting the lives of its target populations. Over the intervening century, FISA's mission has remained consistent, but the nature of its activities has evolved to meet changing needs. Initially the organization provided direct services, and today it provides financial support for a network of nonprofit organizations that benefit women, girls, and people with disabilities.

FISA strives to raise awareness and promote positive systemic change. Besides grantmaking, FISA furthers its mission through a variety of other activities. The most significant of these activities include:

- Leading programs like Southwest PA Says No More, a regional effort to address gender-based violence. This collaboration with United Way of Southwest PA and other nonprofits and funders seeks to build community leadership to prevent sexual assault and domestic violence.
- Providing leadership and administrative support for periodic events and programs, including co-producing *ReelAbilities*, a disability-themed film festival.
- Convening and participating in workgroups to address strategic issues and gaps in service.

With its exclusive focus on three underserved and under-funded populations, FISA provides effective community leadership on issues related to women, girls, and people with disabilities.

FISA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. FISA's net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of FISA and changes therein are reported as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets

Net assets whose use is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of FISA pursuant to those stipulations. At June 30, 2018 and 2017, FISA had temporarily restricted net asset balances totaling \$95,000 and \$0, respectively. During 2018, FISA received a temporarily restricted contribution of \$100,000 and released \$5,000 of that amount. The remaining \$95,000 is restricted to be spent on individuals with disabilities in Southwestern Pennsylvania. FISA did not have any temporarily restricted contribution activity during 2017.

Permanently Restricted Net Assets

Net assets whose use is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by the actions of FISA. FISA's permanently restricted net assets includes FISA's portion of funds held in a perpetual trust.

Cash

Cash consists of demand deposits held in financial institutions.

Investments

Investments in equity securities and investments in debt securities are stated at fair value based on quoted market prices within active markets. Private equity and hedge funds are also carried at fair value as described in Note 2. The cost assigned to investments received by gift is the fair value at the date the gift is received. Investment income or loss (including

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YEARS ENDED JUNE 30, 2018 AND 2017

realized and unrealized gains and losses on investments, interest, and dividends) is included in revenues, gains, and other support. Net realized gains/losses are determined using the specific identification method.

In accordance with Internal Revenue Service regulations, FISA is generally required to distribute at least 5% of its investable assets each year. After considering the long-term expected return on its investment assets and the possible effect of inflation, FISA's Board of Directors has established a policy of spending only the required 5% of investable assets annually. FISA's investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Funds are invested in a well-diversified asset mix, which includes primarily equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Therefore, FISA expects its investment assets, over time, to produce an average rate of return of approximately 7% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total investment portfolio, investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Furniture, Fixtures, and Equipment

Office furniture, fixtures, and equipment over \$5,000 are recorded at cost. Depreciation is provided by the straight-line method over the estimated useful lives of the related assets.

Grants Payable

Grants payable represents all unconditional grants that have been authorized prior to year-end, but remain unpaid as of the statements of financial position date. Conditional grants are expensed and considered payable in the period the conditions are substantially satisfied. There were no conditional grants at June 30, 2018 and 2017.

Use of Estimates in the Preparation of Financial Statements

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

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YEARS ENDED JUNE 30, 2018 AND 2017

Income Taxes

FISA was incorporated in 1913 as a nonprofit corporation. FISA became subject to tax treatment as a private foundation beginning July 1, 2001, as it no longer qualified as a publicly supported organization. As a private foundation, FISA is qualified as a private, non-operating foundation under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income tax under Section 501(a) of the Internal Revenue Code. FISA is obligated to pay federal excise tax on net investment income. In addition, FISA is obligated to pay income taxes on its unrelated business income, if any. Further, FISA annually files a Form 990PF and, as needed, a Form 990T.

Risks and Uncertainties

Financial instruments, which potentially expose FISA to concentrations of credit risk, include cash and investments in marketable securities. As a matter of policy, FISA maintains cash balances only with financial institutions having a high credit quality. Concentration of credit risk for investments in marketable securities is mitigated by the overall diversification of managed investment portfolios. Investment securities are also exposed to various other risks such as interest rate and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near-term and that such change could materially affect the amount reported on the statements of financial position.

Presentation of Expenses on the Statements of Activities

The costs of providing the various programs and other activities have been allocated between program grants, direct charitable, and management and general expenses in the accompanying statements of activities based on management's estimates of the time and effort devoted to each activity. Program grants and direct charitable expenses are charitable costs, expended for the benefit of others. Management and general expenses relate to administrative operational costs.

Discontinued Operations

The Discontinued Operations referenced in the statements of activities represent cash payments made by FISA that relate to discontinued operations assumed by FISA from the sale of the Center and are considered to be disbursements for charitable purposes pursuant to its private ruling letter.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

Reclassification

Certain prior year amounts were reclassified to conform to the current year presentation.

Adopted Pronouncement

The requirement of the following Financial Accounting Standards Board (FASB) Statement was adopted for the financial statements:

Accounting Standards Update (ASU) 2015-07, *“Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value Per Share (or its Equivalent),”* removes the requirement to categorize, within the fair value hierarchy, all investments for which fair value is measured using the net asset value per share practical expedient. Instead, the amounts measured using the net asset value per share (or its equivalent) must be provided to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position. The guidance requires retrospective application. As a result of adopting this standard, prior period disclosures related to fair value measurement have been revised.

Pending Pronouncements

FASB has issued statements that will become effective in future years as outlined below. Management has not yet determined the impact of these statements on the financial statements.

ASU 2016-14, *“Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities,”* is effective for FISA’s financial statements for the year ending June 30, 2019. This amendment aims to improve how a nonprofit organization classifies its net assets and provides information in its financial statements and notes about its financial performance, cash flow, and liquidity. The ASU changes the net asset classification, requires presentation of expenses both by nature and function, requires investment return reported net of investment expenses, requires placed-in-service approach for gifts of/for long-lived assets, and provides enhanced disclosures for: governing body restrictions; composition of net assets with donor restrictions; qualitative and quantitative information on liquidity; methods to allocate costs among program and support functions; and underwater donor-restricted endowment.

ASU 2016-02, *“Leases (Topic 842),”* is effective for FISA’s financial statements for the year ending June 30, 2020. This amendment will require lessees to recognize assets and

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YEARS ENDED JUNE 30, 2018 AND 2017

liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

ASU 2018-08, “Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958),” is effective for the financial statements for the year ending June 30, 2020. This amendment provides guidance for Characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

2. Investments

Investments consisted of the following at June 30, 2018 and 2017:

	2018	2017
	<u>Fair Value</u>	<u>Fair Value</u>
Money market accounts	\$ 455,215	\$ 2,181,759
Private equity funds	2,788,584	2,612,393
Fixed income mutual funds	7,749,045	4,344,342
Equity mutual funds	25,525,155	25,749,957
Offshore hedge funds	4,175,489	5,241,139
Other	120,336	-
	<u>\$ 40,813,824</u>	<u>\$ 40,129,590</u>

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YEARS ENDED JUNE 30, 2018 AND 2017

Investment income consisted of the following for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Dividend and interest income	\$ 1,216,370	\$ 1,106,997
Unrealized/realized gains (losses)	1,602,026	3,826,771
	<u>2,818,396</u>	<u>4,933,768</u>
Less: investment expenses	<u>(183,915)</u>	<u>(171,735)</u>
Investment income, net	<u>\$ 2,634,481</u>	<u>\$ 4,762,033</u>

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value, maximizing the use of observable inputs and minimizing the use of unobservable inputs by requiring that the observable inputs be used when available. Investments whose values are based on quoted market prices in active markets are classified within Level 1. Investments determined by reference to quoted prices for similar investments in active markets are classified within Level 2. Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all.

FISA reports investments at fair value in accordance with fair value accounting standards. 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. These standards require an entity to maximize the use of observable inputs and minimize the use of unobservable inputs. In addition, the organization reports hedge and private equity funds using the net asset value per share as determined by investment managers under the so-called "practical expedient." The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. Fair value measurement standards also require the organization to classify these financial instruments into a three-level hierarchy, based upon priority of inputs to the valuation technique or in accordance with the net asset value practical expedient rule.

Determination of Fair Value

FISA measures fair value based upon market price, where available. The carrying amount of cash and cash equivalents approximates fair value due to the short-term nature of these instruments. Fixed income and equity mutual funds are valued at fair value, which are the amounts reported in the statements of financial position, based on quoted market prices for identical securities in active markets that FISA has the ability to access at the measurement date.

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FISA's investment in private equity funds is accomplished by investment in various limited partnerships or multi-fund pools that are very long lived (often more than 10 years) and illiquid. Limited partnerships are valued at fair value, which are the amounts reported in the statements of financial position, based on the net asset value per share of the fund at June 30, 2018 and 2017. The valuation of each fund is based upon the compilation of the prices from each underlying private equity investment. For the limited partnerships, fair value is based on the best information available and is determined by reference to information including, but not limited to, the following: projected sales, net earnings, earnings before interest, taxes, depreciation and amortization, balance sheets, public or private transactions, valuations for publicly-traded comparable companies, and/or other measures, and consideration of any other pertinent information including the types of securities held and restrictions on disposition. Upon completion of the fund valuation, FISA's quarterly individual investor valuations are based upon their ownership share of each pool. Per the terms of the limited partnership agreements, FISA cannot withdraw funds or sell funds until the limited partnership liquidates. Liquidation is not expected in the near-term.

Offshore hedge funds include investments in multi-fund pools that are commonly referred to as "fund of funds." The underlying hedge fund manager invests in marketable securities that trade in well-established and highly-liquid markets (stocks, bonds, futures, options, etc.). The objective of these investments is to realize long-term total return by investing in a diversified group of pooled investment vehicles. The offshore hedge funds are valued at fair value, which are the amounts reported in the statements of financial position, based on the net asset value per share of the fund at June 30, 2018 and 2017. The valuation of each fund is based upon the compilation of the prices from each underlying hedge fund administrator. Upon completion of the fund valuation, FISA's monthly individual investor valuations are based upon their ownership share of each pool. Individual hedge funds typically have provisions in their partnership agreements that restrict investors from liquidating their investments for some period of time. After this "lock-up" period has been satisfied, these funds offer quarterly liquidity with advance notice (anywhere from 30 to 90 days). Liquidation is not expected in the near-term.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

The following table summarizes investments by fair value measurement categories as of June 30, 2018:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market accounts	\$ 455,215	\$ 455,215	\$ -	\$ -
Fixed income mutual funds:				
Investment grade bonds	4,579,396	4,579,396	-	-
Treasury inflation protected securities	1,531,283	1,531,283	-	-
Fixed income opportunity	1,638,366	1,638,366	-	-
Total fixed income mutual funds	<u>7,749,045</u>	<u>7,749,045</u>	<u>-</u>	<u>-</u>
Equity mutual funds:				
U.S. large/mid cap value	4,182,056	4,182,056	-	-
U.S. large/mid cap growth	5,184,068	5,184,068	-	-
U.S. small cap	569,896	569,896	-	-
Non-U.S. developed markets	8,819,136	8,819,136	-	-
Non-U.S. emerging markets	3,984,184	3,984,184	-	-
Commodities	2,785,815	2,785,815	-	-
Total equity mutual funds	<u>25,525,155</u>	<u>25,525,155</u>	<u>-</u>	<u>-</u>
Other investments	<u>120,336</u>	<u>-</u>	<u>-</u>	<u>120,336</u>
Total assets in fair value hierarchy	<u>\$ 33,849,751</u>	<u>\$ 33,729,415</u>	<u>\$ -</u>	<u>\$ 120,336</u>
Investments measured at net asset value				
Private equity funds	2,788,584			
Fixed income hedge funds	-			
Equity hedge funds	<u>4,175,489</u>			
Total investments at fair value	<u>\$ 40,813,824</u>			

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

The following table summarizes investments by fair value measurement categories as of June 30, 2017:

	Total	Level 1	Level 2	Level 3
Money market accounts	\$ 2,181,759	\$ 2,181,759	\$ -	\$ -
Fixed income mutual funds:				
Investment grade bonds	1,947,820	1,947,820	-	-
Treasury inflation protected securities	1,155,459	1,155,459	-	-
Fixed income opportunity	1,241,063	1,241,063	-	-
Total fixed income mutual funds	<u>4,344,342</u>	<u>4,344,342</u>	-	-
Equity mutual funds:				
U.S. large/mid cap value	3,554,600	3,554,600	-	-
U.S. large/mid cap growth	4,740,090	4,740,090	-	-
U.S. small cap	564,859	564,859	-	-
Non-U.S. developed markets	10,142,646	10,142,646	-	-
Non-U.S. emerging markets	4,375,987	4,375,987	-	-
Commodities	2,371,775	2,371,775	-	-
Total equity mutual funds	<u>25,749,957</u>	<u>25,749,957</u>	-	-
Total assets in fair value hierarchy	<u>\$ 32,276,058</u>	<u>\$ 32,276,058</u>	\$ -	\$ -
Investments measured at net asset value				
Private equity funds	2,612,393			
Fixed income hedge funds	2,272,902			
Equity hedge funds	<u>2,968,237</u>			
Total investments at fair value	<u>\$ 40,129,590</u>			

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

3. Private Equity Capital Commitments

FISA has entered into agreements to commit capital into various private equity funds. The callable capital can be requested at any time by the fund. The remaining capital commitments as of June 30, 2018 are estimated as follows:

	Amount Committed	Amount Drawn	Amount Distributed	Remaining Capital Commitment
Hirtle Callaghan Private Equity Fund II	\$ 700,000	\$ 700,000	\$ 912,691	\$ -
Hirtle Callaghan Private Equity Fund III	300,000	288,782	440,600	-
Hirtle Callaghan Private Equity Fund IV	300,000	278,198	398,460	-
Hirtle Callaghan Private Equity Fund V	400,000	342,864	278,834	57,136
Hirtle Callaghan Private Equity Fund VI	1,100,000	980,480	885,335	119,520
Hirtle Callaghan Private Equity Fund VII	1,175,000	927,554	876,284	247,446
Hirtle Callaghan Private Equity Fund VIII	130,000	115,394	65,916	14,606
Hirtle Callaghan Private Equity Fund IX	1,000,000	791,951	181,206	208,049
Hirtle Callaghan Private Equity Fund X	1,000,000	512,944	12,567	487,056
Hirtle Callaghan Private Equity Fund XI	1,200,000	122,244	-	1,077,756
	<u>\$ 7,305,000</u>	<u>\$ 5,060,411</u>	<u>\$ 4,051,893</u>	<u>\$ 2,211,569</u>

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

4. Endowment Assets

The endowment assets used by FISA to provide income for the maintenance and granting activities is comprised of the various investments held by FISA. During 2018 and 2017, FISA had the following endowment-related investment activities:

	<u>2018</u>	<u>2017</u>
Investment return on endowment assets:		
Interest and dividends	\$ 1,216,370	\$ 1,106,997
Unrealized gains (losses)	740,194	3,373,113
Realized gains (losses)	861,832	453,658
Investment fees	<u>(183,915)</u>	<u>(171,735)</u>
Total investment return on endowment assets	2,634,481	4,762,033
Transfers out of endowment	<u>(1,950,247)</u>	<u>(2,031,175)</u>
Total change in endowment funds	684,234	2,730,858
Endowment Investment Funds:		
Beginning of year	<u>40,129,590</u>	<u>37,398,732</u>
End of year	<u><u>\$ 40,813,824</u></u>	<u><u>\$ 40,129,590</u></u>

5. Grants Payable

FISA has made unconditional promises to give to other organizations the amounts of \$141,000 and \$236,625 for fiscal years 2018 and 2017, respectively. These amounts are reflected on the statements of financial position as grants payable. Of the total grants payable at June 30, 2018, amounts will be paid as follows:

Year Ending June 30,	Amount
2019	\$ 133,000
2020	<u>8,000</u>
	<u><u>\$ 141,000</u></u>

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NOTES TO FINANCIAL STATEMENTS

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6. Leases

During fiscal year 2013, FISA entered into a ten-year lease for building and office space for its operations and administration. The term of the lease is for the period April 1, 2013 through March 31, 2023. Future minimum lease payments at June 30, 2018 are as follows:

Year Ending June 30,	Amount
2019	\$ 45,075
2020	45,075
2021	45,075
2022	45,075
2023	<u>33,806</u>
Total	<u>\$ 214,106</u>

Lease payments for the years ended June 30, 2018 and 2017 were \$45,075.

7. Related Party Transactions

During 2018 and 2017, certain grants were awarded to grantee organizations with which certain members of the Board of Directors (Board) of FISA are also affiliated as board members. Pursuant to the policies and practices of FISA, the Board was informed about the dual affiliations before voting and the conflicted Board members abstained from voting on those grants.