Libra Foundation

December 31, 2015 and 2014

Independent Auditors' Report

and

Financial Statements

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THE BOARD OF DIRECTORS
THE LIBRA FOUNDATION
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of the **LIBRA FOUNDATION (the Foundation)** which comprise the statement of financial position as of December 31, 2015 and 2014, and 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 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 Foundation'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 Foundation'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 Libra Foundation as of December 31, 2015 and 2014, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 9, on May 26, 2015, the Foundation's Board of Directors approved the dissolution of the Foundation with all remaining balances at December 31, 2015 be merged with Libra Foundation Nevada effective January 1, 2016.

Hood & Strong LLP

San Francisco, California
September 29, 2016

Libra Foundation

Statements of Financial Position

December 31,	2015	2014
Assets		
Cash and cash equivalents	$ 139,560	$ 301,090
Receivables	89,428	336,055
Program related investment - note receivable	500,000	
Investments, at fair value	201,442,741	202,214,031
Prepaid expenses and other assets	176,164	48,249
Total assets	$ 202,347,893	$ 202,899,425
Liabilities and Net Assets		
Liabilities:		
Grants payable	$ 2,679,000	$ 560,000
Excise tax liability	66,000	383,570
Total liabilities	2,745,000	943,570
Unrestricted Net Assets	199,602,893	201,955,855
Total liabilities and net assets	$ 202,347,893	$ 202,899,425

See accompanying notes to financial statements.

Libra Foundation

Statements of Changes in Net Assets

Year Ended December 31,	2015	2014
Revenue:		
Contributions	$ 13,706,480	$ 24,564,596
Dividends, interest and partnership income	2,716,471	4,506,639
Net gain on investments:		
Realized	13,383,866	3,135,993
Unrealized	(14,507,900)	2,174,688
Total revenue	15,298,917	34,381,916
Expenses:		
Grants	15,984,713	6,204,994
Grants management	610,279	470,704
Investment management and expenses	1,204,489	980,446
Federal excise (benefit) tax	(147,602)	177,406
Total expenses	17,651,879	7,833,550
Change in Net Assets	(2,352,962)	26,548,366
Unrestricted Net Assets, beginning of year	201,955,855	175,407,489
Unrestricted Net Assets, end of year	$ 199,602,893	$ 201,955,855

See accompanying notes to financial statements.

Libra Foundation

Statements of Cash Flows

Year Ended December 31,	2015	2014
Cash Flows from Operating Activities:		
Change in net assets	$ (2,352,962)	$ 26,548,366
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Realized gain on investments	(13,383,866)	(3,135,993)
Unrealized loss on investments	14,507,900	(2,174,688)
Deferred excise taxes	(310,000)	44,000
Changes in operating assets and liabilities:		
Receivables	246,627	105,063
Prepaid expenses and other assets	(127,915)	106,961
Grants payable	2,119,000	(50,000)
Excise tax liability	(7,570)	(11,430)
Net cash provided by operating activities	691,214	21,432,279
Cash Flows from Investing Activities:		
Purchases of investments	(80,870,094)	(46,969,008)
Sales of investments	111,437,176	25,753,849
Program related investment - note receivable	(500,000)	
Unsettled liquidations	(30,919,826)	
Net cash provided (used) by investing activities	(852,744)	(21,215,159)
Net Increase in Cash and Cash Equivalents	(161,530)	217,120
Cash - Beginning of Year	301,090	83,970
Cash - End of Year	$ 139,560	$ 301,090
Supplemental Disclosures:		
Cash paid for federal excise taxes	$ 205,000	$ 40,000

See accompanying notes to financial statements.

Libra Foundation

Notes to Financial Statements

Note 1 - Organization:

Libra Foundation (the Foundation) is a private foundation that was established in 2002. The Foundation only supports organizations that are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code are considered for support.

Grantmaking Areas:

The Foundation has a particular interest in concentrating its grantmaking in California and Illinois, although organizations working nationally may apply as well. Recognizing the value of learning from global partners and participating in the international community, the Foundation funds U.S. based organizations and public foundations, collaborative funds and intermediaries working internationally.

The Foundation also funds social and economic justice organizations that integrate human rights into their work in and across the following priority areas:

Women's Rights, with an emphasis on reproductive rights and the elevation of women's rights as human rights.

Environmental Justice, with a focus on human rights, promoting social justice, and mitigating the impacts of climate change.

Social Justice and Drug Policy Reform, with an emphasis on:

- Government accountability, specifically addressing detention standards, secret criminal proceedings and illegal monitoring, and the concentration of executive branch authority.

- Human rights field-building to support the development of a global human rights movement through: 1) the use of a human rights framework to advance specific policy goals and 2) human rights education and training.

- Fair Application of the Law will continue to support due process and immigration and economic justice.

- Drug Policy Reform efforts promoting legalization and decriminalization, medical research and application of illegal drugs, race, arrest and incarceration (including alternatives to incarceration), and U.S. foreign policy reform.

Note 2 - Summary of Significant Accounting Policies:

a. Basis of Accounting and Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America 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. Unrestricted net assets are those that are neither temporarily restricted nor permanently restricted by donor-imposed stipulations. There are no temporarily or permanently restricted net assets as of December 31, 2015 and 2014.

b. Cash and Cash Equivalents

For purposes of reporting cash flows, cash includes the Foundation's operating checking account. Cash and cash equivalents are also maintained within investments (Note 3), which are liquidated as necessary to meet payment obligations.

c. Program Related Investment - Note Receivable

Program related investments are investments that would not be made were it not for the relationship of the investment to the Foundation's programmatic mission. Although the underlying investments may or may not have a profit motive, that is not the primary focus of the investment by the Foundation. Program related investments must be consistent with the Foundation's mission. The Foundation records the note receivable at cost and is evaluated for impairment annually and written down when appropriate.

d. 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 net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. Alternative investments represent amounts in marketable and non-marketable alternatives, these investments are further discussed in Note 4.

e. Fair Value Measurements

The Foundation 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. The Foundation 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.

f. Fair Value of Financial Instruments

The estimated fair value of the Foundation's financial instruments not measured at fair value on a recurring basis (including receivables, other assets, and grants payable) approximates their carrying values due to their short length to maturity.

g. 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 the funds are returned.

h. Revenue Recognition

Contributions are recognized at their fair value when the donor makes an unconditional promise to contribute to the Foundation.

i. Investment Management Fees and Expenses

Investment management fees and expenses include the fees and expenses of the Foundation's custodian, investment managers, and the various alternative investments as reported by the fund managers.

j. Federal Excise Taxes

The Foundation 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 Foundation 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 Foundation. In addition, the Foundation may be subject to tax on unrelated business income, if any, generated by its investments.

The Foundation 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, 2015 and 2014, management evaluated the Foundation's tax positions and concluded that the Foundation had maintained its tax exempt status and had taken no uncertain tax positions that require adjustment to the financial statements.

k. Use of Estimates

The preparation of financial statements 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.

l. Recent Accounting Pronouncements

In April 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2013-06 that requires a recipient non-profit organization to recognize all services received from personnel of an affiliate that directly benefit the recipient non-profit organization, that create or enhance nonfinancial assets, or require specialized skills, are provided by individuals possessing those skills, and typically would need to be purchased by the non-profit organization as a donation. Those services should be measured at cost unless cost will significantly under or overstate the value in which case the non-profit organization may elect to recognize that service at either cost or fair value of the service provided. The ASU is effective for the Foundation's year beginning after December 31, 2014. Early adoption is permitted. The Foundation early adopted the standard as of December 31, 2014.

In May 2015, the Financial Accounting Standards Board (FASB) issued ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. The amendments remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient; rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. This guidance is effective for fiscal years beginning after December 15, 2016. Early adoption is permitted. The Foundation early adopted the standard as of December 31, 2014.

In August 2016, the FASB issued ASU 2016-14 – *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance, and cash flows. The amendments in the Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Application to interim financial statements is permitted but not required in the initial year of application. Early application of the amendments in the Update is permitted and applied retrospectively. The Foundation is currently evaluating the impact of this pronouncement on its financial statements.

m. Subsequent Events

The management of the Foundation has reviewed the changes in its net assets for the period of time from its fiscal year ended December 31, 2015 through September 29, 2016, 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 described in Note 5 and 9.

Note 3 - Investments:

At December 31, 2015 and 2014, the fair market value of investments consists of the following:

	2015	2014
Cash and cash equivalents	$ 25,766,641	$ 1,102,811
Equities	45,168,567	29,489,628
Equity mutual funds	9,515,517	26,541,841
Fixed income mutual funds	40,693,269	61,702,620
Subtotal	121,143,994	118,836,900
Alternative investments	49,378,921	83,377,131
Receivables for unsettled transactions	30,919,826	
	$ 201,442,741	$ 202,214,031

Note 4 - Fair Value Measurements and Net Asset Value Disclosures:

Fair Value Disclosure:

The table below presents the balances of assets measured at fair value on a recurring basis at December 31, 2015:

	Total	Level 1	Level 2
Cash and cash equivalents	$ 25,766,641	$ 25,766,641	
Equities:			
Consumer discretionary	6,221,286	6,221,286	
Consumer staples	3,450,757	3,450,757	
Energy	1,103,948	1,103,948	
Financials	7,760,183	7,760,183	
Healthcare	6,819,487	6,819,487	
Industrials	6,997,758	6,997,758	
Information technology	7,545,406	7,545,406	
Materials	1,747,317	1,747,317	
Telecommunication services	472,735	472,735	
Utilities	3,049,690	3,049,690	
Equity mutual funds:			
Global	9,515,517	9,515,517	
Fixed income mutual funds:			
Domestic	16,857,033	16,857,033	
Global	14,242,216	14,242,216	
Intermediate term bond fund	9,594,020		$ 9,594,020
	121,143,994	111,549,974	9,594,020
Alternative investments measured at net asset value as practical expedient	49,378,921		
Receivables – unsettled transactions	30,919,826		
Total investments	$ 201,442,741	$ 111,549,974	$ 9,594,020

Fair Value Disclosure:

The table below presents the balances of assets measured at fair value on a recurring basis at December 31, 2014:

	Total	Level 1	Level 2
Cash and cash equivalents	$ 1,102,811	$ 1,102,811	
Equities:			
Consumer Discretionary	4,616,107	4,616,107	
Consumer Staples	2,270,868	2,270,868	
Energy	1,116,520	1,116,520	
Financials	5,083,024	5,083,024	
Healthcare	4,550,834	4,550,834	
Industrials	5,273,126	5,273,126	
Information Technology	5,045,107	5,045,107	
Materials	1,152,211	1,152,211	
Utilities	381,831	381,831	
Equity mutual funds:			
Global equity	11,717,518	11,717,518	
Domestic equity	14,824,323	14,824,323	
Fixed income mutual funds:			
Domestic	6,831,812	6,831,812	
Global	10,665,154	10,665,154	
International	6,596,409	6,596,409	
Intermediate term bond fund	37,609,245		$ 37,609,245
	118,836,900	81,227,665	37,609,245
Alternative investments measured at net asset value as practical expedient	83,377,131		
Total investments	$ 202,214,031	$ 81,227,665	$ 37,609,245

A description of the valuation techniques and inputs applied to the Foundation's classes of investments which are not listed or quoted on a securities exchange or other regulated market measured at fair value is described in 2d.

In accordance with Subtopic 820-10, the alternative investments held by the Foundation are valued using the net asset value per share (or its equivalent) practical expedient. These investments have not been classified in the fair value hierarchy. The fair value amounts in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented on the Statement of Financial Position.

N*et Asset Value Disclosure:*

The Foundation uses the Net Asset Value (NAV) as a practical expedient to determine the fair value of all the underlying investments which do not have readily determinable fair value and prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists investments by major category as of December 31, 2015 and 2014:

	2015		2014			
Strategies	# of Funds	Valuation	# of Funds	Valuation	Redemption Frequency	Notice Period
Alternative Investments:						
Absolute return/ market neutral **(a)**:						
Multi-strategy	1	$ 1,675,181	1	$2,265,338	Monthly	5 days
Equity securities	1	2,558,560	1	2,882,737	Monthly	10 days
Debt securities			1	2,093,617	Monthly	5 days
Real assets **(b)**:						
Real Estate:						
Redeemable	1	8,337,570	1	7,427,115	Quarterly	45 days
Non-redeemable	4	1,196,500	4	1,711,491	N/A	N/A
Private equity **(c)**:						
Venture capital funds	6	9,517,960	6	8,316,715	N/A	N/A
Hedge funds **(d)**:						
Hedge funds	1	26,093,150	2	29,738,873	Annually	1 year
Long-short funds			2	28,941,245	Quarterly to annually	45–90 days
Total	14	$ 49,378,921	18	$83,377,131		

a) The strategy of the absolute return 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 a number of funds with varying strategies, including multi-strategy and equity funds.

   The investment objective of the multi-strategy fund is to provide a partial inflation hedge with an attractive risk/return profile as compared to other products using a commodity index or a pool of commodities.

   The equities securities fund was established for the expressed purpose of seeking long-term capital appreciation by investing at least 80% of its net assets in emerging market equity securities of large/mid cap companies.

   The investment objective of the debt securities fund is to approximate the duration of the Barclays U.S. Treasury Bond Index through investments primarily in "green" bonds and other debt instruments.

b) The purpose of the investments in real estate is to produce core real estate returns and is intended to be a long-term investment vehicle. Real estate investments also consist of fund of funds that invest in certain private real estate funds that were formed for the purpose of investing directly or indirectly in office, apartment, industrial or other commercial real estate, or in real estate-related securities or in sponsors or managers of real estate investment funds, within the United States, Europe, and Asia. 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 4 and 6 years. Unfunded commitments were approximately $205,000 and $248,000 for the years ended December 31, 2015 and 2014.

c) The investment objective of private equity funds is to develop and actively manage an investment portfolio of a diversified group of select, United States-based, private equity and venture capital partnership investments. The partnerships have no redemption rights for the limited partners. Unfunded commitments were approximately $2,598,000 and $4,062,000 for the years ended December 31, 2015 and 2014.

d) The investment objective is to achieve capital appreciation in a wide range of asset classes through proprietary asset allocation and careful selection of third-party investment managers. The funds are organized for the primary purpose of developing and actively managing an investment portfolio of non-traditional portfolio managers to invest in marketable and non-marketable investments. Long-short funds consist of fund of funds with a focus on long-short equity in global and emerging markets.

Note 5 - Commitments:

a. Grants

Multi-year grants are made on both a conditional basis and an unconditional basis. Multi-year grants made on a conditional basis 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. As of December 31, 2015 and 2014, there were no conditional grants outstanding.

Of the outstanding grants payable of $2,679,000 as of December 31, 2015, $2,579,000 is expected to be paid in 2016, and $100,000 is expected to be paid in 2017.

b. Investments

The Foundation has capital commitments on existing investments totaling approximately $2,803,000 and $4,310,000 for the years ended December 31, 2015 and 2014. In December 2015, the Foundation entered into an agreement to purchase a new limited partnership with an initial investment of $10 million. The commitment was funded in 2016.

c. Contracts

In 2015 the Foundation entered into a contract through December 31, 2016 for administrative and operational oversight and grantmaking support. Future minimum payments related to the contract are approximately $553,000.

Note 6 - Excise Taxes:

In accordance with applicable Treasury regulations, the Foundation is classified as a private foundation subject to an excise tax of two percent on net investment income, including realized gains. The Foundation 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 one percent (1%) for 2015 and two percent (2%) for 2014. The Foundation provides for the deferred excise tax at the rate of 2% for 2015 and 2014 on its unrealized appreciation on investments.

The provision for current and deferred excise taxes for the year ended December 31, 2015 and 2014 is as follows:

	2015	2014
Current excise tax	$ 162,398	$ 133,406
Deferred excise (benefit) tax	(310,000)	44,000
Total	$ (147,602)	$ 177,406

Note 7 - 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, non-marketable investments and dependence on key individuals. To address the risk of investments, the Foundation maintains a formal investment policy that sets out performance criteria, investment guidelines, and asset allocation guidelines and requires review of the investment performance.

As of December 31, 2015 one alternative investment fund represented approximately 13% of total investments.

The Fund maintains its cash in bank accounts in amounts which, at times, may exceed federally insured limits. The Fund has not experienced any losses in such accounts.

Note 8 - Related Party Transaction:

The Foundation received contributions from the founder of approximately $13,700,000 and $24,500,000 for the years ended December 31, 2015 and 2014.

The Foundation contracts with Tao Capital (an entity related to the founder) for accounting and tax services on a no-charge basis. The estimated value of those services has not been recorded for the years ended December 31, 2015 and 2014, and is not considered material.

Note 9 - Merger:

As of May 26, 2015, the Foundation’s Board of Directors approved the dissolution of the Foundation with all remaining balances at December 31, 2015 being merged into Libra Foundation Nevada effective January 1, 2016. As part of the plan of termination, the Libra Foundation Nevada will receive all of the assets of the Foundation and assume all of the liabilities of the Foundation, including the assumption of all unpaid grant and minimum distribution obligations. The Board’s intent was to merge the Foundation into and transfer all assets to the newly created private foundation. This transfer of assets occurred subsequent to year end on January 4, 2016.