

**SCHOOL for ADVANCED RESEARCH**

**Finance Committee  
February 23, 2018 9:30am.  
SAR Dobkin Boardroom**

**Agenda**

- I. Welcome and Quorum Call– Doug Nelson, Chair
- II. Approval of December 4, 2017 Finance Committee minutes (attached)
- III. Review SAR investment performance - REDW
- IV. Review FY18 Q2 financial statements
- V. Update on Strategic Plan continued development
- VI. Update on SAR Retirement Plan administrative changes
- VII. Adjournment

**SCHOOL for ADVANCED RESEARCH**  
**Finance Committee**  
**December 4, 2017, 3:00 p.m.**  
**SAR Reception Center**  
**Minutes**

*Members In Attendance*

Doug Nelson, Chair (via phone)  
 Don Lamm (via phone)  
 Elizabeth Roghair  
 Lynne Withey (via phone)  
 Nancy Bern

*Guests*

Daniel Yu, Senior Investment Manager, REDW Stanley  
 Financial Advisors, LLC  
 Paul Madrid, REDW Stanley Financial Advisors, LLC

*Staff In Attendance*

Michael Brown, President  
 Sharon Tison, VP for Administration and Finance  
 Laura Sullivan, Dir. of Development  
 Suzanne Grayson, Executive Assistant to the President

*Members Not in Attendance*

Tim Evans

- I. Welcome and Quorum Call– Doug Nelson, Chair  
 Doug Nelson established a quorum and reviewed the upcoming agenda. There was one request to approve the resignation of Jim Robins from the committee. There was a question on the status of the financial modeling. Lynne Withey explained how she and Michael are in the process of editing a draft and a final version should be ready in a few weeks. Don Lamm asked if the budget would be reviewed which Sharon clarified is part of Agenda item IV.
- II. Approval of August 4, 2017 Finance Committee minutes  
 Doug Nelson asked for a motion to approve the minutes. With the correction in item 5, which should state “portfolio reviewed on a quarterly basis for a tentative rebalancing”, the motion to approve the minutes was moved by Nancy Bern and seconded by Michael Brown. Motion carried.
- III. Review SAR investment performance – REDW  
 Doug Nelson passed the floor to Paul Madrid, who reviewed the performance reports, ending 9/30/17 starting with the aggregate report. While the total portfolio asset allocation is closer to targets, performance is lagging about 100 basis points behind the benchmark. He stated that the reason for the deviation is the alternative investments. On page 8, the real estate investment fund and mid/small cap funds are underperforming. Total Portfolio (net of fees) are up 10.09% since inception, September 2016. Don Lamm asked for a benchmark for other similar educational institutions. Doug suggested this be done every June 30. Elizabeth suggested looking at the NACUBO.  
 Daniel Yu gave an update on the alternatives, stating that SAR has received \$790,415 from Canyon, with another \$41K is anticipated between April-May 2018, once their audit is complete. SAR received \$378,336 on Nov. 29 from GoldenTree. The remaining GoldenTree is valued at \$1.91MM, and added that 4.1% of SAR’s portfolio is invested in alternatives. The GoldenTree redemption of approximately \$800K-\$900K is expected to be received by April/May 2018. SAR’s market assets hold \$390K in cash. SAR will be drawing about \$1.MM per year.
- IV. Review FY18 Q1 financial statements  
 Doug passed the floor to Sharon Tison who explained the reason for year-ahead funding.

She stated that the 1<sup>st</sup> quarter of the fiscal year is usually slow, as many expenses, such as capital projects and IT expenditures fall later in the year. Sharon pointed out that she expects a surplus of \$1475. Don Lamm advised that SAR should monitor UNM Press's data that we receive and watch for inventory discrepancies. Sharon reviewed the Balance sheet stating that grant receivables went from \$517K to zero – reflecting receipt of the grant funds from Anne Ray Foundation The income statement shows a \$2K surplus for Q1 FY2018 compared to a \$184K surplus for Q1 FY2017. The change is because contributions recorded in Q1 FY18 are \$288K less than the same period last year. About one half of the change is due to the fact that in Q1 FY2017 we received a \$120K bequest for the IARC. The balance of the difference is that several board pledges that had been recorded in Q1 of last fiscal year had not been received yet in Q1 FY2018

Michael Brown stated that SAR is watching rental income carefully as it relates to Unrelated Business Income Taxes (UBIT), which could trigger income taxes.

- V. Plan for next Finance Committee meeting  
Doug Nelson scheduled the next Finance meeting for **Friday, February 23, 2018**, sometime in the morning.
- VI. Other business  
Sharon Tison informed the committee that SAR's payroll software platform will be changing and the transition will cost \$10K in either this year or next year's budget.
- VII. Adjournment  
Doug Nelson adjourned the meeting at 4:25pm

**REDW** Stanley

Financial Advisors LLC

*An SEC Registered Subsidiary of REDW The Rogoff Firm*

INTEGRITY COUNTS.

# **SAR Aggregate Portfolio Review**

**School for Advanced Research**

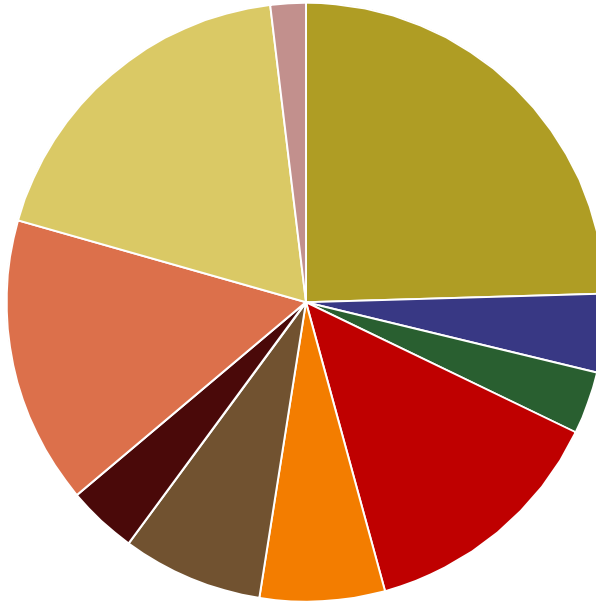
**Prepared By:** REDW Stanley Financial Advisors

December 31, 2017

# Allocation by Category

School for Advanced Research Aggregate

Period Ending: 12/31/2017  
 Portfolio Inception Date: 9/11/2016



Weight	Description	Current Value
<b>100.0%</b>	<b>Portfolio Total</b>	<b>\$26,705,798.25</b>
24.5%	US Equities	\$6,553,478.49
4.2%	Large Cap	\$1,132,090.98
3.4%	Mid/Small Cap	\$901,391.05
13.6%	International Equities	\$3,629,013.12
6.7%	Emerging Markets	\$1,801,446.85
7.6%	Real Estate Investment Trust	\$2,032,097.22
3.8%	Alternative Investments	\$1,005,196.73
15.5%	Intermediate Term Bonds	\$4,150,993.40
18.7%	Short Term Bonds	\$4,990,419.00

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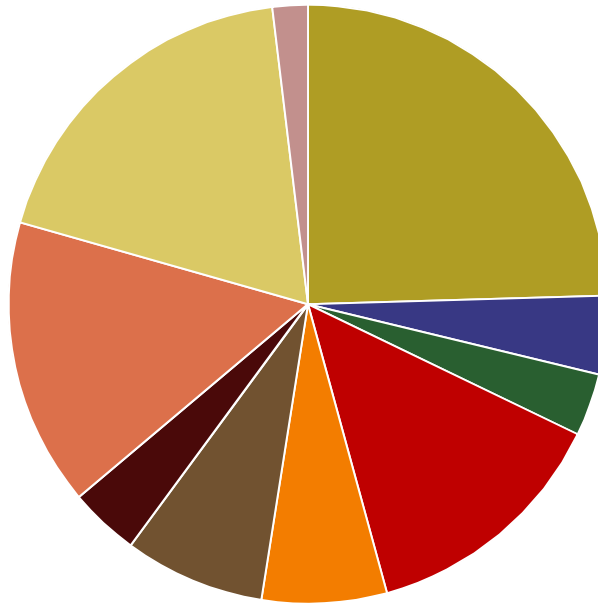
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# Allocation by Category

School for Advanced Research Aggregate

Period Ending: 12/31/2017

Portfolio Inception Date: 9/11/2016



Weight	Description	Current Value
1.9%	Cash Equivalents	\$509,671.41

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# Portfolio Holdings

School for Advanced Research Aggregate

Period Ending: 12/31/2017  
Portfolio Inception Date: 9/11/2016

Weight	Symbol	Description	Quantity	Price	Current Value
<b>100.0%</b>	<b>Portfolio Total</b>				<b>\$26,705,798.25</b>
<b>24.5%</b>	<b>US Equities</b>				<b>\$6,553,478.49</b>
24.5%	DFOFX	DFA U.S. Core Equity 1	287,685.623	\$22.78	\$6,553,478.49
<b>4.2%</b>	<b>Large Cap</b>				<b>\$1,132,090.98</b>
4.2%	DFLVX	DFA U.S. Large Cap Value	28,938.931	\$39.12	\$1,132,090.98
<b>3.4%</b>	<b>Mid/Small Cap</b>				<b>\$901,391.05</b>
3.4%	DFSVX	DFA US Small Cap Value	23,770.861	\$37.92	\$901,391.05
<b>13.6%</b>	<b>International Equities</b>				<b>\$3,629,013.12</b>
9.4%	DFIEX	DFA Intl Core Equity	172,431.429	\$14.54	\$2,507,152.98
2.1%	DFIVX	DFA Intl Value Portfolio	27,499.977	\$20.49	\$563,474.53
2.1%	DISVX	DFA Intl Small Cap Value	24,309.343	\$22.97	\$558,385.61
<b>6.7%</b>	<b>Emerging Markets</b>				<b>\$1,801,446.85</b>
1.0%	DEMSX	DFA Emerging Mkts Small Cap	11,235.917	\$23.87	\$268,201.34
4.4%	DFCEX	DFA Emerging Mkts Core Equity	50,190.689	\$23.22	\$1,165,427.80
1.4%	DFEVX	DFA Emerging Mkts Value	11,781.477	\$31.22	\$367,817.71
<b>7.6%</b>	<b>Real Estate Investment Trust</b>				<b>\$2,032,097.22</b>
7.6%	VNQ	Vanguard REIT ETF	24,489.000	\$82.98	\$2,032,097.22
<b>3.8%</b>	<b>Alternative Investments</b>				<b>\$1,005,196.73</b>
0.0%	GT SP-F MGMT	GoldenTree Class SP-F MGMT Series 26	7.312	\$646.13	\$4,724.76
0.0%	GT SP-F MGMT	GoldenTree Class SP-F MGMT Series 42	3.201	\$646.16	\$2,068.29
0.0%	GT SP-F MGMT	GoldenTree Class SP-F MGMT Series 54	4.545	\$646.16	\$2,936.70
0.4%	GTSP1F26	GoldenTree SP1-1F Series 26	113.645	\$997.17	\$113,322.56

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# Portfolio Holdings

School for Advanced Research Aggregate

Period Ending: 12/31/2017  
Portfolio Inception Date: 9/11/2016

Weight	Symbol	Description	Quantity	Price	Current Value
0.1%	GTSP1F42	GoldenTree SP1-1F Series 42	15.567	\$997.17	\$15,523.12
0.1%	GTSP1F54	GoldenTree SP1-1F Series 54	22.359	\$997.17	\$22,296.08
0.1%	GTSP5F26	GoldenTree SP1-5F Series 26	15.362	\$1,132.74	\$17,400.94
0.0%	GTSP5F42	GoldenTree SP1-5F Series 42	2.104	\$1,132.74	\$2,383.61
0.0%	GTSP5F54	GoldenTree SP1-5F Series 54	3.022	\$1,132.74	\$3,423.61
0.1%	GTSP6F26	GoldenTree SP6-1F Series 26	56.920	\$261.59	\$14,889.78
0.0%	GTSP6F42	GoldenTree SP6-1F Series 42	15.773	\$261.59	\$4,126.05
0.0%	GTSP6F54	GoldenTree SP6-1F Series 54	22.394	\$261.59	\$5,858.23
1.4%	GTSP8F26	GoldenTree SP8-1F Series 26	102.247	\$3,781.51	\$386,647.53
0.6%	GTSP8F42	GoldenTree SP8-1F Series 42	44.758	\$3,781.51	\$169,253.92
0.9%	GTSP8F54	GoldenTree SP8-1F Series 54	63.557	\$3,781.51	\$240,341.55
<b>15.5%</b>	<b>Intermediate Term Bonds</b>				<b>\$4,150,993.40</b>
15.3%	DFAPX	DFA Investment Grade	378,481.341	\$10.81	\$4,091,383.29
0.2%	DODIX	Dodge & Cox Income Fund	4,332.130	\$13.76	\$59,610.11
<b>18.7%</b>	<b>Short Term Bonds</b>				<b>\$4,990,419.00</b>
18.7%	BSV	Vanguard Short Term Bond Index ETF	63,090.000	\$79.10	\$4,990,419.00
<b>1.9%</b>	<b>Cash Equivalents</b>				<b>\$509,671.41</b>
0.3%	CASH	CASH			\$92,980.77
1.6%	SNOXX	Schwab Treasury Money Market			\$416,690.64

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# Performance Summary

## TWR

Period Ending: 12/31/2017  
Portfolio Inception Date: 9/11/2016

School for Advanced Research Aggregate

### Portfolio Returns



	Current Quarter	Year to Date	Fiscal Year to Date	Since Inception
<b>Your Portfolio</b>	2.9%	11.1%	5.9%	10.0%
<b>SAR Combined Portfolios Benchmark</b>	2.8%	12.0%	5.8%	10.1%

### Components Of Change

	Current Quarter	Year to Date	Fiscal Year to Date	Since Inception
<b>BEGINNING VALUE</b>	26,290,449.74	25,072,271.85	25,530,755.97	0.00
Net Contributions	(337,018.57)	(1,086,115.04)	(323,386.23)	23,505,428.14
Capital Appreciation	622,977.36	2,494,678.07	1,264,185.19	2,807,488.08
Income	183,000.44	470,346.17	299,672.10	642,789.75
Management Fees	(12,009.39)	(47,034.48)	(23,827.45)	(49,307.93)
Other Expenses	(41,601.33)	(198,348.32)	(41,601.33)	(200,599.79)
<b>ENDING VALUE</b>	26,705,798.25	26,705,798.25	26,705,798.25	26,705,798.25
<b>INVESTMENT GAIN</b>	752,367.08	2,719,641.44	1,498,428.51	3,200,370.11

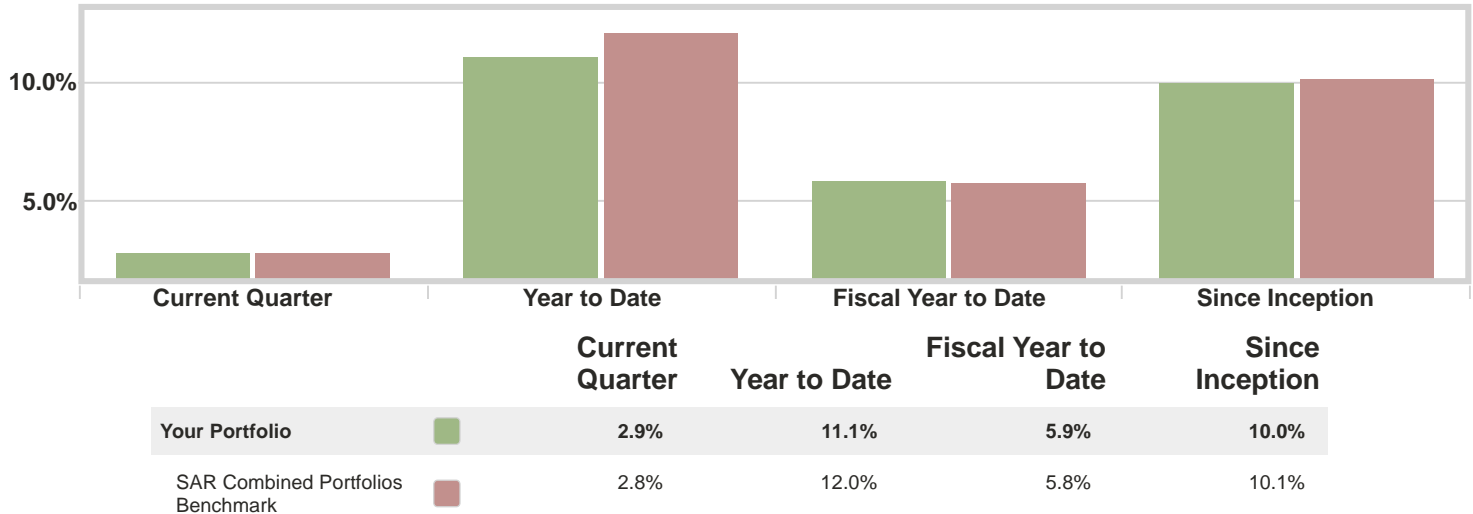
# Performance Summary

## IRR

Period Ending: 12/31/2017  
Portfolio Inception Date: 9/11/2016

School for Advanced Research Aggregate

### Portfolio Returns



### Components Of Change

	Current Quarter	Year to Date	Fiscal Year to Date	Since Inception
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<b>INVESTMENT GAIN</b>	752,367.08	2,719,641.44	1,498,428.51	3,200,370.11



# Asset Class Performance Summary

Period Ending: 12/31/2017  
Portfolio Inception Date: 9/11/2016

School for Advanced Research Aggregate

Asset Class Description	Inception Date	Current Value	Current Quarter	Year to Date	Fiscal Year to Date	Si
<b>US Equities</b>	10/20/2016	6,553,478	6.91%	21.55%	12.22%	
<b>Large Cap</b>	9/11/2016	1,132,091	7.40%	18.65%	12.35%	
<b>Mid/Small Cap</b>	9/11/2016	901,391	3.13%	7.23%	9.29%	
<b>International Equities</b>	9/11/2016	3,629,013	4.69%	27.35%	12.06%	
<b>Emerging Markets</b>	9/11/2016	1,801,447	7.82%	34.92%	14.47%	
<b>Real Estate Investment Trust</b>	10/20/2016	2,032,097	1.39%	4.54%	2.12%	
<b>Alternative Investments</b>	9/11/2016	1,005,197	(1.77%)	9.34%	1.60%	
<b>Intermediate Term Bonds</b>	9/15/2016	4,150,993	0.00%	3.08%	0.64%	
<b>Short Term Bonds</b>	9/11/2016	4,990,419	(0.34%)	1.00%	(0.03%)	
<b>Cash Equivalents</b>	9/11/2016	509,671	(10.43%)	(32.31%)	(7.54%)	
<b>Total Portfolio (Net of Fees)</b>	<b>9/11/2016</b>	<b>26,705,798</b>	<b>2.88%</b>	<b>11.10%</b>	<b>5.88%</b>	
SAR Combined Portfolios Benchmark			2.83%	12.04%	5.77%	
Russell 3000 TR USD			6.34%	21.13%	11.20%	
Russell 1000 Value TR USD			5.33%	13.66%	8.61%	
Russell 2000 TR USD			3.34%	14.65%	9.20%	
MSCI EAFE USD			4.23%	25.03%	9.86%	
S&P/IFCI Composite TR USD			7.65%	37.89%	16.13%	
FTSE NAREIT Equity REITs TR			1.37%	5.08%	2.32%	
BarCap US Corporate High Yield TR USD			0.47%	7.50%	2.45%	
BBgBarc US Agg Interm TR USD			(0.07%)	2.27%	0.65%	
BarCap US Govt/Credit A+ 1-5 Yr TR USD			(0.33%)	1.02%	0.03%	
IA SBBI US 30 Day TBill TR USD			0.26%	0.80%	0.51%	

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**REDW** Stanley

Financial Advisors LLC

*An SEC Registered Subsidiary of REDW The Rogoff Firm*

INTEGRITY COUNTS.

# **SAR Market Assets Portfolio Review**

**School for Advanced Research**

PO Box 2188

Santa Fe, NM 87504

**Prepared By:** REDW Stanley Financial Advisors

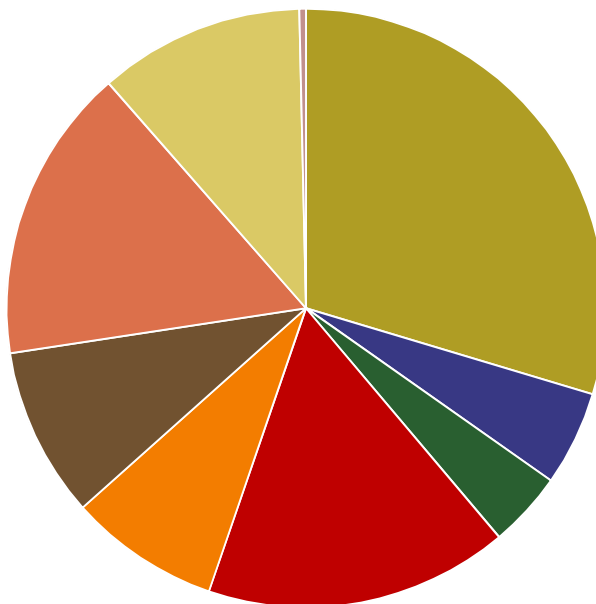
December 31, 2017

# Allocation by Category

School for Advanced Research Corp Acct - Market Assets

Period Ending: 12/31/2017

Portfolio Inception Date: 9/11/2016



Weight Description

Current Value

Weight	Description	Current Value
100.0%	Portfolio Total	\$22,107,890.55
29.6%	US Equities	\$6,553,478.49
5.1%	Large Cap	\$1,132,090.98
4.1%	Mid/Small Cap	\$901,391.05
16.4%	International Equities	\$3,629,013.12
8.1%	Emerging Markets	\$1,801,446.85
9.2%	Real Estate Investment Trust	\$2,032,097.22
15.9%	Intermediate Term Bonds	\$3,524,926.69
11.1%	Short Term Bonds	\$2,455,501.30
0.4%	Cash Equivalents	\$77,944.85

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# Portfolio Holdings

School for Advanced Research Corp Acct - Market Assets

Period Ending: 12/31/2017  
Portfolio Inception Date: 9/11/2016

Weight	Symbol	Description	Quantity	Price	Current Value
<b>100.0%</b>	<b>Portfolio Total</b>				<b>\$22,107,890.55</b>
<b>29.6%</b>	<b>US Equities</b>				<b>\$6,553,478.49</b>
29.6%	DFOOX	DFA U.S. Core Equity 1	287,685.623	\$22.78	\$6,553,478.49
<b>5.1%</b>	<b>Large Cap</b>				<b>\$1,132,090.98</b>
5.1%	DFLVX	DFA U.S. Large Cap Value	28,938.931	\$39.12	\$1,132,090.98
<b>4.1%</b>	<b>Mid/Small Cap</b>				<b>\$901,391.05</b>
4.1%	DFSVX	DFA US Small Cap Value	23,770.861	\$37.92	\$901,391.05
<b>16.4%</b>	<b>International Equities</b>				<b>\$3,629,013.12</b>
11.3%	DFIEX	DFA Intl Core Equity	172,431.429	\$14.54	\$2,507,152.98
2.5%	DFIVX	DFA Intl Value Portfolio	27,499.977	\$20.49	\$563,474.53
2.5%	DISVX	DFA Intl Small Cap Value	24,309.343	\$22.97	\$558,385.61
<b>8.1%</b>	<b>Emerging Markets</b>				<b>\$1,801,446.85</b>
1.2%	DEMSX	DFA Emerging Mkts Small Cap	11,235.917	\$23.87	\$268,201.34
5.3%	DFCEX	DFA Emerging Mkts Core Equity	50,190.689	\$23.22	\$1,165,427.80
1.7%	DFEVX	DFA Emerging Mkts Value	11,781.477	\$31.22	\$367,817.71
<b>9.2%</b>	<b>Real Estate Investment Trust</b>				<b>\$2,032,097.22</b>
9.2%	VNQ	Vanguard REIT ETF	24,489.000	\$82.98	\$2,032,097.22
<b>15.9%</b>	<b>Intermediate Term Bonds</b>				<b>\$3,524,926.69</b>
15.9%	DFAPX	DFA Investment Grade	326,080.175	\$10.81	\$3,524,926.69
<b>11.1%</b>	<b>Short Term Bonds</b>				<b>\$2,455,501.30</b>
11.1%	BSV	Vanguard Short Term Bond Index ETF	31,043.000	\$79.10	\$2,455,501.30

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# Portfolio Holdings

School for Advanced Research Corp Acct - Market Assets

Period Ending: 12/31/2017  
Portfolio Inception Date: 9/11/2016

Weight	Symbol	Description	Quantity	Price	Current Value
<b>0.4%</b>	<b>Cash Equivalents</b>				<b>\$77,944.85</b>
0.4%	CASH	CASH			\$77,944.85

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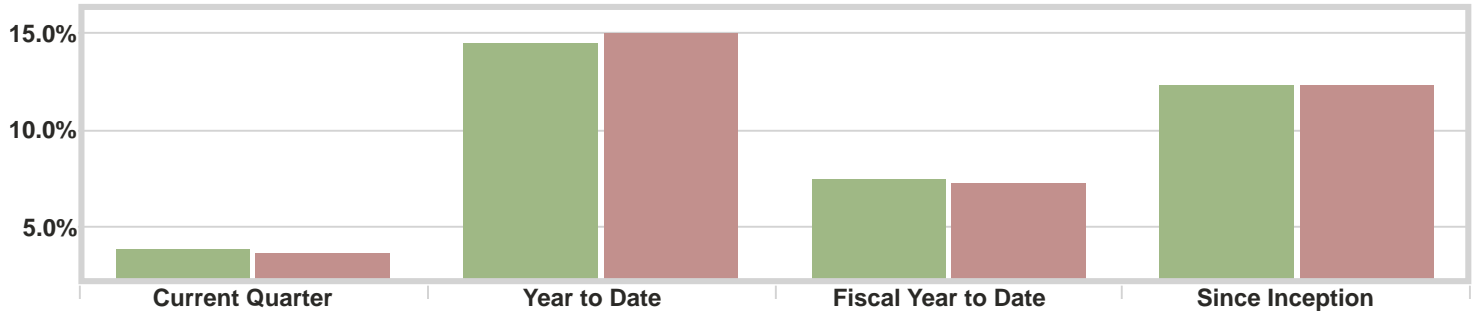
# Performance Summary

## TWR

Period Ending: 12/31/2017  
Portfolio Inception Date: 9/11/2016

School for Advanced Research Corp Acct - Market Assets

### Portfolio Returns



	Current Quarter	Year to Date	Fiscal Year to Date	Since Inception
<b>Your Portfolio</b>	3.9%	14.5%	7.5%	12.3%
<b>SAR Market Assets Benchmark</b>	3.6%	15.0%	7.3%	12.3%

### Components Of Change

	Current Quarter	Year to Date	Fiscal Year to Date	Since Inception
<b>BEGINNING VALUE</b>	20,540,999.68	14,938,992.32	16,373,589.50	0.00
Net Contributions	741,732.59	4,672,208.83	4,229,669.84	19,376,115.00
Capital Appreciation	674,091.13	2,127,939.76	1,262,946.81	2,206,677.10
Income	163,076.54	415,784.12	265,511.85	576,632.85
Management Fees	(12,009.39)	(47,034.48)	(23,827.45)	(49,307.93)
Other Expenses	0.00	0.00	0.00	(2,226.47)
<b>ENDING VALUE</b>	22,107,890.55	22,107,890.55	22,107,890.55	22,107,890.55
<b>INVESTMENT GAIN</b>	825,158.28	2,496,689.40	1,504,631.21	2,731,775.55



# Performance Summary

## IRR

Period Ending: 12/31/2017  
Portfolio Inception Date: 9/11/2016

School for Advanced Research Corp Acct - Market Assets

### Portfolio Returns



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<b>Your Portfolio</b>	3.9%	14.6%	7.6%	12.4%
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Management Fees	(12,009.39)	(47,034.48)	(23,827.45)	(49,307.93)
Other Expenses	0.00	0.00	0.00	(2,226.47)
<b>ENDING VALUE</b>	22,107,890.55	22,107,890.55	22,107,890.55	22,107,890.55
<b>INVESTMENT GAIN</b>	825,158.28	2,496,689.40	1,504,631.21	2,731,775.55



# Asset Class Performance Summary

Period Ending: 12/31/2017  
Portfolio Inception Date: 9/11/2016

School for Advanced Research Corp Acct - Market Assets

Asset Class Description	Inception Date	Current Value	Current Quarter	Year to Date	Fiscal Year to Date	Si
<b>US Equities</b>	10/20/2016	6,553,478	6.91%	21.55%	12.22%	
<b>Large Cap</b>	9/11/2016	1,132,091	7.40%	18.65%	12.35%	
<b>Mid/Small Cap</b>	9/11/2016	901,391	3.13%	7.23%	9.29%	
<b>International Equities</b>	9/11/2016	3,629,013	4.69%	27.35%	12.06%	
<b>Emerging Markets</b>	9/11/2016	1,801,447	7.82%	34.92%	14.47%	
<b>Real Estate Investment Trust</b>	10/20/2016	2,032,097	1.39%	4.54%	2.12%	
<b>Intermediate Term Bonds</b>	9/15/2016	3,524,927	0.00%	2.99%	0.62%	
<b>Short Term Bonds</b>	9/11/2016	2,455,501	(0.34%)	0.91%	(0.08%)	
<b>Cash Equivalents</b>	9/11/2016	77,945	(6.61%)	(13.93%)	(5.24%)	
<b>Total Portfolio (Net of Fees)</b>	9/11/2016	22,107,891	3.89%	14.65%	7.58%	
SAR Market Assets Benchmark			3.62%	14.98%	7.27%	
Russell 3000 TR USD			6.34%	21.13%	11.20%	
Russell 1000 Value TR USD			5.33%	13.66%	8.61%	
Russell 2000 TR USD			3.34%	14.65%	9.20%	
MSCI EAFE USD			4.23%	25.03%	9.86%	
S&P/IFCI Composite TR USD			7.65%	37.89%	16.13%	
FTSE NAREIT Equity REITs TR			1.37%	5.08%	2.32%	
BarCap US Corporate High Yield TR USD			0.47%	7.50%	2.45%	
BBgBarc US Agg Interm TR USD			(0.07%)	2.27%	0.65%	
BarCap US Govt/Credit A+ 1-5 Yr TR USD			(0.33%)	1.02%	0.03%	
IA SBBI US 30 Day TBill TR USD			0.26%	0.80%	0.51%	

We believe this information to be reliable, but do not guarantee its accuracy. All gains/losses are calculated using a specific security matching method of buys and sells, except for mutual funds, which are calculated using an average cost basis method. All returns net of fees automatically deducted from account. Not considered are fees submitted by cash, check or credit card.

**REDW** Stanley

Financial Advisors LLC

*An SEC Registered Subsidiary of REDW The Rogoff Firm*

INTEGRITY COUNTS.

# **SAR Protective Assets Portfolio Review**

**School for Advanced Research**

PO Box 2188

Santa Fe, NM 87504

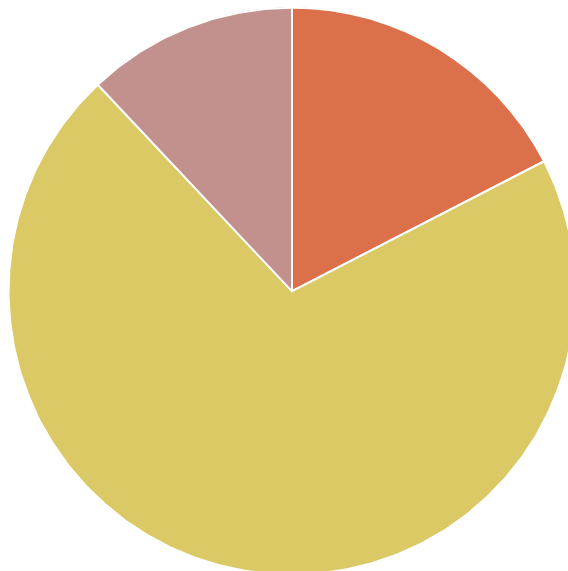
**Prepared By:** REDW Stanley Financial Advisors

December 31, 2017

# Allocation by Category

School for Advanced Research Corp Acct - Protective Assets

Period Ending: 12/31/2017  
 Portfolio Inception Date: 10/6/2016



Weight	Description	Current Value
100.0%	Portfolio Total	\$3,592,710.97
17.4%	Intermediate Term Bonds	\$626,066.71
70.6%	Short Term Bonds	\$2,534,917.70
12.0%	Cash Equivalents	\$431,726.56

We recommend you compare this statement with the statement you receive from your custodian.

We believe this information to be reliable, but do not guarantee its accuracy. All gains/losses are calculated using a specific security matching method of buys and sells, except for mutual funds, which are calculated using an average cost basis method.

# Portfolio Holdings

School for Advanced Research Corp Acct - Protective Assets

Period Ending: 12/31/2017

Portfolio Inception Date: 10/6/2016

Weight	Symbol	Description	Quantity	Price	Current Value
<b>100.0%</b>	<b>Portfolio Total</b>				<b>\$3,592,710.97</b>
<b>17.4%</b>	<b>Intermediate Term Bonds</b>				<b>\$626,066.71</b>
15.8%	DFAPX	DFA Investment Grade	52,401.166	\$10.81	\$566,456.60
1.7%	DODIX	Dodge & Cox Income Fund	4,332.130	\$13.76	\$59,610.11
<b>70.6%</b>	<b>Short Term Bonds</b>				<b>\$2,534,917.70</b>
70.6%	BSV	Vanguard Short Term Bond Index ETF	32,047.000	\$79.10	\$2,534,917.70
<b>12.0%</b>	<b>Cash Equivalents</b>				<b>\$431,726.56</b>
0.4%	CASH	CASH			\$15,035.92
11.6%	SNOXX	Schwab Treasury Money Market			\$416,690.64

We recommend you compare this statement with the statement you receive from your custodian.

We believe this information to be reliable, but do not guarantee its accuracy. All gains/losses are calculated using a specific security matching method of buys and sells, except for mutual funds, which are calculated using an average cost basis method.

# Performance Summary

## TWR

Period Ending: 12/31/2017  
Portfolio Inception Date: 10/6/2016

School for Advanced Research Corp Acct - Protective Assets

### Portfolio Returns



	Current Quarter	Year to Date	Fiscal Year to Date	Since Inception
<b>Your Portfolio</b>	<b>(0.3%)</b>	<b>1.5%</b>	<b>0.2%</b>	<b>0.2%</b>
<b>SAR Protective Assets Benchmark</b>	<b>(0.2%)</b>	<b>1.2%</b>	<b>0.2%</b>	<b>0.1%</b>

### Components Of Change

	Current Quarter	Year to Date	Fiscal Year to Date	Since Inception
<b>BEGINNING VALUE</b>	<b>3,511,618.50</b>	<b>2,823,786.63</b>	<b>3,196,941.31</b>	<b>0.00</b>
Net Contributions	90,000.00	721,525.83	389,900.00	3,582,168.98
Capital Appreciation	(28,831.43)	(7,138.54)	(28,290.59)	(55,564.91)
Income	19,923.90	54,562.05	34,160.25	66,156.90
Management Fees	0.00	0.00	0.00	0.00
Other Expenses	0.00	(25.00)	0.00	(50.00)
<b>ENDING VALUE</b>	<b>3,592,710.97</b>	<b>3,592,710.97</b>	<b>3,592,710.97</b>	<b>3,592,710.97</b>
<b>INVESTMENT GAIN</b>	<b>(8,907.53)</b>	<b>47,398.51</b>	<b>5,869.66</b>	<b>10,541.99</b>

# Performance Summary

## IRR

Period Ending: 12/31/2017  
Portfolio Inception Date: 10/6/2016

School for Advanced Research Corp Acct - Protective Assets

### Portfolio Returns



	Current Quarter	Year to Date	Fiscal Year to Date	Since Inception
<b>Your Portfolio</b>	<b>(0.3%)</b>	<b>1.5%</b>	<b>0.2%</b>	<b>0.3%</b>
<b>SAR Protective Assets Benchmark</b>	<b>(0.2%)</b>	<b>1.2%</b>	<b>0.2%</b>	<b>0.1%</b>

### Components Of Change

	Current Quarter	Year to Date	Fiscal Year to Date	Since Inception
<b>BEGINNING VALUE</b>	<b>3,511,618.50</b>	<b>2,823,786.63</b>	<b>3,196,941.31</b>	<b>0.00</b>
Net Contributions	90,000.00	721,525.83	389,900.00	3,582,168.98
Capital Appreciation	(28,831.43)	(7,138.54)	(28,290.59)	(55,564.91)
Income	19,923.90	54,562.05	34,160.25	66,156.90
Management Fees	0.00	0.00	0.00	0.00
Other Expenses	0.00	(25.00)	0.00	(50.00)
<b>ENDING VALUE</b>	<b>3,592,710.97</b>	<b>3,592,710.97</b>	<b>3,592,710.97</b>	<b>3,592,710.97</b>
<b>INVESTMENT GAIN</b>	<b>(8,907.53)</b>	<b>47,398.51</b>	<b>5,869.66</b>	<b>10,541.99</b>



# Asset Class Performance Summary

Period Ending: 12/31/2017  
Portfolio Inception Date: 10/6/2016

School for Advanced Research Corp Acct - Protective Assets

Asset Class Description	Inception Date	Current Value	Current Quarter	Year to Date	Fiscal Year to Date	Si
Intermediate Term Bonds	10/24/2016	626,067	0.02%	3.48%	0.78%	
Short Term Bonds	10/24/2016	2,534,918	(0.35%)	1.07%	0.01%	
Cash Equivalents	10/6/2016	431,727	0.17%	0.42%	0.34%	
<b>Total Portfolio (Net of Fees)</b>	<b>10/6/2016</b>	<b>3,592,711</b>	<b>(0.25%)</b>	<b>1.49%</b>	<b>0.17%</b>	
SAR Protective Assets Benchmark			(0.23%)	1.23%	0.20%	
BBgBarc US Agg Intern TR USD			(0.07%)	2.27%	0.65%	
BarCap US Govt/Credit A+ 1-5 Yr TR USD			(0.33%)	1.02%	0.03%	
IA SBBI US 30 Day TBill TR USD			0.26%	0.80%	0.51%	



**SAR Narrative on the Q2 FY2018 financial statements**

The following narrative points out significant changes as well as summary financial information for July 1 – December 31, 2017. We welcome your questions, suggestions or comments as we continue to refine this reporting process.

**Operating results for the fiscal year (Budget Summary Report):**

Following SAR's policy of year-ahead funding, receipts used to fund the FY18 budget are already in hand and are applied to expenses as they are incurred.

Overall, salaries are at 43% of those budgeted. The one short Advanced Seminar scheduled for the fiscal year was completed. The one FY18 advanced seminar was held February 10-16. The J.I. Staley prize was awarded in October. Budgeted research and travel costs in the President's budget (Admin.) will be spent later in the fiscal year.

The IT department will start purchasing budgeted computers in Q 3 and 4 in order to have funds available if unexpected needs come up during the year. Most of Guest Services expenses correlate with the seminar dates, explaining the low spending in Q1. Repairs to the seminar house kitchen floor were funded through the capital projects budget. Funds are being raised to more significant repairs at the seminar house and the balance of the capital projects budget will be used to supplement that project or to pay for other major campus maintenance and repairs, as needed.

The King residence experienced a water leak from the hot water heater that destroyed the wood flooring in the adjacent bedroom. The physical plant was able to supply the labor to make the repairs and most of the materials were paid for from insurance proceeds.

**Financial Position (Balance Sheet):**

Investments are up \$1M, based on the holdings' market value.

The SAR Press book inventory cost has been reduced by \$18K, while keeping almost all the titles in print and at adequate quantities to satisfy UNM Press. We have received word that UNM Press is planning to outsource their order fulfillment sometime this spring or summer. We don't have any details concerning who will be doing fulfillment and how it will affect SAR Press' operations. We hope to have more information in time for this board meeting.

**Summary Income Statement**

This is a regular income statement, showing current year's income compared to the current year's expenses. Both income and expenses are further divided between program and

endowment activity and between operations activity and investment activity. Total activity is compared to the prior year's total activity in the same period.

The report shows a \$690K surplus for Q2 FY2018 compared to a \$134K surplus for Q2 FY2017. Contributions and memberships are up from this point last year, but sales and services are down \$90K due to lower field trip gross revenues.

Note that we received a \$5K addition to the Crichton Endowment from Mrs. Crichton.

**Gifts, Grants, Sales and Fees Report:**

The Gifts, Grants, Sales and Fees report summarizes gifts by source and restriction. I've also listed pledge payments that were received and the receipt of the \$506K annual ARF grant payment. These revenues were recorded in FY2017.

Q1&2 FY18 book sales less cost of sales data for SAR Press / UNM Press, netting out the 32% commission owed to UNMP and royalties paid to our authors = \$34K. Q1 FY16 SAR Press book sales, net of cost of sales, UNMP commission and author royalties, totaled \$26K.

**Investments:**

SAR's investments returned 5.9%, net of fees, in the first six months of FY2018.

By the end of December, SAR investments in alternative investments had been reduced from 29% of the total portfolio to 4% of the total. The remaining \$1.1M in alternatives are expected to be liquidated within the next 12 months. The proceeds have been reinvested according to the current investment asset allocation policy.

**SCHOOL for ADVANCED RESEARCH**  
**BUDGET SUMMARY REPORT**  
**July 1, 2017 - December 31, 2017 (UNAUDITED)**

	FY18 budget	Additions to FY18 Budget	Actual through 12/31/2017		
<b>Revenues</b>					
Endowment draw	<u>\$1,126,776</u>		<u>\$557,754</u>		50%
Unrestricted funds raised/pledged in previous years	829,843		410,772		50%
Donor Restricted received or committed in previous years	869,486	40,516	275,917		30%
Sales and Fees	106,239		52,588		50%
Prior year Surplus	95,000		47,025		50%
Draw from Reserves	<u>96,000</u>		<u>47,520</u>		50%
Total Revenues	<u><u>\$3,123,344</u></u>	<u><u>\$40,516</u></u>	<u><u>\$1,391,577</u></u>		44%
<b>Expenses</b>					
	Program	Salaries	Program	Salaries	
Resident Scholar	\$ 132,930	\$ 85,049	\$ 41,315	\$ 38,825	31% 46%
Advanced Seminar	18,125	85,049	1,740	39,559	10% 47%
Jl Staley	22,245	25,171	9,581	11,690	43% 46%
SAR Press	5,760	23,932	3,007	12,224	52% 51%
IARC	28,250	371,277	17,704	175,772	63% 47%
Library	14,730	63,185	9,048	29,549	61% 47%
Administration	28,150	165,556	9,510	69,302	34% 42%
Business Administration	151,377	244,213	73,872	114,125	49% 47%
Development	117,469	392,885	70,855	191,815	60% 49%
IT	21,082	98,125	1,824	45,936	9% 47%
Guest Services	11,158	135,325	3,101	61,711	28% 46%
Physical Plant	88,799	163,545	39,001	76,862	44% 47%
Capital Projects	<u>15,000</u>	<u>0</u>	<u>1,782</u>	<u>0</u>	12%
	655,075	1,853,312	282,340	867,371	43% 47%

**SCHOOL for ADVANCED RESEARCH**  
**BUDGET SUMMARY REPORT**  
**July 1, 2017 - December 31, 2017 (UNAUDITED)**

	FY18 budget		Additions to FY18 Budget	Actual through 12/31/2017		
Restricted Projects						
ARF Museum Professionalism project directs	127,434			50,239		39%
ARF IARC Conservation project directs	158,935			51,875		33%
Mellon Fellowship (direct costs)	99,690			21,408		21%
ARF CEO directed fund (direct costs)	74,144			13,526		18%
ARF Campus Safety directs	17,500			6,842		39%
Howell property tax	15,729			16,559		105%
IARC fellows (direct costs)	33,650			16,134		48%
NSF Team Seminars	44,105			7,301		17%
Presidential lecture	15,000			0		0%
Lannan Foundation program expenses	14,080			4,887		35%
Frost Fndt (direct costs)	10,390			1,559		15%
Bunting Summer Salon directs	1,000			894		89%
Board budget	3,300			2,720		82%
Feld Bosavi project			17,256	17,256		NA
Web redesign project			10,195	10,195		NA
Schwartz apartment (to be capitalized)			0	5,973		NA
Paloheimo Communications grant			5,724	5,724		NA
Paloheimo Awareness grant			4,549	4,549		NA
Santa Fe Community Fndt			1,741	1,741		NA
S Foote special projects			750	750		NA
Linda Cordell prize			301	301		NA
	614,957	0	40,516	240,431	0	
Total	1,270,032	1,853,312	40,516	522,771	867,371	
Grand Total Expenses		<u>3,123,344</u>	<u>40,516</u>		<u>1,390,142</u>	44%
Surplus/(Deficit)		\$ -	\$ -		\$ 1,435	

**SCHOOL for ADVANCED RESEARCH**  
**BALANCE SHEET**  
(UNAUDITED)

	6/30/2017	12/31/2017		6/30/2017	12/31/2017
<b>ASSETS</b>			<b>LIABILITIES &amp; FUND BALANCES</b>		
Cash:			Liabilities:		
Checking FNBSF	\$ 193,799	\$ 180,692	Accounts Payable	\$ 46,624	\$ 19,328
Payroll FNBSF	9,366	9,287	Accrued Payroll & Benefits	176,113	122,714
Money Market FNBSF	202,379	86,894			
Petty Cash	900	900			
Total Cash	406,443	277,774	Total Liabilities	222,737	142,042
Investments: (@ market)					
Charles Schwab:					
Endowment	23,618,572	24,471,596			
Invested Cash	2,086,122	1,883,787			
ARF funds in \$ Mkt	11,800	390,308			
Total Investments	25,716,494	26,745,691			
Other Assets:					
Accounts Receivable	83,479	63,954	Net Assets:		
Grants Receivable	506,095	151,898	Unrestricted	\$ 17,215,427	\$ 17,808,350
Pledges Receivable	253,997	464,140	Temporarily Restricted	2,034,159	2,126,127
Book Inventory	258,079	240,145	Permanently Restricted	11,017,157	11,022,157
Prepaid Expenses	66,801	39,862			
Plant & Equipment	3,198,092	3,115,213			
Total Other Assets	4,366,543	4,075,212	Total Net Assets	30,266,743	30,956,635
<b>TOTAL ASSETS</b>	<b>\$ 30,489,480</b>	<b>\$ 31,098,677</b>	<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 30,489,480</b>	<b>\$ 31,098,677</b>

## School for Advanced Research

## Summary Income Statement

	Program 7/1/2017- 12/31/2017	Endowment/Investments 7/1/2017- 12/31/2017	Total 7/1/2017- 12/31/2017	Total 7/1/2016- 12/31/2016
Operations Activity				
Operations Revenues				
Contributions, Pledges and Grants	\$621,424	\$5,000	\$626,424	\$610,756
Membership Dues Income	133,785	0	133,785	107,418
Sales and Services	132,472	0	132,472	222,234
Total Operations Revenues	<u>887,681</u>	<u>5,000</u>	<u>892,681</u>	<u>940,409</u>
Operations Expenses				
Cost of Sales and Service	68,893	0	68,893	152,556
Salaries, Taxes and Benefits	887,080	0	893,142	876,559
Program Expenses	213,900	0	213,900	238,034
General and Management Expenses	278,590	0	294,775	280,171
Institutional Advancement	100,195	0	100,195	120,317
Total Expenses	<u>1,548,658</u>	<u>0</u>	<u>1,570,905</u>	<u>1,667,638</u>
Transfers	<u>557,754</u>	<u>(557,754)</u>	<u>(0)</u>	<u>(0)</u>
Surplus/(Deficit) from Operations	<u>(\$103,222)</u>	<u>(\$552,754)</u>	<u>(\$678,224)</u>	<u>(\$727,228)</u>
Investment Activity				
Investment Revenues				
Interest and Dividend Income	\$55,587	\$394,475	\$450,062	\$359,502
Net Realized Investment Gain	328,108	2,409,216	2,737,324	899,308
Net Unrealized Investment Gain	(214,822)	(1,581,493)	(1,796,315)	(337,526)
Investment Revenues	<u>168,873</u>	<u>1,222,197</u>	<u>1,391,070</u>	<u>921,284</u>
Investment Management Expenses	<u>1,982</u>	<u>20,971</u>	<u>22,954</u>	<u>59,638</u>
Surplus/(Deficit) from Investment Activities	<u>166,891</u>	<u>1,201,226</u>	<u>1,368,117</u>	<u>861,645</u>
<b>NET SURPLUS/(DEFICIT)</b>	<b><u>\$63,668</u></b>	<b><u>\$648,472</u></b>	<b><u>\$689,893</u></b>	<b><u>\$134,417</u></b>

**SCHOOL for ADVANCED RESEARCH**  
**GIFTS, GRANTS, SALES & FEES REPORT**  
**July 1, 2017 - December 31, 2017 (UNAUDITED)**

	Unrestricted	Restricted	Total
Pledge payments received	\$ 68,047	\$ 650	\$ 68,697
Grants receivable received		506,095	506,095
<hr/>			
New gifts received/committed			
General Operating (for FY19)			
Memberships/Other Donations	\$ 464,436		\$ 464,436
President's Circle	78,825		78,825
IARC Collections		2,500	2,500
IARC Operations	10,964		10,964
Bunting Fund		5,000	5,000
Lannan Program		14,200	14,200
Frost Foundation		15,000	15,000
Admin Operations	250		250
Board Budget	2,100		2,100
Bosavi Digital Archive Project		10,000	10,000
Paloheimo Foundation		146,398	146,398
New Mexico Humanities Council		5,500	5,500
Flora C. Crichton Endowment		5,000	5,000
	<hr/>	<hr/>	<hr/>
	556,575	203,598	760,173
Sales and Fees			
SAR Press	86,314		
less cost of sales	(28,024)		
less UNMP commission	(20,343)		
less author royalties	<u>(3,757)</u>		
	34,191		34,191
SAR in Depth Classes	1,200		
** less direct cost	<u>          </u>		
	1,200		1,200
Field Trips	11,280		
** less cost of field trip	<u>(20,244)</u>		
	(8,964)		(8,964)
Tours and Lecture Receipts	15,294		15,294
Rentals (net of cost of scholar housing)	<u>16,632</u>		<u>16,632</u>
Grand Total (exclusive of pledge payments)	\$ 614,928	\$ 203,598	\$ 818,526

\*\* All revenues and costs of classes and field trips may have not been received