Lisa and Douglas Goldman Fund

Financial Statements

December 31, 2018 and 2017

BPM

LISA AND DOUGLAS GOLDMAN FUND

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Lisa and Douglas Goldman Fund

We have audited the accompanying financial statements of the Lisa and Douglas Goldman Fund (a California nonprofit organization classified as a Private Foundation), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, 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.

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

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

Opinion

In our opinion, the December 31, 2018 financial statements referred to above present fairly, in all material respects, the financial position of the Lisa and Douglas Goldman Fund as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of the Lisa and Douglas Goldman Fund as of December 31, 2017, were audited by other auditors whose report dated November 2, 2018, expressed an unmodified opinion on those statements.

BPM LLP

San Francisco, California
December 4, 2019

Lisa and Douglas Goldman Fund

Statements of Financial Position

As of December 31, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 628,315	$ 696,861
Investments	237,934,251	253,425,621
Loan receivable	-	7,000,000
Other receivables	86,771	525,080
Prepaid expenses and other assets	621,334	112,227
Total assets	$ 239,270,671	$ 261,759,789
LIABILITIES AND NET ASSETS		
Liabilities:		
Amounts due on purchase of investments	$ 5,579,347	$ -
Accounts payable and accrued liabilities	162,972	135,751
Grants payable	-	11,000
Deferred rent	54,145	-
Deferred federal excise tax	127,000	-
Total liabilities	5,923,464	146,751
Net assets without donor restrictions	233,347,207	261,613,038
Total liabilities and net assets	$ 239,270,671	$ 261,759,789

The accompanying notes are an integral part of these financial statements.

LISA AND DOUGLAS GOLDMAN FUND

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the years ended December 31, 2018 and 2017

	2018	2017
Net investment income:		
Dividends, interest, and other income, net	$ 4,297,088	$ 3,066,559
Realized investment gains	2,347,222	18,538,089
Capital gain distributions	1,012,636	653,412
Unrealized investment (loss) gain	(23,286,857)	16,890,252
Net investment (loss) gain before federal excise taxes	(15,629,911)	39,148,312
Federal excise and income tax expense	140,247	519,189
Net investment (loss) gain	(15,770,158)	38,629,123
Support	3,989	43,500
Total investment (loss) gain and support	(15,766,169)	38,672,623
Expenses:		
Grantmaking	12,108,184	9,679,916
General and administrative	391,478	398,787
Total expenses	12,499,662	10,078,703
Change in net assets	(28,265,831)	28,593,920
Net assets without donor restrictions		
Beginning of year	261,613,038	233,019,118
End of year	$ 233,347,207	$ 261,613,038

The accompanying notes are an integral part of these financial statements.

Lisa and Douglas Goldman Fund

Statements of Functional Expenses

For the years ended December 31, 2018 and 2017

	2018			2017		
	Grantmaking	General and Administrative	Total	Grantmaking	General and Administrative	Total
Grants	$ 10,949,000	$ -	$ 10,949,000	$ 8,666,150	$ -	$ 8,666,150
Personnel costs	753,867	133,354	887,221	720,158	140,189	860,347
Office and administrative	333,529	92,724	426,253	227,399	86,594	313,993
Professional services	4,023	136,721	140,744	-	159,116	159,116
Insurance	67,765	28,679	96,444	66,209	12,888	79,097
Total expenses	$ 12,108,184	$ 391,478	$ 12,499,662	$ 9,679,916	$ 398,787	$ 10,078,703

The accompanying notes are an integral part of these financial statements.

Lisa and Douglas Goldman Fund

Statements of Cash Flows

For the years ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	$ (28,265,831)	$ 28,593,920
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	33,198	31,882
Realized investment gains	(2,347,222)	(18,538,089)
Unrealized investment loss (gain)	23,286,857	(16,890,252)
Forgiveness of loan receivable	2,000,000	-
Deferred federal excise tax	127,000	-
Changes in:		
Other receivables	438,310	649,065
Prepaid expenses and other assets	(494,500)	1,282
Accounts payable and accrued liabilities	27,221	(47,895)
Grants payable	(11,000)	(89,000)
Deferred rent	54,145	(12,425)
Net cash used in operating activities	(5,151,822)	(6,301,512)
Cash flows from investing activities:		
Acquisition of investments and income reinvested	(55,329,048)	(65,921,295)
Proceeds from sale/redemption of investments	55,460,129	79,429,946
Issuance of loan receivable	-	(7,000,000)
Collection of loan receivable	5,000,000	-
Acquisition of property and equipment	(47,805)	(15,602)
Net cash provided by investing activities	5,083,276	6,493,049
(Decrease) increase in cash and cash equivalents	(68,546)	191,537
Cash and cash equivalents at beginning of year	696,861	505,324
Cash and cash equivalents at end of year	$ 628,315	$ 696,861
Supplemental disclosures:		
Excise and income taxes paid	$ 475,000	$ 519,189

The accompanying notes are an integral part of these financial statements.

1. Organization

Established in 1992, the Lisa and Douglas Goldman Fund (the "Fund") is a private foundation committed to providing support for charitable organizations that enhance society.

The Lisa and Douglas Goldman Fund's interests include programs making valuable contributions in a variety of fields: democracy and civil liberties, education and literacy, environment, health and recreation, Jewish community, and reproductive health and rights.

2. Summary of Significant Accounting Policies

Basis of Presentation and Description of Net Assets

The Fund uses the accrual basis of accounting in accordance with U.S. generally accepted principles and reports information regarding its financial position and activities according to their classes of net assets: with donor restrictions and without donor restrictions.

Net Assets with Donor Restrictions: The part of net assets of the Fund that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). At December 31, 2018 and 2017, the Fund did not have any net assets with donor restrictions.

Net Assets without Donor Restrictions: The part of net assets of the Fund that is not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Cash and Cash Equivalents

Cash and cash equivalents of $628,315 and $696,861 at December 31, 2018 and 2017, respectively, include all funds deposited in a bank with a maturity of three months or less. Such funds have been placed in a money fund account bearing interest at an annualized rate of approximately 0.01% (as of December 31, 2018 and 2017). The Fund maintains its cash balances in high quality financial institutions, which at times may exceed federally insured limits. The Fund has not experienced any losses in such accounts.

Revenue Recognition

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions in accordance with the recommendations of ASC 958.605, *Revenue Recognition of Not-for-Profit Entities.*

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statements of activities and changes in net assets as net assets released from restrictions.

Continued

2. Summary of Significant Accounting Policies, continued

Property and Equipment

The Fund capitalizes all acquisitions for property and equipment in excess of $3,000. Property and equipment purchased by the Fund will be recorded at cost or, if donated, at the approximate fair value at the date of donation.

Repairs and maintenance are charged to expense as incurred. Property and equipment will be depreciated using the straight-line method over the estimated useful lives of the assets.

Investments

Investments include cash, cash equivalents, stocks, mutual funds, and hedge funds. Purchased investments are initially stated at cost. Investments received by gift are recorded at market value at the date of contribution. Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included on the statement of activities and changes in net assets. The fair value of alternative investments, global and fixed income funds is further described under the fair value measurement policy below.

Investment transactions are recorded on a trade-date basis. Receivables or payables from unsettled investment transactions represents cash received subsequent to year-end for sales or purchases of investments consummated prior to year-end. Investment management and advisory fees are recorded with dividends, interest, and other income on the statement of activities and changes in net assets and include direct fees paid to investment advisors, managers, and custodians.

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

Fair Value Measurements

The Fund carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. In addition, the Fund reports certain investments using the Net Asset Value ("NAV") 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 Fund to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique. The Fund classifies its financial assets and liabilities according to three levels, and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date, without adjustment. This category includes active exchange traded money market funds, actively managed fixed income, and equity securities whose values are based on quoted market prices.

Continued

2. Summary of Significant Accounting Policies, continued

Fair Value Measurements, continued

Level 2 – Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable and include situations where there is little, if any, market activity for the investment.

Grants

Grants are expensed when the unconditional promise to give is approved by the Board of Directors. Total grants payable as of December 31, 2018 and 2017 were $0 and $11,000, respectively. Grants payable as of December 31, 2017 were paid during the year ended December 31, 2018.

Conditional grants are recognized as grant expense in the period in which the recipient meets the terms of the condition. Additionally, many conditional grants are expensed when, in management's opinion, the likelihood of grant recipients failing to meet the condition is considered remote. As of December 31, 2018, the Fund's Board of Directors has agreed to commit the organization to future grant allocations totaling $17,090,000 (see Note 8).

Excise and Income Taxes

The Fund is a private foundation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from California franchise and/or income taxes under Section 23701(d) of the Revenue and Taxation Code. In addition, the Fund may be subject to tax on unrelated business income, if any, generated by its investments.

The Fund is subject to federal excise tax on its investment income. A provision for federal excise tax is accrued. Deferred taxes are recorded on the unrealized gain on investments (see Note 6).

Functional Allocation of Expenses

The costs of providing the Fund's various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and in the statements of functional expenses.

The statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Fund. Those expenses include insurance, office and administrative expenses, and salaries and related costs. These expenses are allocated on a time and material basis which is reported monthly though a time allocation recording process.

2. Summary of Significant Accounting Policies, continued

Reclassifications

Certain reclassifications have been made to the 2017 financial statements in order to conform to the presentation used in 2018.

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.

These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

Change in Accounting Principle

During the year ended December 31, 2018, the Fund adopted the requirements of the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14"), required for annual reporting periods beginning after December 15, 2017. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided over expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions, and temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 3).

3. Liquidity

Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Fund's goal is to maintain financial assets to meet all grant and operating needs. As financial obligations become due, investments are liquidated.

None of these financial assets are subject to donor restrictions that make them unavailable for general expenditure within one year of the date of financial statements. The Fund targets a 6% annual payout to cover annual distributions and operating expenses and has a 55% minimum asset allocation target for liquid asset classes, which include investment grade bonds and pubic equities.

Continued

3. **Liquidity**, continued

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial assets, at year-end:	
Cash and cash equivalents	$ 628,315
Investment related receivables	86,771
Investments, at fair value	237,934,251
	238,649,337
Less: Financial assets unavailable for general expenditures within one year, due to:	
Investments with liquidity restrictions	4,331,526
Financial assets available to meet cash needs for general expenditures within one year	$ 234,317,811

4. **Investments**

Investments consist of the following at December 31, 2018 and 2017:

	2018	2017
Cash	$ 11,842,734	$ 5,440,427
Investment Grade Bond Funds	53,659,027	44,300,799
U.S. Equity	64,028,173	123,153,843
Developed International Equity	78,201,139	59,344,138
Real Estate and Infrastructure	12,490,477	-
Private Investments (PE, VC)	17,712,701	21,186,414
	$ 237,934,251	$ 253,425,621

Fair Value Disclosure

The table below presents the balances of assets measured at fair value on a recurring basis at December 31, 2018:

	Total	Level 1	Level 2	NAV
Cash	$ 11,842,734	$ 11,842,734	$ -	$ -
Investment Grade Bond Funds	53,659,027	-	53,659,027	-
U.S. Equity	64,028,173	64,028,173	-	-
Developed International Equity	78,201,139	78,201,139	-	-
Real Estate and Infrastructure	12,490,477	12,490,477	-	-
Private Investments (PE, VC)	17,712,701	-	-	17,712,701
Total	$ 237,934,251	$ 166,562,523	$ 53,659,027	$ 17,712,701

Continued

4. Investments, continued

Fair Value Disclosure, continued

The table below presents the balances of assets measured at fair value on a recurring basis at December 31, 2017:

	Total	Level 1	Level 2	NAV
Cash	$ 5,440,427	$ 5,440,427	$ -	$ -
Investment Grade Bond Funds	44,300,799	-	44,300,799	-
U.S. Equity	123,153,843	123,153,843	-	-
Developed International Equity	59,344,138	59,344,138	-	-
Private Investments (PE, VC)	21,186,414	-	-	21,186,414
Total	$ 253,425,621	$ 187,938,408	$ 44,300,799	$ 21,186,414

Net Asset Value Disclosure

The Fund uses the NAV as a practical expedient to determine the fair value of all the underlying investments which do not have readily determinable fair value and prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

The following table lists investments by major category as of December 31, 2018 and 2017:

Strategies	2018 Fair Value	2017 Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period
Multi-strategy hedge funds	$ 13,381,175	$ 14,239,660	$ -	Monthly/Annually	30–90 days
Private equity:					
Fund of funds	2,101,283	2,303,238	43,333	Not Permitted	Not Permitted
Venture funds	2,166,454	2,070,056	40,460	Not Permitted	Not Permitted
Buy out funds	41,477	51,302	278,914	Not Permitted	Not Permitted
Distressed debt	22,312	22,158	-	Not Permitted	Not Permitted
Note receivable	-	2,500,000	-	Not Permitted	Not Permitted
Total	$ 17,712,701	$ 21,186,414	$ 362,707		

The Fund has an Investment Committee which has the responsibility for establishing the Fund's return objectives (generally lower rates of return associated with more stable and safer investments) and to define the risk parameters (generally low risk securities, certificates of deposit and mutual funds). The committee routinely oversees investment performances and reviews cash flows necessary to sustain the Fund's operating activities.

Continued

5. Loan

Loan receivable of $7,000,000 at December 31, 2017 represents funds advanced to the Partnership for Haas Preeminence (a California nonprofit public benefit corporation) in connection with the construction of a new building for the Haas School of Business on the campus of the University of California, Berkeley. During the year ended December 31, 2018, $5,000,000 plus interest was paid back to the Fund, and the remaining $2,000,000 was forgiven and was recognized as a grant to the Partnership for Haas Preeminence.

6. Excise Taxes and Unrelated Business Income Tax ("UBIT")

Excise Taxes

In accordance with the applicable provisions of the Internal Revenue Code, the Fund 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. The Foundation estimates a 2% rate will be effective in 2018 and paid a 2% rate in 2017. Deferred excise taxes arise primarily from unrealized tax basis gains on investments and are calculated based on a 2% rate. The effective tax rate does not match the statutory tax rate due to prior year tax true ups of $445,030.

The provision for current and deferred federal excise taxes for the years ended December 31, 2018 and 2017 was as follows:

	2018	2017
Current:		
Excise	$ 10,647	$ 440,883
Unrelated business income	2,600	1,792
Total	13,247	442,675
Deferred:		
Excise	127,000	-
Total excise and unrelated business income taxes	$ 140,247	$ 442,675

Unrelated Business Income Taxes

The Fund is liable for income taxes on unrelated business income allocated on Schedules K-1 from various investments. During the years ended December 31, 2018 and 2017, the Fund incurred combined Federal and California UBI tax liabilities of $0 and $2,848, respectively.

Continued

7. Minimum Distribution Requirements

The IRC requires private foundations to annually disburse approximately 5% of the market value of investment assets, less the federal excise tax, for the current year by the end of next year. This payout requirement may be satisfied by payments for grants, program-related investments, direct conduct of charitable activities, and certain administrative expenses. As of December 31, 2018 and 2017, the Fund met the minimum distribution requirements.

8. Conditional Grants Payable

The Fund's Board of Directors has agreed to commit the organization to future grant allocations totaling $17,090,000 which have been scheduled as follows:

Year ending December 31:	
2019	$ 5,610,000
2020	3,460,000
2021	3,150,000
2022	2,950,000
2023	1,920,000
	$ 17,090,000

These grant commitments have not been recorded in the financial statements because they are conditional and subject to donee organizations satisfying certain requirements set forth by the Fund.

9. Financial Commitments

Office Lease

The Fund is obligated under a multi-year operating lease agreement in San Francisco through January 31, 2023. The Fund is required to tender monthly rent payments of $20,878 as of December 31, 2018. Rental rates are subject to adjustment in accordance with the terms of the lease but generally increase at the rate of about 3.0% - 4.0% each February 1st. Rent expense amounted to $314,436 and $207,977 for the years ended December 31, 2018 and 2017, respectively, and is included in office and administrative expense on the statement of functional expenses.

Future minimum rental payments under all leases are as follows:

Year ending December 31:	
2019	$ 257,430
2020	265,153
2021	273,108
2022	281,301
2023	23,499
	$ 1,100,491

Continued

10. 403(b) Retirement Plan

During the year ended December 31, 2009, the Fund adopted a 403(b) Plan. Employees are eligible to contribute as of their date of hire. The company, in its sole discretion, may make non-elective contributions on employees' behalf. Employees must meet certain eligibility criteria in order to receive contributions by the Fund.

Employer contributions for the years ended December 31, 2018 and 2017 amounted to $108,872 and $98,393, respectively. Distributions from the 403(b) plan can only be made pursuant to all applicable laws and regulations.

11. Related Party Transactions

The Lisa and Douglas E. Goldman Philanthropic Fund (the "Philanthropic Fund") is a donor-advised fund at the Jewish Community Federation of San Francisco, with variance power resting with the Jewish Community Federation of San Francisco. It was established with a contribution from Lisa and Douglas Goldman. Although grants are recommended by the Lisa and Douglas Goldman Fund Board for funding, they are subject to the approval of the Federation's board of directors. In April 2007, the Board of Directors of the Fund agreed to continue to pay grants to various charities from the Philanthropic Fund until the balance in the Philanthropic Fund was reduced to $100,000, at which time all future grants were to be paid out from the Lisa and Douglas Goldman Fund.

12. Contingencies

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into contracts related to ongoing operational activities, which are not reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Contractual restrictions and donor conditions which obligate the Fund to fulfill certain requirements as set forth in legal instruments, (b) Investment income and cash flow levels which vary based on factors beyond the Fund's control, such as general economic conditions, (c) Employment contracts and service agreements with outside contractors, and (d) Financial risks associated with funds on deposit in accounts at financial and brokerage institutions. Management believes that such commitments or contingencies have been properly addressed, appropriate amounts have been accrued (where necessary), and there will not be any resolution with a material adverse effect on the financial statements.

In addition, the Fund has outstanding capital call commitments of $362,707 in alternative investment funds.

13. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, the Fund has evaluated subsequent events through December 4, 2019, the date the financial statements were available to be issued. In the opinion of management, there are no subsequent events which need to be disclosed.