

WALTER AND ELISE HAAS FUND

DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT,

FINANCIAL STATEMENTS

AND

SUPPLEMENTAL INFORMATION

# Walter and Elise Haas Fund

## Independent Auditors' Report, Financial Statements and Supplemental Information

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A Century Strong

## **Independent Auditors' Report**

THE BOARD OF TRUSTEES  
WALTER AND ELISE HAAS FUND  
San Francisco, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the **WALTER AND ELISE HAAS FUND (the Fund)**, which comprise the statements of financial position as of December 31, 2019 and 2018, the related statements of changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 the Walter and Elise Haas Fund as of December 31, 2019 and 2018, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters - Supplemental Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Hood & Strong LLP*

San Francisco, California  
September 10, 2020

# Walter and Elise Haas Fund

## Statements of Financial Position

<i>December 31,</i>	2019	2018
<b>Assets</b>		
Cash	\$ 1,069,432	\$ 1,648,019
Receivables - investments in transit	2,594,118	2,602,015
Investments, at fair value	233,571,835	207,310,314
Property and equipment, net	538,097	605,041
Other assets	213,816	275,507
<b>Total assets</b>	<b>\$ 237,987,298</b>	<b>\$ 212,440,896</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Creative Work Fund	\$ 2,968	\$ 302,557
Accounts payable and accrued expenses	519,192	479,883
Deferred taxes	1,103,830	226,047
<b>Total liabilities</b>	<b>1,625,990</b>	<b>1,008,487</b>
<b>Net Assets Without Donor Restriction</b>	<b>236,361,308</b>	<b>211,432,409</b>
<b>Total liabilities and net assets</b>	<b>\$ 237,987,298</b>	<b>\$ 212,440,896</b>

See accompanying notes to financial statements.

# Walter and Elise Haas Fund

## Statements of Changes in Net Assets

<i>Years Ended December 31,</i>	2019	2018
<b>Net Investment (loss) income:</b>		
Dividends, interest and partnership income	\$ 2,268,968	\$ 466,418
Net gain (loss) on investments:		
Realized	5,302,284	15,132,351
Unrealized	32,586,831	(18,858,157)
Other income	76,345	7,403
Investment management and related fees	(772,590)	(903,758)
<hr/>		
Net investment income (loss) before excise tax expense	39,461,838	(4,155,743)
Net excise tax (expense) benefit	(1,007,004)	421,855
<hr/>		
Net investment income (loss)	38,454,834	(3,733,888)
<hr/>		
<b>Expenses:</b>		
Grant activities:		
Grants	10,682,973	12,127,647
Salaries, benefits and taxes	1,381,000	1,281,041
Occupancy costs	390,450	338,959
Professional services	125,708	124,387
Depreciation	58,700	58,844
Direct charitable expense	16,148	37,606
<hr/>		
	12,654,979	13,968,484
Management and general:		
Salaries, benefits and taxes	436,105	404,539
Occupancy costs	103,582	105,477
Professional services	314,154	323,831
Depreciation	17,115	17,157
<hr/>		
	870,956	851,004
Total expenses	13,525,935	14,819,488
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<b>Increase (Decrease) in Net Assets</b>	24,928,899	(18,553,376)
<b>Net Assets Without Donor Restriction, beginning of year</b>	211,432,409	229,985,785
<hr/>		
<b>Net Assets Without Donor Restriction, end of year</b>	\$ 236,361,308	\$ 211,432,409

See accompanying notes to financial statements.

# Walter and Elise Haas Fund

## Statements of Cash Flows

<i>Years Ended December 31,</i>	2019	2018
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 24,928,899	\$ (18,553,376)
Adjustment to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	75,815	76,001
Realized gain on investments	(5,302,284)	(15,132,351)
Unrealized (gain) loss on investments	(32,586,831)	18,858,157
Deferred taxes	877,783	(602,953)
Changes in operating assets and liabilities:		
Other assets	61,691	(212,966)
Creative Work Fund	(299,589)	3,023
Accounts payable and accrued expenses	39,310	(47,426)
Net cash used by operating activities	(12,205,206)	(15,611,891)
<b>Cash Flows from Investing Activities:</b>		
Sales of investments	21,962,061	46,118,701
Purchases of investments	(10,334,468)	(31,494,930)
Investments in transit	7,897	191,314
Purchases of property and equipment	(8,871)	
Net cash provided by investing activities	11,626,619	14,815,085
<b>Net Decrease in Cash</b>	(578,587)	(796,806)
<b>Cash, beginning of year</b>	1,648,019	2,444,825
<b>Cash, end of year</b>	<b>\$ 1,069,432</b>	<b>\$ 1,648,019</b>
<b>Supplemental Disclosures:</b>		
Cash paid for federal excise taxes	\$ 100,000	\$ 367,500

See accompanying notes to financial statements.

# Walter and Elise Haas Fund

## Notes to Financial Statements

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### Note 1 - Organization:

The Walter and Elise Haas Fund (the Fund) is a private foundation established in 1952. The Fund makes contributions to organizations involved in the arts, economic security, Jewish life, public education and other grantmaking interests. Only organizations that are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code or certain governmental agencies are considered for support.

#### *Grantmaking Areas:*

##### Arts

The Fund's arts grantmaking helps Bay Area residents to appreciate and benefit from art's full potential to build cross-cultural understanding, explore ideas, and enrich their lives. Grantmaking reflects the Fund's beliefs that arts education is essential, that the arts build resilient communities, and that artists engage us through collaboration.

##### Economic Security

The purpose of the Fund's grantmaking in economic security is to help low-income adults and families achieve economic security and upward mobility. Grantmaking reflects the Fund's beliefs that quality employment is essential, that assets fuel mobility, and that policy must expand opportunity.

##### Jewish Life

The purpose of the Fund's grantmaking in Jewish life is to support a vibrant, inclusive, Jewish community that is meaningful, compelling, and responsive to contemporary concerns. Grantmaking reflects the Fund's beliefs that diversity is a strength, social justice is a mandate, and innovation is imperative.

##### Education

The purpose of the Fund's grantmaking in education is to support the preparation of all Oakland and San Francisco public school students - especially those furthest from opportunity - for college, career and civic life.

##### Other Grantmaking Interests

The Fund is also engaged in capital, safety net and disaster preparedness grants, as well as certain legacy and mission-related special grantmaking. Legacy grantmaking encompasses several programs, each of which has a direct relationship to the Fund's founders, Walter and Elise Haas. Mission-related special grantmaking provides the Fund flexibility to respond to emerging and changing community needs, and to address key areas of interest that cut across or otherwise support the Fund's overall mission and categorical programs.

# Walter and Elise Haas Fund

## Notes to Financial Statements

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### Note 2 - Summary of Significant Accounting Policies:

a. Basis of Accounting and Presentation

The financial statements of the Fund have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to not-for-profit organizations.

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are those that are not restricted by donor-imposed stipulations. There are no net assets with donor restrictions as of December 31, 2019 and 2018.

b. Cash

For purposes of reporting cash flows, cash includes the Fund's operating checking account.

c. Investments

Investments are reported at fair value. Changes in fair values as well as realized gains and losses are reflected in the statements of changes in net assets. Dividend and interest income are accrued when earned. The fair value of equity and fixed income funds are based on their quoted prices. The fair value of alternative investments is determined using the Net Asset Value (NAV) per share as determined by investment managers under the so-called "practical expedient." The practical expedient allows NAV per share to represent fair value for reporting purposes when the criteria for using this method are met.

d. 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 a liability in an orderly transaction between market participants at the measurement date. Fair value measurement standards also require the Fund to classify these financial instruments into a three-level hierarchy. 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 market prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 - Observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset or liability that are not corroborated by market data.

# Walter and Elise Haas Fund

## Notes to Financial Statements

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e. Property and Equipment

Equipment and furnishings are stated at cost and depreciated over five to seven years using the straight-line method. Leasehold improvements are stated at cost and are amortized using the straight-line method over the remaining life of the lease.

f. Grants

Grants awarded with an unconditional promise to give are accrued as a liability and expensed when approved. Grant cancellations or unspent funds are recorded in the year cancelled or when the funds are returned.

g. Creative Work Fund

The Fund is participating in and administering the Creative Work Fund, a collaborative funding initiative with other organizations that supports the creation of new work in the Bay Area by artists and exempt organizations. Only 501(c)(3) organizations are eligible for grants. The Fund records amounts received and paid on behalf of the other participating foundations as agency transactions. Therefore, no revenue or expense is recorded for the amounts received from the other participating foundations or for their share of the grants.

Administrative expenses are shared by participating foundations, based on each foundation's proportionate rate of contributions.

h. Federal Excise 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 California Revenue and Taxation Code.

The Fund is subject to federal excise tax on its investment income. A provision for federal excise tax is accrued. Deferred excise taxes arise primarily from unrealized tax basis gains on investments and are calculated at the effective rate expected to be paid by the Fund. In addition, the Fund may be subject to tax on unrelated business income, if any, generated by its investments.

The Fund follows the guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 for accounting for uncertainty in income taxes. As of December 31, 2019 and 2018, management evaluated the Fund's tax positions and concluded that the Fund had maintained its tax-exempt status and had taken no uncertain tax positions that require adjustment to the financial statements.

# Walter and Elise Haas Fund

## Notes to Financial Statements

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i. Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

j. Functional Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or management services of the Fund. Those expenses include salaries, benefits and taxes, occupancy costs, professional services, depreciation and direct charitable expense. Salaries, benefits and taxes are allocated based on amount of time spent per the job descriptions detailing where efforts are made. Occupancy costs and depreciation are allocated based on a square footage basis. Professional service expenses and direct charitable expense are allocated based on a cost study of specific services used.

k. Recent Accounting Pronouncements

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update are designed to assist entities in evaluating whether transactions should be accounted for as contributions, or as exchange transactions, as well as determining whether a contribution is conditional. The amendments in this ASU related to contributions received are effective for annual financial statements issued for fiscal years beginning after December 15, 2018. The amendments in this ASU related to contributions made are effective for annual financial statements issued for fiscal years beginning after December 15, 2019; however, management has elected to early adopt the guidance for contributions made. The adoption did not have a material impact on the Fund's financial statements.

l. Subsequent Events

The management of the Fund has reviewed the changes in its net assets for the period from December 31, 2019 through September 10, 2020, the date the financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements and no subsequent events have occurred which would require disclosure, except as discussed below.

In December 2019, a novel strain of coronavirus (COVID-19) was identified, and subsequent to year-end, the World Health Organization declared the outbreak to constitute a “Public Health Emergency of International Concern.” The COVID-19 pandemic has caused business disruption through mandated and voluntary closings of multiple businesses and organizations, although partial re-openings have since occurred.

# Walter and Elise Haas Fund

## Notes to Financial Statements

The domestic and global investment markets initially experienced significant declines in value subsequent to year-end, resulting from uncertainty caused by the COVID-19 pandemic. The Fund continues to monitor market events and conditions as they unfold and has established strategies to respond accordingly to expected increased market volatility.

In response to COVID-19, the Fund made grants to support basic needs, workers, small businesses, artists and arts nonprofits, and continuity of learning and care for Bay Area youth. Per existing policy, grantmaking included supplemental rapid response grants to provide direct benefit to local communities within six months of award. With policy approval by trustees, the Fund was authorized to take additional measures: conversion of current project support grants to general operating support, accelerated payments of current multi-year grants, and early renewal of current grants slated for expiration in the latter part of 2020.

### Note 3 - Liquidity and Availability:

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 the Fund's financial assets are subject to donor restrictions that make them unavailable for general expenditure within one year of the date of financial statements.

Financial Assets as of December 31	2019	2018
Cash	\$ 1,069,432	\$ 1,648,019
Investment in transit	2,594,118	2,602,015
Investments, at fair value	233,571,835	207,310,314
Total financial assets	237,235,385	211,560,348
Amount not available to be used within one year:		
Investments with liquidity restrictions	(104,050,296)	(95,916,966)
Financial assets available to meet general expenditures over the next twelve months	\$ 133,185,089	\$ 115,643,382

Investments with liquidity restrictions include a portion of the pooled fund investments see Note 5(e) for details and multi-strategy, equity/debt securities, real assets, and private equity investments.

# Walter and Elise Haas Fund

## Notes to Financial Statements

### Note 4 - Investments and Fair Value Measurements:

#### *Investments:*

At December 31, 2019 and 2018 the fair market value of investments consists of the following:

	2019	2018
Money market accounts	\$ 139,935	\$ 83,326
Global equity fund	11,482,681	8,087,648
Intermediate term bond fund	5,984,501	4,870,940
<b>Subtotal</b>	<b>17,607,117</b>	<b>13,041,914</b>
Alternative investments measured at net asset value:		
Absolute return/market neutral:		
Multi-strategy	1,663,219	1,788,187
Equity/debt securities	2,438	28,292
Real assets	3,046,600	3,785,632
Private equity	19,086,456	19,587,970
Pooled funds	192,166,005	169,078,319
<b>Subtotal alternative investments measured at net asset value</b>	<b>215,964,718</b>	<b>194,268,400</b>
<b>Total</b>	<b>\$ 233,571,835</b>	<b>\$ 207,310,314</b>

#### *Fair Value Measurements:*

Investments that were valued using level 1 measurement include money market funds, a global equity fund and an intermediate term bond fund with a cumulative fair value of \$17,607,117 and \$13,041,914 at December 31, 2019 and 2018, respectively. There are no investments classified using level 2 or 3 measurements. In accordance with Subtopic 820-10, the alternative investments held by the Fund are valued using the Net Asset Value (NAV) per share (or its equivalent) practical expedient.

# Walter and Elise Haas Fund

## Notes to Financial Statements

### Note 5 - Net Asset Value Disclosure:

The following table lists those investments by major category which are reported at NAV as of December 31, 2019 and 2018:

Strategies	2019		2018		Redemption Frequency	Notice Period
	# of Funds	Valuation	# of Funds	Valuation		
<b>Absolute return/ market neutral (a):</b>						
Multi-strategy: Redeemable	3	\$ 1,663,219	3	\$ 1,788,187	Bi-annually - Annually	45 - 60 days
Equity/debt securities: Non-redeemable	1	2,438	1	28,292		
<b>Real assets (b):</b>						
Natural resources: Non-redeemable	6	2,787,405	6	3,475,443		
Real Estate	3	259,195	3	310,189		
<b>Private equity (c):</b>						
Venture capital funds	11	17,756,424	11	18,118,981		
Closed-end	6	1,330,032	6	1,468,989		
<b>Pooled funds:</b>						
Multi-hedge fund (d)	1	31,666,444	1	27,624,548	Quarterly	75 days
Multi-hedge fund (e)	1	160,499,561	1	141,453,771	Quarterly	180 days
<b>Total</b>	<b>32</b>	<b>\$ 215,964,718</b>	<b>32</b>	<b>\$ 194,268,400</b>		

- a) The strategy of the Absolute Return and Market Neutral portfolio is to provide diversification benefits to the overall portfolio through lower correlation to other traditional asset classes (e.g. Equity and Fixed Income) and to provide a buffer during equity market declines. The Absolute Return/Market Neutral investment includes several funds with varying strategies, including Multi-strategy and Equity/Debt funds.

Multi-strategy managers invest in a wide variety of securities, typically rotating between equity, bank debt, convertible bonds, and other fixed income securities depending on the manager's view on relative attractiveness, with the objective of exploiting arbitrage opportunities or identifying undervalued assets without incurring systemic market risk.

# Walter and Elise Haas Fund

## Notes to Financial Statements

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The Equity and Debt strategy takes positions in securities the manager finds attractive and anticipates will appreciate in value and short portions in securities the manager believes will underperform. The fund is not redeemable during the lock-up period. Additionally, the fund does not hold non-redeemable securities nor does the fund invest in side pockets.

- b) This strategy invests in real estate and natural resources, both domestic and international. Natural resource funds invest primarily in crude oil, natural gas production and timberland. These funds generally cannot be redeemed, and liquidity is expected in the form of distributions from the funds when the underlying assets are sold over the life of the partnerships, which is estimated to be over three to 17 years. Unfunded commitments were \$563,670 and \$539,311 at December 31, 2019 and 2018, respectively.
- c) Private equity funds are comprised of domestic and international venture capital investments with the objective of long-term growth of capital. The partnerships typically have a remaining legal life span of one to 14 years with no redemption rights for the limited partners. The funds also include non-redeemable closed-end opportunistic funds invested over a projected two-year to five-year holding period for real estate related and other debt and equity securities. Unfunded commitments were \$1,103,533 and \$1,332,033 at December 31, 2019 and 2018, respectively.
- d) The multi-hedge fund (Centerstone Fund) employs strategies including unrestricted access to hedge funds and less-liquid marketable equity managers, but no private investments. The Centerstone Fund is subject to quarterly liquidity with 75 days' notice with no side pockets.
- e) The multi-hedge fund (Keystone Fund) employs strategies including hedge fund strategies, private equity strategies, private real estate strategies and other resource strategies. The Keystone Fund is subject to quarterly redemption with a 180-day redemption notice period. Purchases are subject to a one year lock up period. At least 50% (and up to 100%) of any amount withdrawn will be paid within 30 days. The remaining will be paid as soon as possible, but no later than three years from the redemption date.

# Walter and Elise Haas Fund

## Notes to Financial Statements

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### Note 6 - Summary of Fund Operations:

A summary of the Fund's operations since inception, April 27, 1952, is as follows:

Contributions to the Fund	\$ 126,620,588
Increase in net assets, excluding grants	461,334,433
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	587,955,021
Less: Grants	(351,593,713)
	<hr/>
Net assets, December 31, 2019	\$ 236,361,308

### Note 7 - Commitments:

#### a. Grants

Multi-year grants are made on a conditional basis and are not recorded until the condition has been met. The conditional grants are subject to review and approval of program and financial reports and a work plan and budget for the ensuing year(s) of the grant.

Conditional grant commitments outstanding were \$1,550,000 and \$2,616,000 as of December 31, 2019 and 2018, respectively.

#### b. Operating Lease

The Fund leases its office space through November 2026. Under the lease, the Fund shares office space with another entity, with the Fund utilizing approximately 50% of the space. Additionally, the Fund has equipment leases through July 2021. The future minimum lease payments under the above leases (at the Fund's estimated share) are approximately as follows:

Year Ended December 31,	
2020	\$ 205,500
2021	207,600
2022	210,300
2023	216,600
2024	223,100
Thereafter	426,300
	<hr/>
	\$ 1,489,400

Rent expense totaled \$228,223 and \$190,345 for the years ended December 31, 2019 and 2018, respectively.

# Walter and Elise Haas Fund

## Notes to Financial Statements

### c. Investments

The Fund has capital commitments totaling \$1,667,203 and \$1,895,701 as of December 31, 2019 and 2018, respectively.

### **Note 8 - Excise Taxes:**

In accordance with applicable Treasury regulations, the Fund is classified as a private foundation subject to an excise tax of two percent on net investment income, including realized gains. The Fund is eligible to reduce its tax liability from two percent to one percent of net investment income if a certain level of distributions, calculated as defined in the Treasury regulations, is attained. The tax rate for the current excise tax provision was two percent for 2019 and one percent for 2018. In December 2019, tax legislation was amended which changed the tax rate for private foundations to a flat rate of 1.39 percent. The Fund used previous rate of 2.0 percent on its unrealized appreciation on investments to calculate its deferred excise tax at December 31, 2019.

The provision for current and deferred excise taxes for the years ended December 31, 2019 and 2018 was as follows:

	2019	2018
Current excise tax	\$ 129,221	\$ 181,098
Deferred excise tax (benefit)	877,783	(602,953)
<b>Total</b>	<b>\$ 1,007,004</b>	<b>\$ (421,855)</b>

The Fund is subject to the distribution requirements of the Internal Revenue Code. The minimum amount of distributions to be made annually is calculated in accordance with a specified formula. The Fund complied with the distribution requirements through December 31, 2019.

### **Note 9 - Retirement Plan:**

The Fund has a 403(b) retirement plan covering all eligible employees whereby the Fund contributes 15 percent of compensation for all eligible employees. Fund contributions to the plan amounted to \$195,347 and \$174,339 for the years ended December 31, 2019 and 2018, respectively.

# Walter and Elise Haas Fund

## Notes to Financial Statements

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### **Note 10 - Concentrations of Risk:**

Investments in general are exposed to various risks, such as interest rate, credit and overall market volatility. The alternative investments include additional risks such as limited liquidity, absence of oversight, non-marketable investments and dependence on key individuals. To address the risk of investments, the Fund maintains a formal investment policy that sets out performance criteria, investment guidelines, asset allocation guidelines and requires review of the investment performance.

As of December 31, 2019 and 2018, two investments in the Pooled Funds Strategy represented 82% of total investments. However, this investment is diversified.

In addition to investments, concentrations of market and credit risk exist for cash.

### **Note 11 - Related Party Transaction:**

The Fund contracts with Argonaut Securities Company (Argonaut) for accounting and tax services. One member of the Fund's Board owns a portion of the stock of Argonaut. Three individuals unrelated to the Fund own the remainder of the stock. Fees are based upon actual charges incurred. The fees for accounting services performed by Argonaut were approximately \$252,000 and \$247,000 for the years ended December 31, 2019 and 2018, respectively.

# Walter and Elise Haas Fund

## Schedule 1

### Investments

(See Independent Auditors' Report)

As of and for the Year Ended December 31, 2019

Investment Manager	Cost	Fair Value	Cumulative Unrealized Gain (Loss)	Change in Unrealized Gain (Loss)	Investment Management and Related Fees	Investment Income			
						Dividends, Interest and Partnership Income (Loss)	Realized Gain (Loss)	Total	
<b>Equities, Bonds and General:</b>									
Mutual Funds - equities, bonds (excluding Perry Partner Int'l Fund)	\$ 16,223,220	\$ 17,607,117	\$ 1,383,897	\$ (2,362,229)	\$ 10,869	\$ 464,541	\$ 307,771	\$ 772,312	
First Republic Bank					310	4,467	-	4,467	
<b>Pooled Funds:</b>									
TIFF KeyStone Fund	115,594,741	160,499,561	44,904,820	(23,584,698)	507,965	1,295,451	3,277,619	4,573,070	
TIFF CenterStone Fund	28,578,587	31,666,444	3,087,857	(5,501,998)	146,559	192,382	251,844	444,226	
<b>Absolute Return/Market Neutral:</b>									
Farallon Capital Institutional Partners	2,700,955	1,652,013	(1,048,942)	(41,921)	13,054	24,070	(15,085)	8,985	
Highfields Capital IV	367,695	918	(366,777)	(3,199)		343	(2,852)	(2,509)	
OZ Overseas Fund	17,027	2,438	(14,589)	(48,064)	3	(480)	(50,821)	(51,301)	
Perry Partners International Fund	2,574	10,288	7,714	(1,587)					
<b>Real Assets:</b>									
Lonestar Real Estate	185,385	117,158	(68,227)	3,000	39	1,092	(1,238)	(146)	
Lonestar Real Estate II	21,628	45,917	24,289	20,399	73	40,344	(13,986)	26,358	
Metropolitan Real Estate Partners Global II	158,146	96,120	(62,026)	19,141		244	10,758	11,002	
Park Street Capital Natural Resource Fund II	608,251	184,851	(423,400)	(58,210)	1,313	35,784	(113,975)	(78,191)	
Park Street Capital Natural Resource Fund II AIV	213,280	40,220	(173,060)	9,290	180	(11,601)	(430)	(12,031)	
Park Street Capital Natural Resource Fund II AIV II	109,058	17,056	(92,002)	683	89	(893)	(237)	(1,130)	
Park Street Capital Natural Resource Fund III	826,759	670,415	(156,344)	(245)	1,150	(18,754)	(119,281)	(138,035)	
Park Street Capital Natural Resource Fund III Investment Corp	13,320	12,102	(1,218)	(1,794)	76	(822)	(3,709)	(4,531)	
Park Street Capital Natural Resource Fund V	1,954,687	1,862,761	(91,926)	166,058	15,000	25,507	(29,537)	(4,030)	
<b>Private Equity:</b>									
Commonfund Capital International Partners V	207,861	165,578	(42,283)	(4,901)	535	(2,348)	14,659	12,311	
Commonfund Capital International Partners VI	824,129	673,587	(150,542)	69,978	3,977	7,054	138,409	145,463	
Commonfund Capital Private Equity Partners VI	293,557	298,731	5,174	37,886	1,194	3,183	42,281	45,464	
Commonfund Capital Private Equity Partners VII	922,748	1,575,528	652,780	111,935	19,524	15,508	331,180	346,688	
Commonfund Capital Venture Partners VIII	904,683	2,030,122	1,125,439	(33,349)	7,173	(15,631)	475,275	459,644	
Endowment Private Equity Partners IV		12,701	12,701	31,561	281	(277)	27,959	27,682	
Endowment Venture Partners V	66,069	44,867	(21,202)	2,283	2	(284)	(4,460)	(4,744)	
Legacy Venture III	624,309	1,033,119	408,810	(56,150)		(6,575)	47,311	40,736	
Legacy Venture IV	872,833	2,324,193	1,451,360	(140,888)	6,000	12,512	201,879	214,391	
Legacy Venture V (QP)	1,837,734	3,864,474	2,026,740	(100,457)	15,000	(47,778)	437,825	390,047	
Legacy Venture VI (QP)	2,101,662	5,733,524	3,631,862	(725,072)	22,500	(58,971)	745,415	686,444	
Lonestar Europe Holding (US)	230,273	164,523	(65,750)	(5,342)	34	(6,814)	76,255	69,441	
Lonestar Fund IV	654,085	12,616	(641,469)	(6,030)		(5,994)		(5,994)	
Lonestar Fund V	408,080	439,599	31,519	13,633		35,532	(51,382)	(15,850)	
Lonestar Fund VI	547,089	446,987	(100,102)	(246,286)		151,820	(400,758)	(248,938)	
Lonestar Fund VII	2,337	5,525	3,188	(8,643)		59,162	(71,227)	(12,065)	
Lonestar US Investment	307,573	260,782	(46,791)	(141,615)		77,194	(205,178)	(127,984)	
<b>Total</b>	<b>\$ 178,380,335</b>	<b>\$ 233,571,835</b>	<b>\$ 55,191,500</b>	<b>\$ (32,586,831)</b>	<b>\$ 772,900</b>	<b>\$ 2,268,968</b>	<b>\$ 5,302,284</b>	<b>\$ 7,571,252</b>	

# Walter and Elise Haas Fund

## Schedule 1

### Investments

(See Independent Auditors' Report)

As of and for the Year Ended December 31, 2018

Investment Manager	Cost	Fair Value	Cumulative Unrealized Gain (Loss)	Change in Unrealized Gain (Loss)	Investment Management and Related Fees	Investment Income		Total
						Dividends, Interest and Partnership Income (Loss)	Realized Gain (Loss)	
<b>Equities, Bonds and General</b>								
Mutual Funds - equities, bonds (excluding Perry Partner Int'l Fund)	\$ 14,020,246	\$ 13,041,914	\$ (978,332)	\$ (4,826,864)	\$ 29,838	\$ 529,476	\$ 3,338,067	\$ 3,867,543
<b>Pooled Funds</b>								
TIFF Multi-Asset Fund				1,178,154			(1,277,693)	(1,277,693)
TIFF KeyStone Fund	120,133,648	141,453,771	21,320,123	(12,732,788)	767,114	1,002,730	10,481,627	11,484,357
TIFF CenterStone Fund	30,038,688	27,624,548	(2,414,140)	(2,414,141)				
<b>Absolute Return/Market Neutral</b>								
Farallon Capital Institutional Partners	2,851,792	1,760,929	(1,090,863)	(71,768)	16,094	46,728	(130,692)	(83,964)
Highfields Capital IV	388,533	18,557	(369,976)	202,695	120	(211,014)	354	(210,660)
OZ Overseas Fund	90,945	28,292	(62,653)	12,450	8	416	(19,653)	(19,237)
Perry Partners International Fund	2,574	8,701	6,127	49,641			12,903	12,903
<b>Real Assets</b>								
Lonestar Real Estate	185,570	120,343	(65,227)	(66,151)	319	5,941	(2,695)	3,246
Lonestar Real Estate II	13,132	57,820	44,688	17,558	207	2,546	(25,140)	(22,594)
Metropolitan Real Estate Partners Global II	174,911	132,026	(42,885)	(51,362)		(25,401)	73,672	48,271
Park Street Capital Natural Resource Fund II	824,255	342,645	(481,610)	(112,523)	1,313	(511,935)	454,490	(57,445)
Park Street Capital Natural Resource Fund II AIV	225,491	61,721	(163,770)	4,568	180	9,017	261	9,278
Park Street Capital Natural Resource Fund II AIV II	110,277	18,958	(91,319)	7,908	85	(1,083)	(20,639)	(21,722)
Park Street Capital Natural Resource Fund III	1,025,944	869,355	(156,589)	(328,266)	1,546	(95,114)	159,033	63,919
Park Street Capital Natural Resource Fund III Investment Corp	17,927	14,915	(3,012)	(4,027)	102	(1,043)	312	(731)
Park Street Capital Natural Resource Fund V	2,093,717	2,167,849	74,132	(232,196)	15,000	(55,499)	151,250	95,751
<b>Private Equity</b>								
Commonfund Capital International Partners V	225,523	178,339	(47,184)	(8,431)	740	668	6,808	7,476
Commonfund Capital International Partners VI	1,036,489	955,925	(80,564)	(164,598)	9,000	(1,325)	258,458	257,133
Commonfund Capital Private Equity Partners VI	354,709	397,769	43,060	(45,829)	1,629	983	64,856	65,839
Commonfund Capital Private Equity Partners VII	1,114,497	1,879,212	764,715	(110,417)	9,000	11,018	470,340	481,358
Commonfund Capital Venture Partners VIII	1,111,375	2,203,465	1,092,090	(164,665)	7,500	(23,728)	355,408	331,680
Endowment Private Equity Partners IV	47,240	91,502	44,262	(85,819)	399	(904)	88,329	87,425
Endowment Venture Partners V	95,325	76,406	(18,919)	(11,054)	2	(159)	3,466	3,307
Legacy Venture II				(139,676)		(263,278)	380,092	116,814
Legacy Venture III	648,077	1,000,737	352,660	(21,096)		(790)	49,583	48,793
Legacy Venture IV	1,091,912	2,402,384	1,310,472	(202,971)	6,000	(17,901)	107,726	89,825
Legacy Venture V (QP)	1,955,831	3,882,114	1,926,283	203,992	15,000	(53,142)	141,156	88,014
Legacy Venture VI (QP)	2,144,338	5,051,128	2,906,790	1,192,199	22,500	(53,906)	247,554	193,648
Lonestar Europe Holding (US)	258,651	187,559	(71,092)	(90,551)			76,072	211
Lonestar Fund IV	660,079	12,580	(647,499)	(13,420)		35,749	(23,111)	12,638
Lonestar Fund V	423,930	469,082	45,152	5,221		35,788	(36,020)	(232)
Lonestar Fund VI	853,627	507,239	(346,388)	101,261	62	28,288	(117,261)	(88,973)
Lonestar Fund VII	14,402	8,947	(5,455)	(886)		(2,550)	(683)	(3,233)
Lonestar US Investment	471,988	283,582	(188,406)	65,695		(230)	(60,018)	(60,248)
<b>Total</b>	<b>\$ 184,705,643</b>	<b>\$ 207,310,314</b>	<b>\$ 22,604,671</b>	<b>\$ (18,858,157)</b>	<b>\$ 903,758</b>	<b>\$ 466,418</b>	<b>\$ 15,132,351</b>	<b>\$ 15,598,769</b>

# Walter and Elise Haas Foundation

## Schedule 2

### Supplemental Schedule of Grant Expense by Sector (See Independent Auditors' Report)

<i>Years Ended December 31,</i>	2019	2018
<b>Program Area Grants:</b>		
Arts	\$ 1,707,500	\$ 1,869,500
Economic security	2,120,000	2,175,000
Jewish life	970,000	1,465,000
Education	1,975,000	2,141,000
<b>Program area grants total</b>	<b>6,772,500</b>	<b>7,650,500</b>
<b>Other Grantmaking Interests:</b>		
Legacy:		
Annual grants	457,000	250,750
Year-end grants		99,500
Descendant grants	200,000	175,000
Capital	700,000	876,666
Mission related:		
Civic engagement and leadership	437,500	204,500
Philanthropy	243,425	145,530
Hope SF		100,000
Safety net grants	1,150,000	1,000,000
Disaster preparedness	259,000	260,000
Board awarded	10,000	1,016,950
Employee matching grants	17,068	16,283
<b>Other grantmaking interests total</b>	<b>3,473,993</b>	<b>4,145,179</b>
<b>Creative Work Fund</b>	<b>436,480</b>	<b>331,968</b>
<b>Grand Total</b>	<b>\$ 10,682,973</b>	<b>\$ 12,127,647</b>