

The ULI Foundation

Financial Report
June 30, 2018

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Independent Auditor's Report

RSM US LLP

To the Members
The ULI Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of The ULI Foundation, which comprise the balance sheets as of June 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 audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The ULI Foundation as of June 30, 2018 and 2017, 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.

RSM US LLP

Washington, D.C.
October 16, 2018

The ULI Foundation

Balance Sheets June 30, 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash	\$ 1,458,032	\$ 803,772
Unconditional promises to give, net (Notes 2 and 5)	2,457,577	2,171,976
Accrued interest receivable	18,388	18,426
Total current assets	3,933,997	2,994,174
Investments (Notes 3 and 4)	42,852,053	41,891,426
Unconditional promises to give, net (Notes 2 and 5)	13,298,610	13,323,962
	\$ 60,084,660	\$ 58,209,562
Liabilities and Net Assets		
Current liabilities:		
Due to ULI (Note 5)	\$ 9,245,149	\$ 9,266,349
Refundable advances	918,452	258,179
Total current liabilities	10,163,601	9,524,528
Commitments (Note 4)		
Net assets:		
Unrestricted:		
Undesignated	8,748,758	8,071,830
Designated for ULI (Note 5)	41,065	346,774
	8,789,823	8,418,604
Temporarily restricted (Note 6)	32,449,005	31,665,724
Permanently restricted (Note 6)	8,682,231	8,600,706
	49,921,059	48,685,034
	\$ 60,084,660	\$ 58,209,562

See notes to financial statements.

The ULI Foundation

Statement of Activities
 Year Ended June 30, 2018
 (With Comparative Totals for 2017)

	2018			Total	2017 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Support and revenue:					
Contributions and grants (Note 5)	\$ 1,511,420	\$ 5,243,349	\$ 56,630	\$ 6,811,399	\$ 3,896,089
Contribution from ULI (Note 5)	913,655	-	-	913,655	847,276
Interest and dividends, net of fees (Note 3)	281,814	318,523	13,808	614,145	566,953
Net assets released from restrictions (Note 6)	6,200,695	(6,152,320)	(48,375)	-	-
Total support and revenue	8,907,584	(590,448)	22,063	8,339,199	5,310,318
Expenses:					
Grants to ULI (Note 5)	8,072,795	-	-	8,072,795	5,274,842
Fundraising	781,130	-	-	781,130	738,545
General and administrative	669,716	-	-	669,716	484,978
Total expenses	9,523,641	-	-	9,523,641	6,498,365
Change in net assets before investment gain	(616,057)	(590,448)	22,063	(1,184,442)	(1,188,047)
Investment gain (Note 3)	987,276	1,373,729	59,462	2,420,467	4,031,117
Change in net assets	371,219	783,281	81,525	1,236,025	2,843,070
Net assets:					
Beginning	8,418,604	31,665,724	8,600,706	48,685,034	45,841,964
Ending	\$ 8,789,823	\$ 32,449,005	\$ 8,682,231	\$ 49,921,059	\$ 48,685,034

See notes to financial statements.

The ULI Foundation

Statement of Activities
Year Ended June 30, 2017

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support and revenue:				
Contributions and grants (Note 5)	\$ 913,179	\$ 2,945,355	\$ 37,555	\$ 3,896,089
Contribution from ULI (Note 5)	847,276	-	-	847,276
Interest and dividends, net of fees (Note 3)	175,954	374,904	16,095	566,953
Net assets released from restrictions (Note 6)	4,572,239	(4,496,918)	(75,321)	-
Total support and revenue	6,508,648	(1,176,659)	(21,671)	5,310,318
Expenses:				
Grants to ULI (Note 5)	5,274,842	-	-	5,274,842
Fundraising	738,545	-	-	738,545
General and administrative	484,978	-	-	484,978
Total expenses	6,498,365	-	-	6,498,365
Change in net assets before investment gain	10,283	(1,176,659)	(21,671)	(1,188,047)
Investment gain (Note 3)	1,592,808	2,338,361	99,948	4,031,117
Change in net assets	1,603,091	1,161,702	78,277	2,843,070
Net assets:				
Beginning	6,815,513	30,504,022	8,522,429	45,841,964
Ending	\$ 8,418,604	\$ 31,665,724	\$ 8,600,706	\$ 48,685,034

See notes to financial statements.

The ULI Foundation

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

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 1,236,025	\$ 2,843,070
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Bad debt expense	42,500	237,000
Decrease in present value discount on promises to give	(204,733)	(183,659)
Realized and unrealized gain on investments, net	(2,420,467)	(4,031,117)
Contributions restricted for long-term investment	(56,630)	(37,555)
Changes in assets and liabilities:		
(Increase) decrease in:		
Unconditional promises to give	(98,016)	(8,454)
Accrued interest receivable	38	(2,752)
(Decrease) increase in:		
Due to ULI	(21,200)	1,659,210
Refundable advances	660,273	243,179
Net cash (used in) provided by operating activities	(862,210)	718,922
Cash flows from investing activities:		
Purchase and sales of investments, net	1,459,840	(245,333)
Net cash provided by (used in) investing activities	1,459,840	(245,333)
Cash flows from financing activities:		
Contributions restricted for long-term investment	56,630	37,555
Net cash provided by financing activities	56,630	37,555
Net increase in cash	654,260	511,144
Cash:		
Beginning	803,772	292,628
Ending	\$ 1,458,032	\$ 803,772

See notes to financial statements.

The ULI Foundation

Notes to the Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: The ULI Foundation (ULIF) is a nonprofit organization that seeks and administers funds to finance educational and research programs for The Urban Land Institute (ULI) that result in the formulation of comprehensive guidelines and innovative techniques for the planning, development and use of land.

ULIF is affiliated with ULI through common support, activities and certain members of the Board of Directors and Trustees. ULIF financial statements are separate entity financial statements and do not intend to represent the complete economic entity that is reported in the consolidated financial statements of ULI and Affiliates.

A summary of ULIF's significant accounting policies follows:

Basis of accounting: The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby unconditional support is recognized when notification of the contribution is received, revenue is recognized when earned and expenses are recognized when incurred.

Basis of presentation: The financial statements presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Non-Profit Entities Topic of the FASB ASC, ULIF is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets: The net assets that are neither permanently restricted, nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets: Result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of ULIF pursuant to these stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or used for specified purposes.

Permanently restricted net assets: Result from contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time, nor can be fulfilled or otherwise removed by ULIF's actions.

Financial risk: ULIF maintains its cash in bank deposit accounts which, at times, may exceed federally-insured limits. ULIF has not experienced any losses in such accounts. ULIF believes it is not exposed to any significant financial risk on cash.

ULIF invests in a professionally managed portfolio that contains various types of securities. Such investments 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 could materially affect investment balances and the amounts reported in the financial statements.

Investments: All investments in debt securities and investments in equity securities with readily determinable fair values are reflected at fair value. To adjust the carrying value of these investments, the change in fair market value is charged or credited to operations. Purchases and sales of investments are shown net on the statement of cash flows due to frequent trades. Trades are initiated by an investment advisor consistent with policy established by the Board of Directors. The investment advisor reviews material trades and portfolio performance with the Investment Committee of the Board on a regular basis.

The ULI Foundation

Notes to the Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Unconditional promises to give: An unconditional promise to give is a promise to give that depends only on the passage of time or demand by the promisee for performance. Unconditional promises to give are recognized as support in the period promised and communicated to ULIF. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

In accordance with FASB reporting requirements, unconditional promises to give in a future period are discounted to their net present value using a discount rate based on the market rates at the time of the original promise, which was 2.5% for 2018 and 2017, and historically ranges from 3% to 6%. Unconditional promises to give are carried at present value, less an estimate made for doubtful promises based on a review of all outstanding promises on a monthly basis. Management determines the allowance for doubtful promises by using the historical experience applied to an aging of promises. Promises are written off when deemed uncollectible. Based on management's evaluation of the collection of promises, the allowance for doubtful promises was \$185,000 at June 30, 2018 and 2017.

Designated for ULI: The ULIF Board of Directors voted to transfer all funds raised through the annual fund program to ULI to support ongoing ULI programs. The funds classified as designated for ULI represent the unrestricted contributions raised through the annual fund program. Funds raised in each fiscal year will be transferred to ULI at June 30. In return, ULI added to its annual budget all ULIF operating expenses.

Contributions and grants: All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets represent endowment funds that are not available for use by ULIF. Earnings on the endowment funds are either temporarily restricted for program purposes or available for general operations as specified by the donor.

Unrestricted contributions increase unrestricted net assets.

Revenue from grants are recognized when expenses are incurred. Amounts received in advance are classified as refundable advances until expended for the purposes of the grants.

Revocable contributions: ULIF is the beneficiary under various wills and other agreements. ULIF's share of such amounts is not recorded until ULIF has irrevocable right to the bequest and or funds. There were no revocable amounts received during the years ended June 30, 2018 and 2017. The cumulative revocable amounts as of June 30, 2018 and 2017, are \$21,850,000.

Donated stock: ULIF complies with FASB Accounting Standards Update (ASU) 2012-05, *Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*, which requires a nonprofit entity to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without any nonprofit imposed limitations for sale and were converted nearly immediately into cash.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

The ULI Foundation

Notes to the Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Income taxes: ULIF is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, ULIF qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. ULIF had no net unrelated business income for the years ended June 30, 2018 and 2017.

ULIF is not aware of any uncertain tax positions and therefore, no tax liabilities have been recorded at June 30, 2018 and 2017. Generally, ULIF is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities before 2015.

Accounting pronouncements pending: 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 in this ASU make improvements to the information provided in financial statements and accompanying notes of nonprofit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a nonprofit entity's liquidity, financial performance and cash flows. The ASU will be effective for fiscal years beginning after December 15, 2017. Earlier adoption was permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. Management is currently evaluating the impact of this ASU on its financial statements.

In June 2018, the FASB issued ASU 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The purpose of the ASU is to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in the ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance, and (2) determining whether a contribution is conditional. The amendments in the ASU likely will result in more grants and contracts being accounted for as either contributions or conditional contributions than observed in practice under current guidance. The amendments in the ASU should be applied on a modified prospective basis, although retrospective application is permitted. Entities should apply the amendments for transactions in which the entity serves as the resource recipient to annual periods beginning after December 15, 2018. Entities should apply the amendments for transactions in which the entity serves as the resource provider to annual periods beginning after December 15, 2019. Management is currently evaluating the impact of this ASU on its financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU results in the removal, modification and addition of certain disclosure requirements related to transfers between levels within the fair value hierarchy, valuation processes and unrealized gains/losses presentation for Level 3 measurements and liquidation timing for investments held at net asset value. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied except for the changes related to Level 3 measurements, which should be applied prospectively. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Management is currently evaluating the impact of this ASU on its financial statements.

Reclassifications: Certain items in the June 30, 2017, information have been reclassified to conform to the June 30, 2018, financial statement presentation. The reclassifications had no effect on the previously reported change in net assets or net assets.

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Notes to the Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Subsequent events: ULIF evaluated subsequent events through October 16, 2018, which is the date financial statements were available to be issued.

Note 2. Unconditional Promises to Give

Unconditional promises to give at June 30, 2018 and 2017, consisted of the following:

	2018	2017
Unconditional promises to give in less than one year	\$ 2,457,577	\$ 2,171,976
Unconditional promises to give in one to five years	2,889,050	3,473,953
Unconditional promises to give due in lifetime or upon death of donor	14,500,986	14,146,168
Total unconditional promises to give	19,847,613	19,792,097
Less discount to net present value	3,906,426	4,111,159
Less provision for doubtful promises	185,000	185,000
Net unconditional promises to give	<u>\$ 15,756,187</u>	<u>\$ 15,495,938</u>

Note 3. Investments

Investments at June 30, 2018 and 2017, consisted of the following:

	2018	2017
Mutual funds	\$ 14,584,001	\$ 15,953,699
Pooled funds – international equities	8,632,304	6,224,337
Pooled funds – emerging markets	2,822,572	4,495,907
Pooled funds – mixed	4,220,230	-
Real estate – limited partnerships	4,543,282	4,325,516
Timberland X Limited Partnership	2,960,308	2,857,132
Common stock – domestic	-	2,427,922
Corporate bonds	2,207,395	2,711,020
Government bonds	1,537,094	1,290,584
Money market	326,116	506,934
Private equity	635,155	723,267
Certificates of deposit	383,596	375,108
	<u>\$ 42,852,053</u>	<u>\$ 41,891,426</u>

Total investment return for the years ended June 30, 2018 and 2017, consisted of the following components:

	2018	2017
Realized and unrealized gain, net	<u>\$ 2,420,467</u>	<u>\$ 4,031,117</u>
Interest and dividends	<u>\$ 614,145</u>	<u>\$ 566,953</u>

The ULI Foundation

Notes to the Financial Statements

Note 3. Investments (Continued)

Interest and dividends are presented in operations and realized and unrealized gains and losses are presented as other changes in the statements of activities.

Return objective and risk parameters: ULIF's objective is to earn a respectable, long-term, risk-adjusted total rate of return to support the designated programs. ULIF recognizes and accepts that pursuing such a goal involves risk and potential volatility. ULIF targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. ULIF has established a portfolio asset allocation. While the asset allocation can be adjusted from time to time, it is designed to serve for long-time horizons based upon long-term expected returns.

Note 4. Fair Value Measurements

The ASC Topic on Fair Value Measurement establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosure about fair market value measurements. This enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking quality and reliability of the information used to determine fair value.

The provision applies to all assets and liabilities that are being measured and reported on a fair value basis and are disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

In determining the appropriate levels, ULIF performs a detailed analysis of the assets and liabilities that are subject to the Fair Value Measurement topic. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 3 assets at June 30, 2018 and 2017. There were no liabilities subject to fair value measurement at June 30, 2018 and 2017.

The ULI Foundation

Notes to the Financial Statements

Note 4. Fair Value Measurements (Continued)

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy at June 30, 2018:

	Total	Level 1	Level 2
Mutual funds:			
Equities	\$ 10,505,773	\$ 10,505,773	\$ -
Bonds	4,078,228	4,078,228	-
	<u>14,584,001</u>	<u>14,584,001</u>	<u>-</u>
Bonds:			
Treasuries	271,954	-	271,954
Agencies	1,265,140	-	1,265,140
Corporate	2,207,395	-	2,207,395
	<u>3,744,489</u>	<u>-</u>	<u>3,744,489</u>
Other:			
Money market funds	326,116	326,116	-
Certificates of deposit	383,596	-	383,596
	<u>709,712</u>	<u>326,116</u>	<u>383,596</u>
	19,038,202	\$ 14,910,117	\$ 4,128,085
Other investments measured at net asset value or its equivalent	<u>23,813,851</u>		
	<u>\$ 42,852,053</u>		

The ULI Foundation

Notes to the Financial Statements

Note 4. Fair Value Measurements (Continued)

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy at June 30, 2017:

	Total	Level 1	Level 2
Mutual funds:			
Equities	\$ 12,066,595	\$ 12,066,595	\$ -
Bonds	3,887,104	3,887,104	-
	<u>15,953,699</u>	<u>15,953,699</u>	<u>-</u>
Common stock:			
Basic materials	72,535	72,535	-
Consumer goods	771,896	771,896	-
Financial	411,125	411,125	-
Healthcare	327,185	327,185	-
Industrial goods	175,676	175,676	-
Energy	105,288	105,288	-
Services	102,036	102,036	-
Technology	380,643	380,643	-
Utilities	81,538	81,538	-
	<u>2,427,922</u>	<u>2,427,922</u>	<u>-</u>
Bonds:			
Agencies	717,920	-	717,920
Treasuries	572,664	-	572,664
Corporate	2,711,020	-	2,711,020
	<u>4,001,604</u>	<u>-</u>	<u>4,001,604</u>
Other:			
Money market funds	506,934	506,934	-
Certificates of deposit	375,108	-	375,108
	<u>882,042</u>	<u>506,934</u>	<u>375,108</u>
	23,265,267	\$ 18,888,555	\$ 4,376,712
Other investments measured at net asset value or its equivalent	18,626,159		
	<u>\$ 41,891,426</u>		

Level 1 valuation: The fair value of equity mutual funds, bond mutual funds, common stocks and money market funds is determined based on quoted market prices when available or market prices provided by recognized broker dealers; thus, they are categorized as Level 1.

Level 2 valuation: The fair value of U.S. Government agency bonds, corporate bonds, U.S. Treasury bonds and certificates of deposit are determined based on inputs other than quoted prices. This includes the use of models or other valuation methodologies, which are corroborated by other market data in order to determine their fair value.

Other valuation: Pooled funds – international equities, pooled funds – emerging markets, pooled funds – mixed, Timberland X Limited Partnership, real estate – limited partnerships and private equity funds of \$23,813,851 and \$18,626,159 as of June 30, 2018 and 2017, respectively, are not subject to fair value level categorization because they are held at net asset value per share as a practical expedient to fair value.

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Notes to the Financial Statements

Note 4. Fair Value Measurements (Continued)

Pooled funds: Pooled funds – international equities, pooled funds – emerging markets and pooled funds – mixed (pooled funds) are comprised of managed funds for which the price of those funds is not publicly traded; however, the underlying investments in those funds are equities that are publicly traded, as well as options, debt and commodities. The pooled funds' overall investment objectives are to provide long-term capital appreciation in excess of pre-determined indices by investing in equity securities of companies operating in international markets or global developing markets.

The following table represents additional requirements at June 30, 2018 and 2017:

Unfunded Commitment	Redemption Frequency	Notice Period
None	Daily-Monthly-Quarterly	0-60 days

Real estate – limited partnerships: The valuation of ULIF's investment in real estate is based on a percentage ownership of the net asset value of the partnership and is not an observable input corroborated by market data. The underlying investments of the partnership are generally appraised every quarter with an independent appraisal of each asset performed at least annually. In quarters where an independent appraisal is not performed, valuations are updated by the use of a restricted use appraisal report that incorporates cash flow assumptions based on changes in market conditions. Appraisals and valuation policies are reviewed by a third-party valuation advisory firm, but do not necessarily reflect the price at which each asset would be sold, since market valuations can only ultimately be determined through negotiation between a willing buyer and seller. The primary investment objective is to achieve long-term capital appreciation.

The following table represents additional requirements at June 30, 2018 and 2017:

Unfunded Commitment	Redemption Frequency	Notice Period
None	Quarterly	60-90 days

Timberland X Limited Partnership: Timberland X Limited Partnership (Timberland) investments are based on ULIF's ownership percentage of the net asset value of the partnership, which is an unobservable input that is not corroborated by market data. More specifically, it is held at book value until the appraisal of the timber investment, which is within one year following its acquisition and each December thereafter. This valuation is reviewed by Timberland's Manager of Land Sales and Evaluations and ultimately approved by Timberland's Natural Resources Committee. The primary investment objective is to achieve long-term capital appreciation.

The following table represents additional requirements at June 30, 2018 and 2017:

Unfunded Commitment	Redemption Frequency	Notice Period
None	No redemption offered by the general partner; however, the units may be sold on the secondary transaction market	None

The ULI Foundation

Notes to the Financial Statements

Note 4. Fair Value Measurements (Continued)

Private equity: The valuation of ULIF's investments in the Hamilton Lane Private Equity VII A & B Funds is based on a percentage ownership of the net asset value of the funds and is not a quoted market price or an observable market-based input. Furthermore, the underlying investments within the funds are primarily private equity for which market quotations are not available for valuation purposes. The General Partner estimates fair value of the assets using market-based present value and other subjective valuation techniques. However, these private equity assets are considered to be illiquid, and will only achieve liquidity as they are sold and proceeds are distributed to the fund. Therefore, the estimated fair value of these assets may differ significantly from the values that could have been realized in an actual sale. The primary investment objective is to achieve long-term capital appreciation.

The following table represents additional requirements at June 30, 2018 and 2017:

Unfunded Commitment	Redemption Frequency	Notice Period
Remaining commitments at June 30, 2018 and 2017, are \$149,983	No redemption offered by the general partner; however, the units may be sold on the secondary transaction market	None

Note 5. Related Party Transactions

ULIF provides funds to ULI to support research, education and advisory service projects approved by the Board of Directors of ULIF. Contributions to ULIF are made primarily by ULI and ULI's members. At June 30, 2018 and 2017, ULIF owed \$9,245,149 and \$9,266,349, respectively, to ULI for funds to support research, education projects and advisory services.

ULIF transfers 100% of funds raised through the annual fund program to ULI to support ongoing ULI programs. The funds classified as designated for ULI represent the unrestricted contributions raised through the annual fund program. Funds raised in each fiscal year will be transferred to ULI at June 30. In return, ULI added to its annual budget all ULIF operating expenses, through the form of a contribution to ULIF, beginning with the year ended June 30, 2004. ULI's contribution for ULIF's operating expenses was \$913,655 and \$847,276 for the years ended June 30, 2018 and 2017, respectively.

The ULI Foundation

Notes to the Financial Statements

Note 5. Related Party Transactions (Continued)

Amounts awarded to ULI by ULIF during the years ended June 30, 2018 and 2017, were as follows:

	2018	2017
ULI Foundation funding:		
ULI in the Community (Note 6 – spending policy) (1)	\$ 1,502,000	\$ 1,322,100
Third-party grants/endowments (2):		
Content	3,463,725	2,504,904
Advisory services	809,164	79,078
Awards	550,204	507,534
ULI in the Community	405,023	-
Fellows	379,561	173,600
District/National Councils	366,682	239,813
Meetings	254,222	-
Key Leaders	111,000	-
Publishing	105,690	174,310
Communication	84,203	70,000
Professional development	25,000	50,000
District/National Councils – support from ULI	16,321	138,503
Membership	-	15,000
	<u>6,570,795</u>	<u>3,952,742</u>
	<u>\$ 8,072,795</u>	<u>\$ 5,274,842</u>

(1) ULI in the Community is an array of research and education programs.

(2) Funds raised by ULIF include funds from individuals (primarily ULI members), annual fund, outside foundations and other organizations.

Unconditional promises to give of \$1,658,612 and \$1,700,696 and contributions of \$754,188 and \$549,285 received from Board Members of ULI and ULIF and ULI employees are included in the accompanying balance sheets and statements of activities as of and for the years ended June 30, 2018 and 2017, respectively.

Note 6. Temporarily Restricted and Permanently Restricted Net Assets

Temporarily restricted net assets include donor restricted and governor restricted funds, which are only available for specific program activities or general support designated for future years. Temporarily restricted net assets were released from restrictions by incurring expenses satisfying the program restriction or the passage of time.

The ULI Foundation

Notes to the Financial Statements

Note 6. Temporarily Restricted and Permanently Restricted Net Assets (Continued)

Changes in temporarily restricted net assets during the years ended June 30, 2018 and 2017, were as follows:

	Balance June 30, 2017	Additions	Investment Gains	Released	Balance June 30, 2018
Content – governors	\$ 9,860,762	\$ 456,045	\$ 1,025,295	\$ (1,712,000)	\$ 9,630,102
Content – all other	14,182,011	2,279,707	411,860	(2,752,917)	14,120,661
Awards	6,946,440	280,372	253,107	(361,358)	7,118,561
District/National Councils	307,918	465,169	-	(301,158)	471,929
Community outreach	116,767	1,053,689	-	(467,387)	703,069
Advisory services	217,397	625,392	-	(530,000)	312,789
Meetings	22,135	27,500	-	(27,500)	22,135
Magazine	12,294	55,475	1,990	-	69,759
	<u>\$ 31,665,724</u>	<u>\$ 5,243,349</u>	<u>\$ 1,692,252</u>	<u>\$ (6,152,320)</u>	<u>\$ 32,449,005</u>

	Balance June 30, 2016	Additions	Investment Gains	Released	Balance June 30, 2017
Content – governors	\$ 9,460,704	\$ 558,128	\$ 1,654,730	\$ (1,812,800)	\$ 9,860,762
Content – all other	13,435,468	1,738,495	650,759	(1,642,711)	14,182,011
Awards	6,717,557	282,764	404,619	(458,500)	6,946,440
District/National Councils	322,401	214,726	-	(229,209)	307,918
Community outreach	325,415	105,492	-	(314,140)	116,767
Advisory services	199,303	45,750	-	(27,656)	217,397
Meetings	32,737	-	-	(10,602)	22,135
Magazine	10,437	-	3,157	(1,300)	12,294
	<u>\$ 30,504,022</u>	<u>\$ 2,945,355</u>	<u>\$ 2,713,265</u>	<u>\$ (4,496,918)</u>	<u>\$ 31,665,724</u>

Changes in permanently restricted net assets during the years ended June 30, 2018 and 2017, were as follows:

	Balance June 30, 2017	Additions/ Other	Balance June 30, 2018
Governors	\$ 5,593,300	\$ -	\$ 5,593,300
ULI/Joseph C. Canizaro/Klingbeil Family Chair for Urban Development	1,769,461	51,862	1,821,323
ULI/The McCoy Symposium on Real Estate Finance	323,196	8,049	331,245
ULI/Charles H. Shaw Symposium on Urban Community Issues	322,228	8,908	331,136
ULI/Carolyn and Preston Butcher Forum on Multi-family Housing	322,461	7,938	330,399
Heritage Society	65,000	-	65,000
ULI/Stan Ross Real Estate Trends Conference	114,510	4,768	119,278
Other	90,550	-	90,550
	<u>\$ 8,600,706</u>	<u>\$ 81,525</u>	<u>\$ 8,682,231</u>

The ULI Foundation

Notes to the Financial Statements

Note 6. Temporarily Restricted and Permanently Restricted Net Assets (Continued)

	Balance June 30, 2016	Additions/ Other	Balance June 30, 2017
Governors	\$ 5,621,300	\$ (28,000)	\$ 5,593,300
ULI/Joseph C. Canizaro/Klingbeil Family Chair for Urban Development	1,736,483	32,978	1,769,461
ULI/The McCoy Symposium on Real Estate Finance	299,256	23,940	323,196
ULI/Charles H. Shaw Symposium on Urban Community Issues	299,907	22,321	322,228
ULI/Carolyn and Preston Butcher Forum on Multi-family Housing	300,000	22,461	322,461
Heritage Society	65,000	-	65,000
ULI/Stan Ross Real Estate Trends Conference	109,933	4,577	114,510
Other	90,550	-	90,550
	<u>\$ 8,522,429</u>	<u>\$ 78,277</u>	<u>\$ 8,600,706</u>

Interpretation of relevant law: ULIF has interpreted the Washington, D.C. enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, ULIF classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. Accumulations to the donor-restricted endowment fund are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by ULIF in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, ULIF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of ULIF and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other ULIF resources
- ULIF's investment policies

In addition, ULIF will follow the other UPMIFA rules for managing and investing endowment funds, including but not limited to, the following additional factors:

- The expected tax consequences, if any, of investment decisions or strategies
- The role that each investment or course of action plays within the overall investment portfolio of the fund
- The needs of the institution and the fund to make distributions and to preserve capital
- An asset's special relationship or special value, if any, to the charitable purposes of the institution

The ULI Foundation

Notes to the Financial Statements

Note 6. Temporarily Restricted and Permanently Restricted Net Assets (Continued)

Spending policy: From the governors' endowment, ULIF will appropriate for expenditure in its annual budget a percentage of the earnings up to 5% of the fair market value of these funds. There may be times when ULIF may opt not to take the spending rate but rather to reinvest some of the annual income. The transfer was \$1,502,000 and \$1,322,100 for the years ended June 30, 2018 and 2017, respectively.

From all other endowments, ULIF will appropriate based on the terms of the individual donor arrangements.

Change in endowment net assets consisted of the following for the years ended June 30, 2018 and 2017:

	Temporarily Restricted*	Permanently Restricted	2018 Total
Endowment net assets, beginning of year	\$ 28,473,669	\$ 8,600,706	\$ 37,074,375
Investment gain, net of investment expenses	1,589,386	73,270	1,662,656
Contributions	779,714	56,630	836,344
Change in other	161,972	(48,375)	113,597
Appropriation of governors endowments for expenditures	(1,502,000)	-	(1,502,000)
Appropriation of other endowments for expenditures	(812,739)	-	(812,739)
Change in endowment net assets	216,333	81,525	297,858
Endowment net assets, end of year	28,690,002	8,682,231	37,372,233
Less outstanding endowment pledges	(12,491,611)	(938,567)	(13,430,178)
Net endowed funds	\$ 16,198,391	\$ 7,743,664	23,942,055
Non-endowed investment funds			18,909,998
Total investments			\$ 42,852,053

The ULI Foundation

Notes to the Financial Statements

Note 6. Temporarily Restricted and Permanently Restricted Net Assets (Continued)

	Temporarily Restricted*	Permanently Restricted	2017 Total
Endowment net assets, beginning of year	\$ 27,439,332	\$ 8,522,429	\$ 35,961,761
Investment gain, net of investment expenses	2,549,588	116,043	2,665,631
Contributions	764,985	37,555	802,540
Change in other	(96,445)	(75,321)	(171,766)
Appropriation of governors endowments for expenditures	(1,322,100)	-	(1,322,100)
Appropriation of other endowments for expenditures	(861,691)	-	(861,691)
Change in endowment net assets	1,034,337	78,277	1,112,614
Endowment net assets, end of year	28,473,669	8,600,706	37,074,375
Less outstanding endowment pledges	(12,340,093)	(881,637)	(13,221,730)
Net endowed funds	\$ 16,133,576	\$ 7,719,069	23,852,645
Non-endowed investment funds			18,038,781
Total investments			\$ 41,891,426

*As of June 30, 2018 and 2017, total temporarily restricted net assets of \$32,449,005 and \$31,665,724, respectively, as reported in the accompanying balance sheets and statements of activities include both funds considered to be part of endowments and those classified as non-endowed funds. Non-endowed investment funds include contributions restricted for purpose by the donor for which the corpus (total) of the contribution is expected to be used to fund the program expenses.