

# **Max M. & Marjorie S. Fisher Foundation**

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**Financial Report  
with Additional Information  
December 31, 2016**

# **Max M. & Marjorie S. Fisher Foundation**

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## Independent Auditor's Report

To the Board of Trustees  
Max M. & Marjorie S. Fisher Foundation

We have audited the accompanying financial statements of Max M. & Marjorie S. Fisher Foundation (the "Foundation"), which comprise the balance sheet as of December 31, 2016 and 2015 and the related statements of activities and 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.

### ***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 opinions.

To the Board of Trustees  
Max M. & Marjorie S. Fisher Foundation

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Max M. & Marjorie S. Fisher Foundation as of December 31, 2016 and 2015 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.

***Emphasis of Matter***

As explained in Note 1, the financial statements include certain investments whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or the partnership general partners. These investments are valued at \$120,639,693 (45.2 percent of net assets) at December 31, 2016 and \$102,369,103 (40.4 percent of net assets) at December 31, 2015. Our opinion is not modified with respect to this matter.

*Plante & Moran, PLLC*

August 28, 2017

# Max M. & Marjorie S. Fisher Foundation

## Balance Sheet

	December 31, 2016	December 31, 2015
<b>Assets</b>		
Cash and cash equivalents	\$ 89,551	\$ 153,591
Investments (Note 2)	271,566,497	249,564,800
Mission-related investments (Note 2)	251,027	270,427
Program-related investments net of allowance of \$10,000 and \$35,000 as of December 31, 2016 and 2015, respectively (Note 4)	1,036,873	177,684
Investment redemption and other receivables	777,094	7,409,207
Other assets	87,500	-
Property and equipment - Net (Note 5)	218,225	228,811
Total assets	<b>\$ 274,026,767</b>	<b>\$ 257,804,520</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accrued liabilities	\$ 187,985	\$ 235,222
Grants payable (Note 3)	6,687,605	4,280,835
Total liabilities	6,875,590	4,516,057
<b>Net Assets - Unrestricted</b>	267,151,177	253,288,463
Total liabilities and net assets	<b>\$ 274,026,767</b>	<b>\$ 257,804,520</b>

# Max M. & Marjorie S. Fisher Foundation

## Statement of Activities and Changes in Net Assets

	Year Ended	
	December 31, 2016	December 31, 2015
<b>Income (Loss)</b>		
Contributions	\$ 87,500	\$ 6,799
Investment income (loss):		
Dividends and interest	839,991	1,040,246
Net realized and unrealized gains (losses) on investments	27,231,329	(6,376,198)
Other income	2,210	156,713
Investment expenses	(855,638)	(915,136)
Federal excise tax	(364,936)	(543,439)
Net investment income (loss)	<u>26,852,956</u>	<u>(6,637,814)</u>
Net income (loss)	26,940,456	(6,631,015)
<b>Expenses</b>		
Grants	10,661,624	10,342,871
Program expenses	1,168,170	979,265
Management and general	1,247,948	1,093,475
Total expenses	<u>13,077,742</u>	<u>12,415,611</u>
<b>Increase (Decrease) in Net Assets</b>	13,862,714	(19,046,626)
<b>Net Assets - Beginning of year</b>	<u>253,288,463</u>	<u>272,335,089</u>
<b>Net Assets - End of year</b>	<u>\$ 267,151,177</u>	<u>\$ 253,288,463</u>

# Max M. & Marjorie S. Fisher Foundation

## Statement of Cash Flows

	Year Ended	
	December 31, 2016	December 31, 2015
<b>Cash Flows from Operating Activities</b>		
Increase (decrease) in net assets	\$ 13,862,714	\$ (19,046,626)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation and amortization	18,835	18,400
Discount on grants payable	34,501	29,743
Discount on program-related investment loan receivable	71,700	(10,430)
Realized gain on sales of investments	(5,963,026)	(6,432,682)
Unrealized (gain) loss on investments	(21,268,303)	12,808,880
Deferred excise recovery taxes	-	31,313
In-kind contributions	(87,500)	-
Changes in operating assets and liabilities which (used) provided cash:		
Accounts receivable	(65,588)	(489,565)
Program-related investment loan receivables	(900,000)	-
Allowance for doubtful accounts	(25,000)	10,000
Other assets	-	1,656
Mission-related investments	-	4,721
Grants payable	2,372,269	92,443
Accrued liabilities	(47,237)	(13,943)
Net cash used in operating activities	(11,996,635)	(12,996,090)
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(8,249)	(6,193)
Net change in investment redemption receivable	6,697,701	(1,180,423)
Purchases of investments	(23,290,290)	(30,105,009)
Proceeds from sales and maturities of investments	28,533,433	44,416,922
Net cash provided by investing activities	11,932,595	13,125,297
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(64,040)	129,207
<b>Cash and Cash Equivalents - Beginning of year</b>	153,591	24,384
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 89,551</b>	<b>\$ 153,591</b>

# Max M. & Marjorie S. Fisher Foundation

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## Notes to Financial Statements December 31, 2016 and 2015

### Note I - Nature of Business and Significant Accounting Policies

**Nature of Operations** - Max M. & Marjorie S. Fisher Foundation (the "Foundation"), located in Southfield, Michigan, established in 1955, and endowed following the death of Max M. Fisher in 2005, is a private family foundation which was organized to make grants to charitable organizations, which are described in Section 501(c)(3) of the Internal Revenue Code. The primary activity of the Foundation is to receive and administer funds in order to support charitable, educational, religious, cultural, and other organizations. The Foundation aims to create opportunities for those without them and support human community in all its forms, from families to coalitions, and cities to nations. The Foundation was funded through the Max M. Fisher Estate and contributions by family members.

**Cash Equivalents** - The Foundation considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

**Investments** - Money market investment funds are under the custody of fund managers and represent temporarily uninvested monies and short-term investments consisting of funds collected.

Investments in common and preferred stocks, bonds, U.S. Treasury bills, and mutual funds are carried at quoted fair market value. The change in unrealized market appreciation is included in the statement of activities and changes in net assets. Realized gains and losses are recorded using specific identification of the assets sold.

The alternative investments, composed primarily of funds of funds, multi-asset funds, private equity funds, alternative/hedge funds, and real estate funds, a significant amount of which are not readily marketable, are carried at estimated fair values as provided by the various fund managers. Foundation management reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and significant assumptions used in determining fair value. Those estimated fair values are subject to uncertainty and may differ significantly from the values that would have been used had a ready market for these securities existed. The estimated fair values of the Foundation's alternative investments totaled \$120,639,693 and \$102,369,103 at December 31, 2016 and 2015, respectively.

**Allowance for Doubtful Accounts** - An allowance for doubtful accounts is established based on a specific assessment of all receivables that remain unpaid following agreed-upon payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made.



# Max M. & Marjorie S. Fisher Foundation

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## Notes to Financial Statements December 31, 2016 and 2015

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

**Risk and Uncertainties** - The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, currency, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the balance sheet.

**Property and Equipment** - Property and equipment are recorded at cost when purchased and at estimated fair market value when donated. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets. Donated collections that include works of art, historical treasures, or similar assets are not capitalized or recognized as revenue or gains.

**Grants Payable** - Unconditional promises to give are recognized as an expense once the grant agreement is fully executed. Discretionary promises to give are recognized as an expense at the time of formal approval by the full board of trustees. Conditional promises to give, if any, are expensed when such conditions are substantially met.

**Tax Status** - The Foundation is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code. As a private family foundation, the Foundation is subject to an excise tax on net investment income, including realized gains as defined in the Tax Reform Act of 1969.

**Contributions** - Contributions of cash and other assets are reported as revenue when received, measured at fair value. All contributions received by the Foundation are unrestricted.

**Classification of Net Assets** - Net assets of the Foundation are classified based on the presence or absence of donor-imposed restrictions. All net assets of the Foundation are unrestricted.

**Functional Allocation of Expenses** - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Employee salaries and wages are allocated between program services, administrative, and grants expense on the basis of the actual time devoted to these activities. Other expenses have been allocated on various bases, as determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different results.

# Max M. & Marjorie S. Fisher Foundation

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## Notes to Financial Statements December 31, 2016 and 2015

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**Upcoming Accounting Pronouncement** - In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU No. 2016-14 requires significant changes to the financial reporting model of organizations that follow FASB not-for-profit rules, including changing from three classes of net assets to two classes: net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Foundation, including required disclosures about the liquidity and availability of resources. The new standard is effective for the Foundation's year ending December 31, 2018 and thereafter and must be applied on a retrospective basis. Upon implementation, the Foundation will report expense classifications to include both functional and natural classes, and will also include the required liquidity and availability of financial resources disclosures.

**Subsequent Events** - The financial statements and related disclosures include evaluation of events up through and including August 28, 2017, which is the date the financial statements were available to be issued.

# Max M. & Marjorie S. Fisher Foundation

## Notes to Financial Statements December 31, 2016 and 2015

### Note 2 - Investments and Mission-related Investments

Investments and mission-related investments consisted of the following at December 31:

	2016		2015	
	Cost	Fair Value	Cost	Fair Value
Short-term cash pool	\$ 4,283,509	\$ 4,283,509	\$ 4,033,300	\$ 4,033,300
Fixed-income securities	37,182,464	42,775,804	32,091,829	32,247,961
Equity securities	56,345,709	94,918,704	68,071,892	100,935,288
Asset allocation funds	9,517,458	9,199,814	11,748,850	10,249,575
Real estate funds	12,943,301	21,348,987	11,484,971	20,713,099
Private equity funds and distressed credit	31,595,713	49,404,013	25,286,046	37,374,192
Hedge fund	32,147,998	49,635,666	32,147,998	44,011,385
Mission-related investments - Private equity funds	425,416	251,027	405,036	270,427
<b>Total</b>	<b>\$ 184,441,568</b>	<b>\$ 271,817,524</b>	<b>\$ 185,269,922</b>	<b>\$ 249,835,227</b>

The Foundation has approved a \$1 million commitment in partnership with the Council of Michigan Foundations and Community Capital Management for the Economic Development Bond Fund - Michigan Series and a \$250,000 commitment to the Woodward Corridor Investment Fund. These mission-related investments have not yet been executed.

### Note 3 - Grants for Charitable, Educational, and Other Authorized Purposes

The following summarizes the changes in grants payable:

	2016	2015
Grants payable - Beginning of year	\$ 4,280,835	\$ 4,158,649
Grants approved	10,696,124	10,372,615
Payments made	(8,254,853)	(10,220,686)
Change in present value discount	(34,501)	(29,743)
<b>Grants payable - End of year</b>	<b>\$ 6,687,605</b>	<b>\$ 4,280,835</b>

The discount rate used in the December 31, 2016 and 2015 present value calculations was 1.70 percent and 1.31 percent, respectively, and is based on daily treasury yield curve rates.

Grants payable at December 31, 2016 are scheduled to be disbursed as follows: \$3,956,121, \$1,408,533, \$942,677, and \$380,274 for 2017, 2018, 2019, and 2020, respectively.

# **Max M. & Marjorie S. Fisher Foundation**

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## **Notes to Financial Statements December 31, 2016 and 2015**

### **Note 3 - Grants for Charitable, Educational, and Other Authorized Purposes (Continued)**

As of December 31, 2016 and 2015, there were conditional grant commitments totaling \$2,525,000 and \$2,850,000, respectively, for which the grantee had not yet satisfied the condition.

### **Note 4 - Program-related Investments**

The Foundation has funded five program-related investments.

The Hebrew Free loan bears no interest and will mature on December 31, 2019. As of December 31, 2016 and 2015, the Foundation valued the asset at \$164,129 and \$156,314, respectively, to reflect the collectibility of the final payment due in 2019.

The P3E, L3C. changed its name to Artesian Farms, L3C in 2016. On September 28, 2016, the Foundation converted the promissory note into a 7.35 percent membership interest in Artesian Farms, L3C. As of December 31, 2016 and 2015, the Foundation valued the asset at \$55,889 and \$21,370, respectively.

In 2016, the Foundation completed the loan of \$250,000 to Capital Impact Partners (the Michigan Good Food Fund) that was approved in 2015. This loan bears 1 percent interest and will mature on February 17, 2026. As of December 31, 2016, the Foundation valued the asset at \$230,940 to reflect the collectibility of the final payment due in 2026.

A loan of \$400,000 was made to Recovery Park in 2016. This loan bears 2 percent interest and will mature on September 30, 2023. As of December 31, 2016, the Foundation valued the asset at \$370,075 to reflect the collectibility of the final payment due in 2023.

A loan of \$250,000 was made to Dualis Social Investment Fund in 2016. This loan bears 3 percent interest and will mature on December 20, 2023. As of December 31, 2016, the Foundation valued the asset at \$215,840 to reflect the collectibility of the final payment due in 2023.

As of December 31, 2016 and 2015, there were program-related investments totaling \$2,000,000 and \$2,250,000, respectively, that were approved but not yet executed. This includes a \$2,000,000 commitment to provide low-interest loans to Detroit neighborhood-based businesses to preserve and create jobs in partnership with the Community Foundation for Southeast Michigan and the New Economy Initiative. The Foundation met this commitment in May 2017.

# Max M. & Marjorie S. Fisher Foundation

## Notes to Financial Statements December 31, 2016 and 2015

### Note 5 - Property and Equipment

The cost of property and equipment is summarized as follows:

	2016	2015
Office equipment	\$ 43,251	\$ 43,251
Computer equipment and software	80,532	72,283
Leasehold improvements	250,541	250,541
Total cost	374,324	366,075
Less accumulated depreciation	(156,099)	(137,264)
Net carrying amount	\$ 218,225	\$ 228,811

Depreciation and amortization expense was \$18,835 and \$18,400 for the years ended December 31, 2016 and 2015, respectively. Depreciation is calculated on a straight-line basis over useful lives ranging from 3 to 39 years.

In 2015, the widow of Max M. Fisher donated the Max M. Fisher Archives to the Foundation. The archives consist of political memorabilia, autographs, and photos. The archives are housed at Wayne State University.

### Note 6 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at December 31, 2016 and 2015 and the valuation techniques used by the Foundation to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

# Max M. & Marjorie S. Fisher Foundation

## Notes to Financial Statements December 31, 2016 and 2015

### Note 6 - Fair Value Measurements (Continued)

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Foundation's policy is to recognize transfers in and out of Level 1, 2, and 3 fair value classifications as of the actual date of the event of change in circumstances that caused the transfer. There were no significant transfers between levels during the years ended December 31, 2016 and 2015.

#### Assets Measured at Fair Value on a Recurring Basis at December 31, 2016\*

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Net Asset Value	Balance at December 31, 2016
Investments:			
Equity securities - U.S.	\$ 82,804	\$ 41,069,931	\$ 41,152,735
Equity securities - International and emerging markets funds	-	53,765,969	53,765,969
Fixed-income mutual fund	14,223,536	-	14,223,536
Fixed-income institutional funds	-	28,552,268	28,552,268
Global asset allocation funds	9,199,814	-	9,199,814
Real estate funds	-	21,348,987	21,348,987
Private equity funds	-	46,433,481	46,433,481
Distressed credit funds	-	2,970,532	2,970,532
Hedge fund instruments	-	49,635,666	49,635,666
Total investments	23,506,154	243,776,834	267,282,988
Mission-related investments - Private equity funds	-	251,027	251,027
Total assets	\$ 23,506,154	\$ 244,027,861	\$ 267,534,015

\* Excludes the short-term cash pool totaling \$4,283,509, which is not required to be disclosed under this accounting standard.

# Max M. & Marjorie S. Fisher Foundation

## Notes to Financial Statements December 31, 2016 and 2015

### Note 6 - Fair Value Measurements (Continued)

#### Assets Measured at Fair Value on a Recurring Basis at December 31, 2015\*

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Net Asset Value	Balance at December 31, 2015
Investments:			
Equity securities - U.S.	\$ 127,976	\$ 45,958,909	\$ 46,086,885
Equity securities - International and emerging markets funds	-	54,848,403	54,848,403
Fixed-income mutual fund	12,937,610	-	12,937,610
Fixed-income institutional funds	-	19,310,351	19,310,351
Global asset allocation funds	10,249,575	-	10,249,575
Real estate funds	-	20,713,099	20,713,099
Private equity funds	-	34,249,812	34,249,812
Distressed credit funds	-	3,124,380	3,124,380
Hedge fund instruments	-	44,011,385	44,011,385
Total investments	23,315,161	222,216,339	245,531,500
Mission-related investments - Private equity funds	-	270,427	270,427
Total assets	<u>\$ 23,315,161</u>	<u>\$ 222,486,766</u>	<u>\$ 245,801,927</u>

\* Excludes the short-term cash pool totaling \$4,033,300, which is not required to be disclosed under this accounting standard.

#### Investments in Entities that Calculate Net Asset Value per Share

The Foundation holds shares or interests in investment companies whereby the fair value of the investments are measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

# Max M. & Marjorie S. Fisher Foundation

## Notes to Financial Statements December 31, 2016 and 2015

### Note 6 - Fair Value Measurements (Continued)

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows (in thousands):

	December 31,	December 31,	December 31, 2016		
	2016	2015	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
	Fair Value	Fair Value			
Equity securities - U.S. (a)	\$ 41,070	\$ 45,959	\$ -	Monthly	30 days
Equity securities - International and emerging markets funds (b)	53,766	54,849	-	Monthly	30 days
Fixed-income institutional funds (c)	28,552	19,310	-	Monthly	30 days
Real estate (d)	21,349	20,713	9,166	N/A*	N/A
Private equity (e)	46,433	34,250	30,009	N/A*	N/A
Distressed credit (f)	2,971	3,124	346	N/A*	N/A
Hedge funds (g)	49,636	44,011	-	Semiannually	105 days
Mission-related investments (h)	251	270	75	N/A*	N/A
<b>Total</b>	<b>\$ 244,028</b>	<b>\$ 222,486</b>	<b>\$ 39,596</b>		

\* These funds are in private equity structures with no rights to redemption. Liquidity is based on the timing of the fund's ability to distribute proceeds as available.

The unfunded commitments noted above are not considered liabilities of the Foundation at December 31, 2016 and 2015 and have not been recorded in the balance sheet.

- (a) Equity securities - U.S. include an actively managed portfolio of individual stocks and index funds benchmarked to three stock indexes. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.
- (b) Equity securities - International and emerging markets funds include investments in diversified institutional funds. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.
- (c) Fixed-income institutional funds include investments in diversified institutional funds. The underlying investments include U.S. corporate bonds (both investment grade and high yield), bank loans, sovereign debt of both established international and emerging market countries, U.S. master limited partnerships, and U.S. Treasury and agency bonds. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.
- (d) The real estate funds category includes several real estate funds invested in a variety of real property types including multifamily, office, retail, and hotel, primarily in North America. The fair values of the investments in this category have been estimated using the net asset value of the Foundation's ownership interest in partners' capital.



# Max M. & Marjorie S. Fisher Foundation

## Notes to Financial Statements December 31, 2016 and 2015

### Note 6 - Fair Value Measurements (Continued)

- (e) The private equity funds category includes investments in large and small company buyouts, venture capital, growth equity, and distressed situations. The investment managers invest directly or through secondary market purchases globally. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.
- (f) The distressed credit category includes investments in a variety of debt instruments purchased at discounts to intrinsic value globally. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.
- (g) The hedge fund category includes global investments in stocks, bonds, commodities, and currencies. Such managers are provided broad latitude to invest long or short, directly or synthetically, and can employ leverage. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.
- (h) The mission-related investments category includes investments in a venture capital fund for a social or environmental impact. The fair value of the investments in this category have been estimated using the net asset value per share of the investments.

### Note 7 - Excise Taxes

The Foundation's current excise tax expense for the years ended December 31, 2016 and 2015 was \$364,936 and \$543,439, respectively. The unrealized gain on contributed securities at December 31, 2016 and 2015 was \$2,970,575. There are deferred taxes of \$59,412 related to this unrealized gain at December 31, 2016 and 2015.

### Note 8 - Related Party Transactions

The following is a description of transactions between the Foundation and related parties:

The Fisher Group (TFG) provides the majority of financial services for the Foundation. The terms of these services are covered under a service agreement signed by both parties. Four trustees for the Foundation are also owners of TFG. For the years ended December 31, 2016 and 2015, the Foundation incurred expenses related to TFG service provider fees in the amount of \$1,278,196 and \$1,372,068, respectively.

The Foundation has entered into a commitment to invest \$8 million in a TFG-sponsored LLC, which has, in turn, committed the Foundation to invest in Ram Realty Partners II LP and Ram Realty Investors II LLC (collectively, the "Ram Funds"). The Foundation has also entered into a commitment to invest \$2.5 million directly in Ram Realty Partners III and \$1.7 million in Ram Realty Partners IV. The above-mentioned Ram Funds are sponsored and managed by entities co-owned by a Foundation board of trustees member and her family.

# **Max M. & Marjorie S. Fisher Foundation**

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## **Notes to Financial Statements December 31, 2016 and 2015**

### **Note 9 - Defined Contribution Plan**

The Foundation sponsors a defined contribution 403(b) plan for all eligible full-time employees. Employees may make elective contributions to the 403(b) plan in accordance with IRS regulations. The Foundation may make contributions to the 403(b) plan up to 5 percent of the employees' base salaries. During the years ended December 31, 2016 and 2015, the Foundation contributed \$25,363 and \$28,638, respectively, to the plan.

## **Additional Information**

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## Independent Auditor's Report on Additional Information

To the Board of Trustees  
Max M. & Marjorie S. Fisher Foundation

We have audited the financial statements of Max M. & Marjorie S. Fisher Foundation as of and for the years ended December 31, 2016 and 2015 and have issued our report thereon dated August 28, 2017, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of details of support activities is presented for the purpose 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 audit 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.

*Plante & Moran, PLLC*

August 28, 2017

# Max M. & Marjorie S. Fisher Foundation

## Schedule of Details of Support Activities

	Year Ended December 31	
	2016	2015
<b>Management and General Expenses</b>		
Salaries and wages	\$ 183,512	\$ 179,450
Employee benefits	35,278	26,260
Payroll taxes	10,336	10,622
Contract and professional fees	211,405	180,117
Telephone	7,068	5,761
Employee relations and training	9,034	15,407
Insurance	12,231	12,058
Postage and shipping	1,642	3,082
TFG service provider fee	447,369	480,224
Rent	10,712	11,899
Depreciation and amortization	18,835	18,400
Supplies, printing, and subscriptions	14,817	15,692
Interest expense	293	6,295
Other taxes*	208,136	43,322
Information systems	3,236	1,542
Travel	55,564	47,551
Miscellaneous	18,480	35,793
Total management and general expenses	<u>\$ 1,247,948</u>	<u>\$ 1,093,475</u>

\* Other taxes includes federal and state income tax on unrelated business taxable income generated from investment gains.