

# Roy J. Carver Charitable Trust

Financial Report  
April 30, 2018

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RSM US LLP

## Independent Auditor's Report

To the Board of Trustees  
Roy J. Carver Charitable Trust

### Report on the Financial Statements

We have audited the accompanying financial statements of Roy J. Carver Charitable Trust (Trust) which comprise the statements of financial position as of April 30, 2018 and 2017; the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 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 qualified audit opinion.

### Basis for Qualified Opinion

The Trust's financial statements do not disclose the level hierarchy under Financial Accounting Standards Board Accounting Standards Codification Topic No. 820, Fair Value Measurements, (ASC 820) for any investments not classified as Level 1 and certain additional information required to be disclosed for investments classified as Level 3. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

**Qualified Opinion**

In our opinion, except for the omission of the information described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Roy J. Carver Charitable Trust as of April 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 13–15 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, except for the effect on the accompanying information of the qualified opinion on the financial statements described above, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*RSM US LLP*

Davenport, Iowa  
June 22, 2018

Roy J. Carver Charitable Trust

Statements of Financial Position  
April 30, 2018 and 2017

	2018	2017
<b>Assets</b>		
Cash	\$ 998,738	\$ 902,360
Money market funds	2,009,608	5,380,397
<b>Total cash and cash equivalents</b>	<b>3,008,346</b>	<b>6,282,757</b>
Accrued investment income	513,284	495,713
Excise taxes receivable	37,000	-
Investments	331,423,211	313,434,466
Property and equipment:		
Land and land improvements	567,038	567,038
Building and building improvements	2,126,871	2,126,871
Furniture, fixtures and equipment	272,088	276,576
	2,965,997	2,970,485
Less accumulated depreciation	1,485,442	1,418,584
<b>Total property and equipment</b>	<b>1,480,555</b>	<b>1,551,901</b>
<b>Total assets</b>	<b>\$ 336,462,396</b>	<b>\$ 321,764,837</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Grant obligations payable	\$ 32,236,633	\$ 39,456,332
Other accrued expenses	146,314	84,135
Excise taxes payable	-	89,000
Deferred excise taxes	1,918,000	1,601,000
<b>Total liabilities</b>	<b>34,300,947</b>	<b>41,230,467</b>
Commitments (Note 2)		
Net assets, unrestricted	302,161,449	280,534,370
<b>Total liabilities and net assets</b>	<b>\$ 336,462,396</b>	<b>\$ 321,764,837</b>

See notes to financial statements.

**Roy J. Carver Charitable Trust**

**Statements of Activities**

**Years Ended April 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
Unrestricted revenue:		
Interest	\$ 2,226,771	\$ 2,102,235
Dividends	3,389,990	3,509,016
Net realized and unrealized gains on investments, net of investment fees 2018 \$1,681,483; 2017 \$1,374,036	<u>27,193,245</u>	<u>36,040,400</u>
<b>Total unrestricted revenue</b>	<b><u>32,810,006</u></b>	<b><u>41,651,651</u></b>
Unrestricted expenses:		
Grants approved	9,244,843	51,329,933
Trustee fees	166,450	167,800
Salaries and payroll taxes	903,315	877,802
Professional fees	117,026	93,472
Provision for federal excise taxes	471,000	665,000
Depreciation	71,346	72,628
Building repair and maintenance	80,446	68,525
Travel	4,186	3,801
Office	27,366	23,100
Insurance	11,955	12,201
Telephone	6,365	6,257
Miscellaneous	78,629	37,416
<b>Total unrestricted expenses</b>	<b><u>11,182,927</u></b>	<b><u>53,357,935</u></b>
<b>Increase (decrease) in unrestricted net assets</b>	<b>21,627,079</b>	<b>(11,706,284)</b>
Unrestricted net assets:		
Beginning	<u>280,534,370</u>	<u>292,240,654</u>
Ending	<b><u>\$ 302,161,449</u></b>	<b><u>\$ 280,534,370</u></b>

See notes to financial statements.

**Roy J. Carver Charitable Trust**

**Statements of Cash Flows**  
**Years Ended April 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
Cash flows from operating activities:		
Increase (decrease) in unrestricted net assets	\$ 21,627,079	\$ (11,706,284)
Adjustments to reconcile increase (decrease) in unrestricted net assets to net cash used in operating activities:		
Depreciation	71,346	72,628
Accretion	7,541	(24,154)
Deferred excise taxes	317,000	425,500
Realized and unrealized (gains) on investments	(28,874,728)	(37,414,436)
Changes in assets and liabilities:		
(Increase) decrease in accrued investment income	(17,571)	15,590
Increase in other accrued expenses	62,179	4,317
Increase (decrease) in grant obligations payable	(7,219,699)	35,954,416
Increase (decrease) in excise taxes payable	(126,000)	86,000
<b>Net cash used in operating activities</b>	<b>(14,152,853)</b>	<b>(12,586,423)</b>
Cash flows from investing activities:		
Proceeds from sale of property and equipment	-	4,998
Purchases of investments	(51,665,310)	(67,064,077)
Proceeds from sales, maturities and calls of investments	62,543,752	83,234,586
<b>Net cash provided by investing activities</b>	<b>10,878,442</b>	<b>16,175,507</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(3,274,411)</b>	<b>3,589,084</b>
Cash and cash equivalents:		
Beginning	6,282,757	2,693,673
Ending	\$ 3,008,346	\$ 6,282,757
Supplemental disclosure of cash flow information, cash payments made for excise taxes	\$ 243,000	\$ 153,500

See notes to financial statements.

## Roy J. Carver Charitable Trust

### Notes to Financial Statements

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#### Note 1. Organization and Significant Accounting Policies

**Organization:** The Roy J. Carver Charitable Trust was created on June 16, 1981 under the provisions of the Last Will and Testament of Roy J. Carver. The Trust is a nonprofit entity whose purpose is to enhance charitable, educational and scientific programs. This purpose is accomplished through the aid of grants which are distributed to various academic and charitable institutions. The Trust is required by the Will to distribute all cash basis income at least semiannually; therefore, internal accounting records are maintained on a cash basis and these financial statements are adjusted to the accrual basis in accordance with accounting principles generally accepted in the United States of America.

#### Significant accounting policies:

**Accounting 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Basis of accounting:** The records of the Trust are kept on the basis of cash receipts and disbursements. The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, long-lived assets, and accrued items, including grants payable, as approved by the Trustees.

**Cash and cash equivalents:** The Trust considers all cash accounts and money market funds with an original maturity of three months or less to be cash and cash equivalents. Money market funds are carried at cost.

**Investments:** Investments are valued using quoted market prices obtained from national securities exchanges, and third-party pricing services where available. For limited partnerships where quoted market value of investments may not be available, fair values are based on information provided by the general partners, which includes quoted fair values when available and estimates of fair value of investments that are not readily ascertainable. There have been no changes in valuation techniques used for any investments during the year ended April 30, 2018.

Investment transactions are accounted for on the date the securities are purchased or sold. Realized and unrealized gains and losses on investment transactions including management and custodial fees, determined by the specific-identification method, are included in net gains on investments. Interest and dividends are recognized as revenue when earned.

**Property and equipment:** Property and equipment is carried at cost. Depreciation is computed by accelerated and straight-line methods over the assets estimated useful lives.

**Grant obligations payable:** Grants payable are discounted using a risk free rate of return as of the date of the grant approval.

**Net assets:** Under the definition of endowment funds in current accounting guidance, all of the Trust's investments are considered an endowment fund. The Trust's investment funds are considered unrestricted as they are fully expendable by the Board of Trustees subject to various tax and legal limitations.

## Roy J. Carver Charitable Trust

### Notes to Financial Statements

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#### Note 1. Organization and Significant Accounting Policies (Continued)

**Federal income and excise taxes:** The Trust is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Trust has been determined to be a private foundation under Section 509(a), Chapter 42 of the Code and is subject to federal excise taxes. Deferred taxes are provided on a liability method whereby deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. The Trust's temporary differences relate primarily to the difference between the cost and fair value of the investments. Deferred tax liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Trust files a Form 990-PF (Return of Private Foundation) annually. An excise tax of 1 or 2 percent is imposed on the net investment income of all domestic tax-exempt private foundations for each tax year, and is reported on Form 990-PF. UBIT is reported on Form 990-T, as appropriate. As of April 30, 2018 and 2017, there were no uncertain tax benefits identified and recorded as a liability.

**Pending accounting guidance:** In January 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 will be effective for the Trust for fiscal years beginning after December 15, 2018. The Trust elected to early adopt the amendment that no longer requires disclosure of the fair value of financial instruments that are not measured at fair value and as such, these disclosures are not included herein.

In August 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* which amends the requirements for financial statements and notes in Topic 958 to require not-for-profit entities to make reporting changes affecting the following:

- Net asset classifications and related disclosures.
- Underwater donor-restricted endowments and related disclosures.
- Recognition of the expiration of restrictions under the placed-in-service approach for all capital gifts.
- Additional disclosures useful in assessing liquidity within one year of the statement of financial position date.
- Enhanced disclosures will be required for institutions that present an operating measure.
- The options for presenting the statement of cash flows.
- Reporting of net investment return.
- New reporting requirements related to expenses including disclosure of expenses by both nature and function.

The amendments in this Update are effective for financial statements issued for fiscal years beginning after December 15, 2017. The Trust is currently evaluating the effect that this amendment will have on the financial statements.

**Subsequent events:** The Trust has evaluated subsequent events through June 22, 2018, the date on which the financial statements were available to be issued.

## Roy J. Carver Charitable Trust

### Notes to Financial Statements

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#### Note 2. Investments and Investment Gains (Losses)

The Trust's investments are held by a bank-administered trust fund. As of April 30, 2018 and 2017, the Trust's investments consist of the following:

	2018		2017	
	Fair Value	Original Cost	Fair Value	Original Cost
Common stock	\$ 83,825,612	\$ 53,846,137	\$ 83,760,901	\$ 52,855,972
Domestic equity mutual funds	85,412,161	48,571,090	82,214,708	49,837,537
International equity fund	37,112,693	21,337,381	34,951,892	25,174,477
U.S. government bonds	3,571,422	3,642,282	504,707	510,804
U.S. government agency securities	1,829,298	1,854,492	1,471,464	1,463,540
Municipal/provincial bonds	3,645,097	3,550,268	4,004,527	3,817,016
Corporate bonds	29,292,803	29,762,865	28,592,050	28,118,460
U.S. government mortgage-backed securities	10,189,114	10,513,524	7,600,820	7,627,497
Commercial mortgage-backed securities	3,367,561	3,505,420	4,846,050	4,862,846
Asset backed securities	3,787,420	3,839,725	4,697,200	4,655,475
Partnerships invested in:				
Private equity	19,293,666	19,094,624	17,667,283	18,451,927
Venture capital and emerging markets	50,096,364	36,000,000	43,122,864	36,000,000
	<u>\$331,423,211</u>	<u>\$235,517,808</u>	<u>\$313,434,466</u>	<u>\$233,375,551</u>

Alternative investments are investments not listed on national exchanges or over-the-counter markets, or for which quoted market prices are not available from sources such as financial publications. Alternative investments may be structured as limited partnerships, limited liability corporations, trusts or corporations. The Trust's alternative investments are the partnerships and the international equity mutual funds above. As of April 30, 2018, the Trust had commitments for these investments of approximately \$20,405,000 for which capital calls had not been exercised. Such commitments generally have fixed expiration dates or other termination clauses.

Net gains on investments for the years ended April 30, 2018 and 2017 consist of:

	2018	2017
Net realized gains, net of investment fees	\$ 11,346,757	\$ 14,324,964
Net increase in unrealized gains	15,846,488	21,715,436
	<u>\$ 27,193,245</u>	<u>\$ 36,040,400</u>

The investments of the Trust are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

## Roy J. Carver Charitable Trust

### Notes to Financial Statements

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#### Note 3. Federal Excise Tax

In accordance with the applicable provisions of Section 4940, the Trust is subject to a federal excise tax of 1 or 2 percent (subject to certain criteria) on net investment income, including realized gains on investment transactions, as defined under this provision. The provision for federal excise taxes for the years ended April 30, 2018 and 2017 consists of:

	2018	2017
Current	\$ 154,000	\$ 239,500
Deferred	317,000	425,500
	<u>\$ 471,000</u>	<u>\$ 665,000</u>

In addition, the Trust operates as a private nonoperating foundation. One of the requirements to maintain private nonoperating foundation status is to make grants equaling approximately 5 percent of the average value of the noncharitable assets each year. As of April 30, 2018, the Trust had an excess distribution carryover, which is estimated to be approximately \$7,600,000, which is available to offset amounts to be distributed during the year ending April 30, 2019. If the Trust were to have undistributed income, any portion of the amount not distributed by the end of the following fiscal year would be subject to a 30 percent penalty tax.

#### Note 4. Summary of Functional Expenses

The Trust enhances charitable, educational and scientific programs by making grants that are distributed to various academic and charitable institutions. Grants approved are direct program expenses while the excise tax expense is an administrative expense related to investment income. Substantially all other expenses are related to the management of the grant programs or administration of the Trust.

#### Note 5. Grants Payable

Grants payable are summarized as follows as of April 30, 2018 and 2017:

	2018	2017
In one year or less	\$ 4,182,081	\$ 6,439,462
1 to 2 years	3,469,738	3,573,550
2 to 3 years	3,000,000	3,000,000
3 to 4 years	3,000,000	3,000,000
4 to 5 years	3,000,000	3,000,000
After 5 years	22,050,000	26,900,000
	<u>38,701,819</u>	<u>45,913,012</u>
Present value discount	6,465,186	6,456,680
	<u>\$ 32,236,633</u>	<u>\$ 39,456,332</u>

## Roy J. Carver Charitable Trust

### Notes to Financial Statements

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#### Note 6. Fair Value Measurements

The Fair Value Measurements and Disclosures Topic of the FASB Codification defines fair value, establishes a framework for measuring fair value and requires disclosure of fair value measurements. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy set forth in the Topic are as follows:

**Level 1:** Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

**Level 2:** Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

**Level 3:** Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

When quoted prices in active markets for identical assets are available, the Trust used these quoted market prices to determine the fair value of financial assets and classify these as Level 1.

Level 1 securities totaled \$169,237,779 and \$165,975,609 as of April 30, 2018 and 2017, respectively. There were no transfers in or out of Level 1 during the year ended April 30, 2018.

The following table sets forth the breakdown of the fair value of Level 1 securities as of April 30, 2018 and 2017:

	2018	2017
Common stock:		
Consumer discretionary	\$ 9,882,573	\$ 9,736,860
Consumer staples	3,096,281	2,428,492
Energy	3,969,830	3,250,472
Financials	24,481,396	25,128,755
Health care	10,758,684	12,170,907
Industrials	11,095,817	10,609,061
Information technology	12,545,260	11,731,892
Materials	3,601,942	3,674,454
Telecommunication services	1,047,495	1,143,008
Utilities	2,767,231	3,276,281
Real estate investment trusts	579,103	610,719
Domestic equity mutual funds:		
Real estate investment trust	14,920,276	15,531,528
Mid cap funds	34,721,498	33,083,439
Large cap funds	17,964,199	16,751,810
Small cap funds	17,806,188	16,847,931
	<u>\$ 169,237,773</u>	<u>\$ 165,975,609</u>

## Roy J. Carver Charitable Trust

### Notes to Financial Statements

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

The remaining investments totaling \$162,185,438 and \$147,458,857 as of April 30, 2018 and 2017, respectively, in the portfolio where quoted market prices are not available or where fair values are estimated using pricing models, quoted prices of securities with similar characteristics or discounted cash flow or where there is limited activity or less transparency around inputs to the valuation would be classified within Level 2 or Level 3 of the valuation hierarchy. The Trust declines to disclose information for these investments not classified within Level 1.

The following table sets forth additional disclosure of the Trust's investments whose fair value is estimated using NAV per share (or its equivalent) as of April 30, 2018 and 2017:

Investment	April 30, 2018		April 30, 2017 Fair Value	Redemption Frequency	Redemption Notice Period
	Fair Value	Unfunded Commitment			
Investments:					
International equity fund (A)	\$ 37,112,693	\$ -	\$ 34,951,892	Daily	30 days
Private equity limited partnerships (B)	19,293,666	20,405,000	17,667,283	None	N/A – see (B)
Venture capital and emerging markets limited partnership (C)	50,096,364	-	43,122,864	Monthly	30 days
	<u>\$ 106,502,723</u>	<u>\$ 20,405,000</u>	<u>\$ 95,742,039</u>		

- (A) The fund invests in international equities that are all exchange traded in other countries outside of the United States of America (USA). This fund can be redeemed immediately at the current NAV per share based on the fair value of the underlying assets. The fair value of this investment has been estimated using the NAV per share of the investment provided by the fund manager.
- (B) The partnerships in this category consist of both funds that invest in the following types of investments in the USA and also outside of the USA: venture capital partnerships, buyout partnerships, mezzanine/subordinated debt partnerships, restructuring/distressed debt partnerships and special situation partnerships. These investments cannot be redeemed during the life of the partnership which can be up to 12 years; however they can be transferred to another eligible investor. Distributions will be received as the underlying investments of the funds are liquidated over time. The fair value of this investment has been estimated using the NAV per share of the investment provided by the fund manager. Management and the Trust's Investment Committee of the Board of Trustees has reviewed financial information of these partnerships and believes that the NAV reported is a reasonable estimate of the fair value of these investments, however since there is not an active market for these investments, if the Trust required immediate sale of these investments, opportunities for transfers could require a discount which could range between none and 20 percent. The Trust does not have plans for sale of these investments at this time.
- (C) The partnership in this category consists of closed-end funds and investment trusts that invest in equity securities of companies in one or more emerging market countries. From time to time, as a result certain closed-end funds having distributed portions of their portfolio investments, the partnership may hold direct investments in individual companies primarily operating in emerging market countries. This partnership can be redeemed monthly if the withdrawal request is no later than the first business day of the month containing the desired withdrawal date. The fair value of the partnership has been estimated by using the NAV per share of the investment provided by the fund manager.

## Roy J. Carver Charitable Trust

### Notes to Financial Statements

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#### Note 7. Investment Funds

Under the definition of endowment funds in current accounting guidance, all of the Trust's investments are considered an endowment fund. The Trust's investment funds are considered unrestricted as they are fully expendable by the Board of Trustees subject to various tax and legal limitations.

**Interpretation of relevant law:** The Board of Trustees has interpreted that the Trust is not subject to the State of Iowa's Uniform Prudent Management of Institutional Funds Act since the Trust's by-laws provide for the full ability of the Board to spend investment funds subject to tax and legal limitations. The Trust has no temporarily or permanently restricted net assets.

**Investment policy:** The Trust invests based on the goals to preserve capital, strive for consistent, positive returns and preserve the purchasing power by striving for long-term returns in excess of the inflation rate. The Trust utilizes a long term investment horizon with a high standard of quality. The Trust's strategy includes an asset mix of 12 percent - 28 percent in domestic fixed income, 24 percent - 56 percent in domestic equity, 18 percent - 42 percent in international equity and 6 percent - 14 percent in other type investments with further breakdowns within those broad categories.

**Policy for appropriation of assets for expenditure:** The Trust's spending policy is based on the Last Will and Testament that established the Trust which requires distribution of all cash basis income and is also based on necessary expenditures required by federal excise tax laws governing private foundations. The Board of Trustees also approves expenditures for administration of the Trust.

#### Changes in net assets for the years ended April 30, 2018 and 2017:

	<u>Total Unrestricted</u>
Net assets, April 30, 2016	\$ 292,240,654
Investment return:	
Investment income	5,611,251
Net appreciation (realized and unrealized), net of investment fees	<u>36,040,400</u>
Total investment return	41,651,651
Appropriation of assets for expenditures	<u>(53,357,935)</u>
Net assets, April 30, 2017	280,534,370
Investment return:	
Investment income	5,616,761
Net appreciation (realized and unrealized), net of investment fees	<u>27,193,245</u>
Total investment return	32,810,006
Appropriation of assets for expenditures	<u>(11,182,927)</u>
Net assets, April 30, 2018	<u><u>\$ 302,161,449</u></u>

**Roy J. Carver Charitable Trust**

**Book to GAAP Basis Conversion  
April 30, 2018**

	April 30, 2018 Book Balance	Item	Adjustments	April 30, 2018 Balance Accrual Basis
<b>Statement of Financial Position</b>				
<b>Assets</b>				
Investments, including cash and money market funds	\$ 238,516,904	(1, 4)	\$ 95,914,653	\$ 334,431,557
Accrued investment income	13,130	(1, 3)	500,154	513,284
Excise taxes receivable	-	(6)	37,000	37,000
Property and equipment, net of accumulated depreciation	<u>1,551,901</u>	(5)	<u>(71,346)</u>	<u>1,480,555</u>
<b>Total assets</b>	<b><u>\$ 240,081,935</u></b>		<b><u>\$ 96,380,461</u></b>	<b><u>\$ 336,462,396</u></b>
<b>Liabilities and Net Assets</b>				
Liabilities:				
Grant obligations payable	\$ -	(1, 7)	\$ 32,236,633	\$ 32,236,633
Other accrued expenses	-	(1, 2)	146,314	146,314
Excise taxes payable and deferred	-	(1, 6)	1,918,000	1,918,000
<b>Total liabilities</b>	<u>-</u>		<u>34,300,947</u>	<u>34,300,947</u>
Net assets, unrestricted	<u>240,081,935</u>		<u>62,079,514</u>	<u>302,161,449</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 240,081,935</u></b>		<b><u>\$ 96,380,461</u></b>	<b><u>\$ 336,462,396</u></b>

See page 15 for description of adjustments.

Roy J. Carver Charitable Trust

Book to GAAP Basis Conversion  
Year Ended April 30, 2018

	April 30, 2018 Book Balance	Item	Adjustments	April 30, 2018 Balance Accrual Basis
<b>Statement of Activities</b>				
Unrestricted revenue:				
Interest	\$ 2,120,500	(1, 3)	\$ 106,271	\$ 2,226,771
Dividends	3,404,229	(1, 3)	(14,239)	3,389,990
Net gains on investments, net of investment fees	11,402,910	(2, 4)	15,790,335	27,193,245
<b>Total unrestricted revenue</b>	<u>16,927,639</u>		<u>15,882,367</u>	<u>32,810,006</u>
Unrestricted expenses:				
Grants approved	16,464,542	(7)	(7,219,699)	9,244,843
Trustee fees	166,450		-	166,450
Salaries and payroll taxes	903,315		-	903,315
Professional fees	117,026		-	117,026
Provision for federal excise taxes	280,000	(6)	191,000	471,000
Depreciation	-	(5)	71,346	71,346
Building repair and maintenance	80,446		-	80,446
Travel	4,186		-	4,186
Office	27,366		-	27,366
Insurance	11,955		-	11,955
Telephone	6,365		-	6,365
Miscellaneous	33,976	(3)	44,653	78,629
<b>Total unrestricted expenses</b>	<u>18,095,627</u>		<u>(6,912,700)</u>	<u>11,182,927</u>
<b>Increase (decrease) in unrestricted net assets</b>	(1,167,988)		22,795,067	21,627,079
Unrestricted net assets:				
Beginning	<u>241,249,923</u>		<u>39,284,447</u>	<u>280,534,370</u>
Ending	<u>\$ 240,081,935</u>		<u>\$ 62,079,514</u>	<u>\$ 302,161,449</u>

See page 15 for description of adjustments.

**Roy J. Carver Charitable Trust**

**Book to GAAP Basis Conversion  
Year Ended April 30, 2018**

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**Description of Adjustments**

- (1) To record the effect of prior year accruals on current year revenue and expenses.
- (2) To record accrued liabilities at year-end.
- (3) To accrue interest and dividends on investments.
- (4) To record the change in unrealized gains on investments.
- (5) To recognize property and equipment additions and depreciation expense.
- (6) To record federal excise taxes receivable/payable and related tax expense and to adjust deferred federal excise taxes.
- (7) To adjust grant obligations and expenses for grants approved.

