F. M. KIRBY FOUNDATION, INC.
17 DEHART STREET
P.O. BOX 151
MORRISTOWN, N.J. 07963-0151
973-538-4800

DATE: November 30, 2018

MEMORANDUM FOR: Board of Directors

SUBJECT: Board of Directors Meeting

Our next Board of Directors meeting will be held on Friday, December 7, 2018 at 2:00 p.m. at 17 DeHart Street, Morristown, New Jersey.

Enclosed herewith are the agenda for the meeting and the following reports:

- Report of the President
- Minutes of the Investment Committee meeting held October 30, 2018 (draft)
- Investment Committee update as of October 31, 2018
- Cumulative List of Approvals of Management
  September 1, 2018 through November 30, 2018
- Cumulative List of Referrals to the Board
  September 1, 2018 through November 30, 2018
- Conflict of Interest Policy (including Questionnaire) and Proposed Resolution

The minutes of the last meeting held September 14, 2018 were made available to you on October 1, 2018 on the Private Board Area of the F. M. Kirby Foundation website.

Sincerely,

Diana L. Kostas

Diana L. Kostas
Secretary

Attachments

F. M. Kirby Foundation, Inc.
Agenda for the Board of Directors Meeting
17 DeHart Street, Morristown, New Jersey
December 7, 2018, 2:00 p.m.

AGENDA

1) Call to order

2) Welcome Laura H. Virkler, Ward K. Horton, Elizabeth M. Kirby, F. Morgan Kirby IV, J. Walker Kirby, Jr., today's invitees

3) Approval of the Minutes of the Meeting of the Board of Directors held September 14, 2018

4) Presentation by Mike Carr, Executive Director, and Nancy Van Wie, Director of Philanthropy, Adirondack Land Trust

5) Conservation, Preservation and Land Stewardship, Adirondacks - William H. Byrnes, Jr. and Erin C. Clifford

6) Report of the President

7) Report of the Chairman of the Investment Committee

8) Consider ratification of grants of $75,000 or less approved by management and made September 1, 2018 through November 30, 2018

9) Consider approval of grants in excess of $75,000 recommended by the President from September 1, 2018 through November 30, 2018

10) Reaffirmation of Conflict of Interest Policy

11) Old business – Strategic Plan and Guest Orientation Process Discussion

12) New business

13) Set date, place, and time of 2019 Board of Directors meetings (suggested 2 p.m. start)

    a) Friday, April 12, 2019 at Wake Forest University
    b) Friday, September 13, 2019 at 17 DeHart Street
    c) Friday, December 13, 2019 at 17 DeHart Street

14) Executive session, including a review of fees paid to the General Counsel, as well as the President's salary

15) Adjournment

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November 30, 2018

TO: Board of Directors

FROM: S. Dillard Kirby

SUBJECT: Report of the President

Please note that our upcoming meeting will feature our final look at our Environmental Docket with a focus on the Adirondack Park in New York State; our guests will be Mike Carr, Executive Director, and Nancy Wie, Development Director, of the Adirondack Land Trust (ALT). We have supported the Trust since 1974 and have known Mike for a long time as CEO of both the Nature Conservancy and ALT when they were governed under one umbrella. Mike has been known within the Adirondack Park as the patriarch of land conservation/preservation efforts for many years. He has visited Jerseyfield Preserve via sea plane and took Dad and myself on an excursion of the park from the air. Two years ago, ALT spun off on its own to concentrate on land stewardship efforts and is now home to the Fred M. and Walker D. Kirby Land Stewardship Endowment we established in 2014 with a $2 million commitment. Mike and Nancy will discuss ALT's current focus within the Park and touch on our specific interests in the region.

Following Mike and Nancy's presentation, Bill and Erin will provide some highlights on two Adirondack-based conferences they attended, one of which we sponsored just this week. So they will have the most current objective and subjective comments on the Adirondack Park, its challenges, opportunities, and strategies and how our current philanthropic investments play a part.

Since our September meeting, there have been three particularly noteworthy events I'd like to highlight: 1) I attended the Walter Scott bi-annual investment conference in Edinburgh in early October. The conference was excellent; a blend of presentations from companies that Walter Scott has invested in for years, and broader themed topics, like Demographic Disruption and Future Growth: Millennials and Generation Z (how is that for a mouthful?). Bill Raver also attended; 2) JoAnn attended the annual Philanthropy Roundtable Conference in Florida in mid-October. We tend to rotate team staff members in attendance, but Directors are also most welcome to attend (as Alice did two years ago in Charleston, SC). I will ask JoAnn to give us a brief summary of her key takeaways; and 3) The new Performing Arts & Community Center at

Gill St. Bernard's School was dedicated on November 24th, and my immediate family attended. The F.M. Kirby Hall & Gallery is beautiful and the facility should be transformative for the school.

There are three new grantees presented for the Board's ratification. They are:

The Institute for Family Studies: A well-recognized research and education institute that strives to strengthen marriage and family life in America.

Just Facts: A research and educational institute dedicated to publishing comprehensive, straightforward, and rigorously documented facts about public policy issues of national consequence.

TransOptions: A research and planning organization that primarily delivers programs and services that improve mobility, the environment, and overall quality of life in northwestern New Jersey by helping commuters find alternative commuting options.

As for grants to be approved by the Board in excess of $75K, please review the Evaluation Form comments in the private Board area on our website under the Board Material folder. There are no new grantees, but I would like to highlight the recommendation for a final grant to the Kirby Episcopal House current capital project budget, for $250K. As we discussed going back to 2016, we were prepared to consider up to a total commitment of $2 million as part of our 25% "branch" participation if the final costs came in at $7 million or above. We have already distributed $1.75 million and the final costs appear to be approximately $8.2 million. The interior work of the buildings is basically complete, with some modest work in conjunction with the Japanese gardens likely to be completed this coming spring. Tentative plans are for a Kirby Alliance meeting on the campus next June.

Our Cumulative List of Referrals to the Board, if approved, coupled with the anticipated management-approved December grants, would bring our year-end, total core grants paid to approximately $12.9 million, which reflects an increase of approximately 5% versus 2017. This compares to an estimated decrease of approximately 5% in the endowment as of this week, excluding the large KA distribution of $54 million made at the very beginning of the year. So we "stretched" a bit this year, but that was after several years of cutting back dramatically, as you know. With all that in mind, we are currently targeting a core grants budget in the $13.0 million to $13.5 million range for 2019.

Also on the agenda is our discussion of the next strategic plan, the draft of which I distributed at our September meeting. Subsequently, I have received constructive feedback from both Board members and Guests; most of it has been highly supportive. At our meeting, I plan to highlight some of the suggested tweaks and other key input I received. In fact, I have attached a

"redline," second draft that incorporates many of the suggested tweaks. Likewise, we also received feedback on the Guest Orientation initiative and I have asked Erin to distribute and share a second draft at the meeting for your consideration and concurrence as we move forward.

Along the lines of our strategic plan, it would seem that our support of higher education and potential aspects of reform may be a topic ripe for discussion as a Board focus in 2019, as highlighted in the draft strategic plan. Because several of you expressed interest in the topic, we decided to hold the April 12, 2019 Board meeting at Wake Forest University where we will hear from several representatives about many key and innovative programs supported by the F.M. Kirby Foundation and can discuss the topic more broadly.

As a reminder, immediately following our meeting, all Board, Guests, staff members, and spouses are welcome to Adrienne's and my home for drinks and light food to celebrate the holidays. It appears we will have a nice turnout. For any of those who cannot make it, we will toast all for a productive conclusion to our 2015-2018 strategic plan and even more impactful grantmaking over the next three years. I could not ask for a more supportive Board and team here at the office.

~~September 14~~December 7, 2018

TO: Board of Directors, F.M. Kirby Foundation, Inc.

FROM: S. Dillard Kirby, President

SUBJECT: Strategic Planning – A look back (2016-2018) and ahead (2019-2021)

While this memo is presented today, I do not expect to discuss it in detail now but, rather, seek feedback from you during the coming weeks. Please provide thoughts directly to me before our next meeting either by phone or e-mail so that I can condense and share such in December, at which point we can then discuss as a group.

Wilson was very helpful in looking at a draft of this, given that he had informed us he would not be in attendance today; I requested such. Diana helped me considerably in the preparation as I thought relatively "fresh eyes" would be fruitful and "challenge" certain elements. Of course, Bill provided important input and the entire team chipped in.

2016-2018

Our current strategic plan has focused on drilling into the two final dockets we had yet to tackle within the canon: 1) Education in 2016, for which we had a Board meeting at The Hill Center that spring and Alice led the discussion at our September 2016 meeting; and 2) Human Services in 2017, for which we visited Emily K in the spring and Wilson guided us into a broader discussion that concluded with our meeting at Daytop in December 2017. Now in 2018, we have circled back to the Environmental docket after several years to focus on land preservation, conservation, and stewardship in NC, NJ, and the Adirondacks. Laura, Sandie, and Alice have helped with this analysis/discussion.

Additionally, over the past three years, we developed the Kirby Alliance into a self-sustaining initiative, having completed the spin-off grant distributions and organized numerous meetings both in Morristown and off-site at locations of mutual interest. During all of this, we had more personnel changes than normal. On the Board side, WDK passed away after serving on the Board for over 40 years, Leigh joined us, Ward resigned, and Ashley rotated in. Regarding the Board Development "guests" Program, Lizzie, Morgan, and Walker have all been invited to attend Board meetings, having reached the age of 25. On the staff team side, Frank resigned, Diana was hired to fill the role of Treasurer and Secretary, and Erin was initially brought on as the Foundation's first intern; shortly thereafter, she was hired full time to support our

communications effort and supplement our grant evaluation work. Overall, a net increase of one staff member.
Below I have restated key takeaways from our **2015** Strategic Plan discussion and then, in bold, attempted to evaluate progress over these three years:

Regarding Risk:

1) Directors liked the conversation about grants portfolio risk, and the general consensus was that, on a broad basis, we are taking on appropriate risk levels. The degree of risk varies by docket and we should look for specific opportunities to "stretch," but no big shake up here. Also, since so much of our support is general operating, we do not always hear about the "program" failures and perhaps we should press to understand "successes" and "failures."
    - **Grade: B │ There probably has not been a notable shift toward riskier investments, although let's face it, the entire KA initiative has had its degree of risk and uncertainty which has probably put a lid on other riskier grant commitments. Our medical research support continues to emphasize the more speculative work. High profile successes at Leukemia & Lymphoma and Scheie Eye Institute particularly come to mind. We have added several new grantees within our Human Services docket and in some cases we are supporting novel outreach programs, e.g., The Hill Center. The Human Services docket has several grantees that are on shaky ground, which is not unusual, but as a percentage of the Foundation's total giving, these cases are minimal. JoAnn dedicates much of her efforts within this docket and provides timely analysis, encouraging efforts to "connect" agencies where appropriate. An area in which the Foundation could perhaps explore taking on more risk is in the Education and the Public Policy arenas. The bulk of the investments in the former are with long-standing institutions with direct family engagement.**

Our Giving Circles:

2) We shall continue to think in the context of the three circles: a) grantees touching people's lives in the short term; b) grantees touching people's lives in the long term; and c) our institutional "family" grantees.
    - **Grade: NA │ There has been little change between a) and b). What has grown is c), caused by an expanding family and many Board members' direct involvement with grantees. This is a natural progression as more Board members and "guests" have become more directly engaged. This is not an item for which we had a metric to grade ourselves, but is, rather, a part of our DNA.**

The Core Grants Budget:

3) Doing our best to maintain a $15+ million grants budget while in the midst of the KA plan seems reasonable, as does the $275 million endowment level as the bottom

(versus $400 million now). This assumes a moderate annual growth rate during the next few years of 5% - 7% on a time-weighted basis. We do not want to close up "shop" as we literally could have in 2017 and 2018 given the large KA distributions we've made. We recognize that discipline will be required to adhere to a 25% - 30% reduction in our annual grants level over the next couple of years versus our 2014 actual. This does not mean no new grantees will be developed, just very selectively.

- **<u>Grade: A-</u> │ I think a fairly high mark here is appropriate as discussed in our 2017 Grants Summary Book. Naturally, the equity markets helped us, but so did our core grants budget discipline. As of the final KA distribution this past January, the endowment settled in the $325 million range, and subject to portfolio performance ahead, we seem reasonably positioned for a $15 million-type annual grants budget going forward, hopefully adjusted for inflation. We also need to remind ourselves from time to time that based on the KA spin-off of $112.5 million, we can hopefully take some satisfaction that an additional $5+ million (assuming an annual, average draw of 5% in aggregate) is being distributed annually in the form of grants toward worthy causes, such as the Kirby Episcopal House most recently and others.**

Capacity Building Investments:

4) All seemed pleased with some increased efforts toward capacity building and using some modest expenses to accomplish such.
   - **<u>Grade: A-</u> │ Clearly, hiring an intern that developed quickly into an additional, full-time member of our team is the most dramatic example of our efforts to build capacity. Erin, with support from JoAnn, has helped expand our website capabilities and tracking and, with Bill's support, has added "bench" strength to our evaluation work. We have invested a bit more in "enhanced technology," participated in more workshops and conferences, held our Board meetings off-site to better highlight some grantees, included more grantee presentations into the Board meeting agendas, and convened robust Kirby Alliance meetings. At the same time, we have not done much to increase our public profile; perhaps that is a "balancing act" we need to discuss.**

Mission Statement Revisions:

5) General thought was that the mission statement could use some updating and was perhaps a bit stale; it was last updated about 15 years ago and then about 15 years before that.
   - **<u>Grade: A</u> │ We did so three years ago (see below). We do receive positive feedback from both our grantees and some colleagues within the field. (I don't advise that we go through this process again too soon).**
     i. "The F. M. Kirby Foundation aims effectively to manage and utilize that which has been entrusted to it over multiple generations of the Kirby family. It strives to make thoughtful and prudent philanthropic

commitments to highly selective grantee partners. The goal is to invest in opportunities that foster self-reliance or otherwise create strong, healthy communities. The Board of Directors recognizes that achieving its philanthropic aspirations takes time, effort and perseverance that often result in sustained funding relationships."

In summary, since we began strategic planning six years ago, our core grants budget dropped from a high of $20 million to an average of $13 million (exclusive of the $112.5 million KA qualified distributions). We phased out 90 grantees but added 40 new grantees for a net reduction of $2 million to the core grants budget.

2019-2021

"There are no gains, without pains." – Benjamin Franklin.

And then in 1982, my hero, (cough, cough) Jane Fonda, shortened it to:

"No pain, no gain."

The Kirby Alliance (KA) funding transition is complete, although the overall KA process will take ongoing energy and relationship building to continue on a successful path as defined in the original "Guiding Principles." The KA initiative has resulted in some pain in terms of a lower core grants budget but also some sizable gains which we have discussed at various Board meetings. Therefore, it now seems fully appropriate to embark on a new plan taking us through 2021, a plan that sets us on a positive trajectory both independent of and interdependent on the Kirby Alliance. We also recognize that there are potential equity and fixed market headwinds that could negatively impact our endowment and cause us to adjust our direction; therefore, we must also play adequate defense. Jeff is leading us as far as the endowment is concerned, and Bill leads us on the grants side. My role will be to meld the two with the support of all of you and our team here. In that vein, our staff team has some suggestions that we hope will resonate with you but also challenge us to add or delete as you see fit.

1) Programmatic focus using the Board survey: We tackled land conservation/preservation/stewardship in 2018 as it was the one survey topic the entire Board had as a top selection. Other very high ranking topics were Immigration Reform, Drug Addiction in America, Higher Education Reform, and Research Funding: Type 1 Diabetes (Cancer and Neuroscience also remain high priorities and possible topics). We might address all of these over the next ~~2~~-3-year period, and instead of just having our grantees present, perhaps in the first three cases (Immigration, Drug Addiction, and Higher Education) hear about both "sides" of the topics (i.e. hear from non-grantee organizations, as well). This approach might generate a broader perspective and provide more insight with respect to "riskier" grantmaking investments going forward.

2) Grants budget and controlled expenses: Target an annual grants budget of $13 million as a bottom and $17 million as a reasonable top to shoot for by 2021. As for average grant amount and total number, we have moved from 250 grantees to approx. 225 (10% decrease) since 2016, and the average grant amount has decreased approximately 20%. What shall be the trend going forward? Hopefully our budget expands, but it is more likely that, as the next generation is more fully engaged, the number of new grantees is likely to increase, which is fine, but ~~will~~ may be ~~be~~ balanced to a degree ~~perhaps~~ by further reduction/elimination of similarly-sized grants that ~~more~~ best reflect family interests under FMK's II leadership ~~than that of the current and developing Board.~~ (recognizing that there are long--term grantee partners, especially within the education docket, that have been important to past generations and important for the "next" generation to understand the relationships). There are probably a dozen or so, especially ~~would probably come from the Education and~~ in the Public Policy dockets, that appear to have become less important to the Board. So perhaps we remain in the current range of 225 that we think serves us well and continue the discipline of deepening relationships with fewer grantees versus superficial transactions with many more.

   Maintain an annual administrative expense budget within the current $1 million range, adjusted for inflation that will hover between $1 million and $1.1 million over the next three years.

3) Endowment monitoring – employment of "best practices": Adhere to the Investment Policy Statement (risk profile, etc.) as designed by the Investment Committee. Maintain 5%+ CPI type returns; control management fee expenses through a use of both passive and reasonably priced active management options. Perhaps modestly expand the Investment Committee group.

   Endowment Monitoring – Best Practices:

   i. Quarterly Assessment of Allocations vs. IPS
   ii. Quarterly Assessment of Portfolio Actual Returns vs. Target
   iii. Annual Review of Total Portfolio Return Target
   ~~iii.~~iv. Peer Manager Performance Comparisons
   ~~iv.~~v. Peer Sharing via Foundation Financial Officers Group (FFOG) – Diana should consistently attend quarterly meetings so as to develop other "best practices" learned from our peers.

4) Kirby Alliance – Next Steps: Continue efforts with the Kirby Alliance that reflect the philosophical intent of the "Guiding Principles" and encourage more direct leadership from the other branches.

i. Monitor Kirby Episcopal House project. Tentative KA meeting there is scheduled for June 2019. Discuss and consider seeking a representative on that Board or not.
ii. Discuss next "big" investment focus based on KA Survey results. Private Enterprise and Democratic Capitalism, Higher Education Reform, and Basic Medical Research appear to be of highest interest. It would seem that some KA presentations should include broader family/Board participation as there is an overlap in priority interests. For example, the planned January 2019 KA presentation by Arthur Brooks of the American Enterprise Institute.
iii. Identify other KA members to "lead" KA meetings in 2019-2021 on a volunteer, rotating basis. Adhere to two meetings a year, perhaps one of them annually, at a non-profit site of mutual interest to KA members. Seek to nudge other KA members to educate themselves so as to stimulate more proactive grant making, but remain mindful of our KA policy of no "arm twisting." Suggest that KA attend one or more of the Family Philanthropy meetings that CNJG hosts monthly via teleconference.

5) Communications: Continue to improve and tweak our website, for both public and "Board Only" access. ~~Better promote the good works of our grantees, e.g. post the "Grantee Spotlight" for public access versus the current restriction of Board Only. Or perhaps we include a "Call to Action" banner on the homepage that links to our Grants section and highlights such profiles. Opportunities such as these might well drive more traffic to their websites thereby raising visibility.~~

6) Succession planning – staff and Board: Regarding staff, recruit and develop new VP – Grants or Executive Director role by December 2021 (Bill's planned retirement unless we can convince him otherwise) and further develop current staffs' talents as the "natural" transition continues. This gives us basically three years to fill Bill's large shoes. I visualize several scenarios unfolding, and under the Executive Session over the next year, we can review the succession planning options we discussed at the beginning of our last strategic plan and agreed to review again in three years.

More broadly, the office is a well-oiled machine, which is a blessing, but if not for regular "service checks," could be a curse. The staff knowledge and cohesiveness is impressive. The processes are in place, but a concerted effort to properly and sufficiently document processes and a more formal "cross-training" regimen is needed to assure ongoing high-quality operations.

Regarding the Board, cultivate and expand the "guests" program as we develop future family Board members. This shall include a more enhanced and formalized Board orientation process; perhaps engage "guests" in some committee member capacity (e.g., Investment Committee seems like an opportunity). Leigh and Erin are leading this initiative at the moment. Also, continue to maintain at least two "outside" directors and provide ample opportunities for their engagement and planned tenure as current Board members (Sandie and Wilson) feel most comfortable and engaged.

Some concluding comments and questions: As we look toward the next three years, we thought it would be an interesting exercise to ~~actually~~ look back from a grant dollar amount perspective at our most significant philanthropic investments in aggregate over the past 50 years (See Appendix A). We chose 50 years because it is an appropriate anniversary and it closely ties into a period when the Foundation emerged as a more professionally organized grantmaker under FMK II's leadership in 1967 (actually, there was a transition year between mid-1966 and end of 1967). This also occurred at the time the mandatory IRS 5% grant distribution requirement took effect. When one looks at the figures, one needs to keep in mind that there are only a handful of top dollar grantees with relationships of 50 or more years. It is so much easier for those in that category to have accumulated large dollar amounts versus others on the list with less than 15 years tenure. Dollar amounts only indicate the size of investments made, not the resultant impact. So let's ask ourselves (to the extent that one is close to the organization) several questions:

- What effect has our investment had and what metrics are best to use to gauge impact?
- Are we pleased with our return on investment?
- Should we strive to take on supporting ~~more~~ riskier grantees, especially within the arts and education dockets where there are so many very well established, "family" institutions we support?
- ~~Should we continue at the current pace with such investments; should we decrease or increase such investment?~~

More broadly, what are some of the "~~shout~~call-outs" or questions that occur to you as you compare and contrast such investments? Are there inequities for which you suggest we continue to work toward adjusting over the next three years? Though the staff will provide some input of its own, your feedback is likely to be equally as revealing and perhaps more insightful.

A big picture perspective covering the period of the current strategic plan is laid out in Appendix B. In this Venn diagram, "Family Interests" are defined as grantees where family members have a) served or currently serve as a volunteer and/or b) have utilized the organization directly (family schools, hospitals, churches, etc.). This is not implying that most grantees are not of "interest" to the majority of our Board members, present or past; they may well be. Thoughts?

Finally, some interesting facts…We have given away approximately $700 million over the past 50 years, well over two times our current endowment! Approximately $250 million of that has been distributed during the period of the last two strategic plans, including $112.5 million through KA distributions. So while we have always been about continuing in perpetuity (versus

“sun-setting”), I think it is important to reflect what the mandatory 5% annual distributions have equated to and the level which active philanthropy requires. This is particularly relevant when we hear from time to time the desire from “watchdogs” to increase the 5% figure. You will note that, of the approximate $700 million distributed, $80 million or 11.5% has been invested in Lafayette College ($50+ million) and Lawrenceville (just over $31 million) during this 50-year period, which does not reflect any personal family giving beyond that of the FMKF.

In terms of next steps, I ask that you please give the above some thought over the coming 4-6 weeks. If you have answers, questions, objections, etc., please let me know by late October and feel very comfortable in “copying all” if you so desire. My thought would be that, based on that feedback, I would come to the December meeting prepared to summarize such input and provide key bullet points for going forward. We can then spend some time at our December meeting to flesh out any items as we try to finalize our mutual thinking.

I really admire Stephen Covey and his book, *The 7 Habits of Highly Effective People* (1989). In closing then, I share…“Habit 6: Synergize: Combine the strengths of people through positive teamwork, so as to achieve goals that no one could have done alone.”

Facta non verba; faciamus illud!
(Deeds not words; let’s do it!)

Grants Budget

Appendix A
FMKF Funding: 50 Year History

1) **Education** 15 organizations, cutoff at $1.3M	Relationship (*in years*)	Funding (*in millions*)
Lafayette College	50+	50.8
The Lawrenceville School	50+	31.3
Wake Forest University	25	11.8
The Fuqua School of Business	30	8.7
Wyoming Seminary	55	7.9
Rutgers University (Neuroscience: $2.4M; Nursing: $1.6M; Cancer: $1M; Sex Ed: $400K)	42	5.4
Marian Sutherland Kirby Library	36	3.5
The Hill Center	15	2.8
The National Football Foundation	50+	2.6
Drew University	47	2.4
The Peck School	50+	2.3
Durham Academy	32	1.9
Greensboro Day School	27	1.5
Gill St. Bernard's School	33	1.3
Newark Academy	43	1.3
		Total: 135.5

2) **Health** 10 organizations, cutoff at $5.2M	Relationship (*in years*)	Funding (*in millions*)
The Scheie Eye Institute	37	14.3
Kennedy Krieger Institute	20	13.4
Children's Hospital Corporation	20	12.1
The Rockefeller University	24	11.1
American Cancer Society (National: $6.2M; Eastern: $3.9M)	42	10.1
Foundation for Morristown Medical Center	50+	8.6
Albert Einstein College of Medicine of Yeshiva University	15	7.9
Alzheimer's Association	33	7.8
Memorial Sloan-Kettering Cancer Center	39	7.5
United Network for Organ Sharing	20	5.2
		Total: 98.0

3) **Human Services** 11 organizations, cutoff at $1.4M	Relationship (*in years*)	Funding (*in millions*)
United Way (NJ: $10.1M; NC: $2.7M; PA: $2.4M)	50+	15.2
American Red Cross (National: $10.4M; other chapters: $2.6M)	43	13.0
Planned Parenthood (National: $3.8M; other chapters: $4.3M)	43	8.1
Cornerstone Family Programs ($3.2M)/Morristown Neighborhood House ($1.3M) – merged in 2013	50+	4.5
Madison Area YMCA	48	4.3
The Seeing Eye	41	3.5
Fred M. & Jessie A. Kirby Episcopal House	46	3.4
Summit Speech School	30	3.1
Jersey Battered Women's Service	39	2.3
P.G. Chambers School	27	1.7
Homeless Solutions	33	1.4
		Total: 60.5

4) **Arts, Culture, and Humanities** 12 organizations, cutoff at $1.6M	Relationship (*in years*)	Funding (*in millions*)	
F.M. Kirby Center for the Performing Arts	32	6.3	
The Shakespeare Theatre of New Jersey	45	4.5	
National Constitution Center	17	3.9	
Mayo Performing Art Center	22	3.0	
Mount Vernon Ladies' Association of the Union	38	2.9	
State Theatre Center for the Arts	31	2.8	
The Sarah P. Duke Gardens	26	2.4	
The Franklin Institute*	26	2.1	*phased out
Paper Mill Playhouse	36	2.1	
The Morris Museum	50+	1.8	
Museum of Early Trades and Crafts*	39	1.7	*phased out
The Newark Museum Association	41	1.6	
		Total: 35.1	

5) Public Policy
9 organizations, cutoff at $1.0M

	Relationship (*in years*)	Funding (*in millions*)
Intercollegiate Studies Institute	40	5.2
Young America's Foundation	42	3.4
EngenderHealth	26	2.5
Center For Individual Rights	25	2.5
National Right To Work Legal Defense Foundation	42	2.3
The Heritage Foundation*	38	2.1
Federation for American Immigration Reform*	32	1.7
Manhattan Institute for Policy Research	33	1.4
Institute for Justice	23	1.3
		Total: 22.4

*phased out

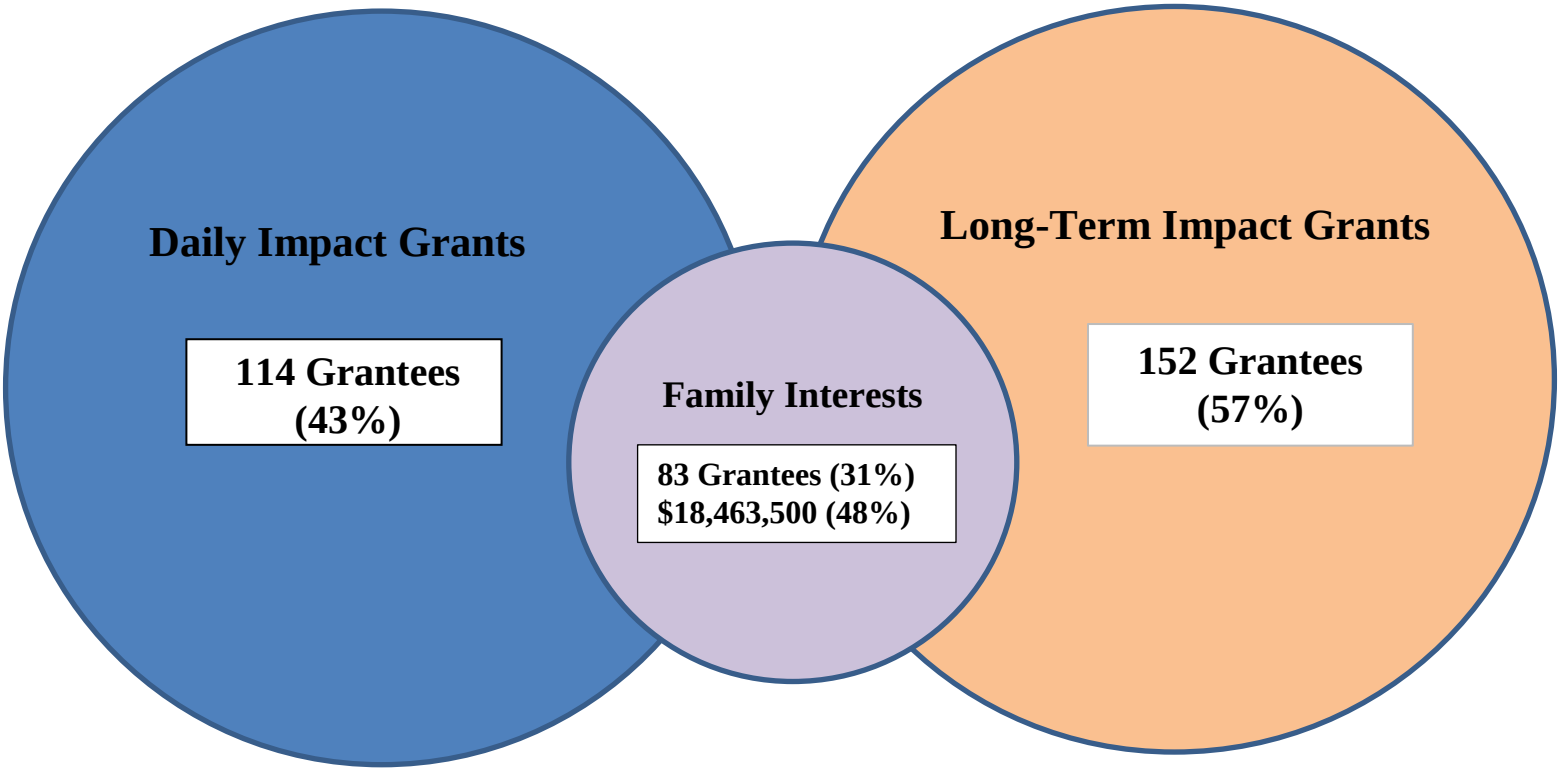
*approx. 50% cutback

6) **Environment and Animals**
5 organizations, cutoff at $1.0M

	Relationship (*in years*)	Funding (*in millions*)
The Nature Conservancy (NJ: $2.8M; Adirondacks: $3.3M)	44	6.1
New Jersey Conservation Foundation	43	2.2
Environmental Defense Fund	36	1.8
The Trust for Public Land	26	1.7
The Bald Head Island Conservancy	16	1.2
		Total: 13.0

APPENDIX B

GRANT SUPPORT BY MAJOR CATEGORY
2016 THRU 2018
(INCLUDES JULY – DEC 2018 FCAST)



TOTAL GRANTS PAID: $38,131,500
TOTAL GRANTEES: 266

Minutes of the Meeting
of the Investment Committee of the
F. M. Kirby Foundation, Inc.
October 30, 2018

A meeting of the Investment Committee of the Board of Directors of the F. M. Kirby Foundation, Inc., was held on October 30, 2018 at 11:00 a.m. at the offices of Broadfield Capital Management, LLC, 86 Maple Avenue, Morristown, New Jersey. The following Committee members were present:

Jefferson W. Kirby
S. Dillard Kirby
William J. Raver

Mr. Jefferson W. Kirby, Chairman, presided and Mrs. Diana L. Kostas, Secretary/Treasurer, recorded the minutes of the meeting.

The Committee welcomed Messrs. Matthew Ruhl, Senior Investment Consultant, and Ralph Ivory, Director, Nonprofit Solutions, representing Vanguard Institutional Advisory Services and encouraged their participation in the meeting.

The minutes from the July 19, 2018 Investment Committee meeting were discussed and approved. Mrs. Kostas reviewed the Attribution Report. As of September 30, 2018, the Total Fund had outperformed the Benchmark by 131 basis points with a YTD return of 3.61% versus the Benchmark YTD return of 2.30%.

Mrs. Kostas then reviewed the eVestment peer group rankings report for all investments as of September 30, 2018, excluding the J.P. Morgan Global Allocation Fund, which submits results to eVestment biannually. Mr. Ruhl noted that for the most part, all peer results would be gross of fees, with the notable exception being mutual funds which report net of fees. A brief discussion ensued regarding the Intermediate Term peer group. Mrs. Kostas

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stated that she would review the Intermediate Duration Fixed Income peer group with Matt Ruhl and determine whether there was a peer group better suited for the VFIDX holding.

The Committee reviewed the Foundation Peer Report for the period ending June 30, 2018 and the Expense Summary as of September 30, 2018. The Foundation underperformed the median Endowment/Foundation in the Callan database as of June 30, 2018 for all periods with the largest shortfalls occurring in Q2 2018 (104 bps) and the 5-year period (137 bps). Mrs. Kostas noted the addition of a Walter Scott performance fee estimate to the Expense Summary report. Mr. Ruhl stated that Vanguard pays performance-based fees for 29 of the 30 active managers on the equity side.

The Committee then reviewed the September 30, 2018 Allocation model, along with the Asset Allocation history of the two GTAA products. Mr. Raver noted that J.P. Morgan's GTAA sleeves were using derivatives and expressed an interest in acquiring more details on J.P. Morgan's use of derivatives. Mr. Ruhl stated that Vanguard uses derivatives on the equity side to monetize cash flows.

Mrs. Kostas shared a report outlining the weekly investment values during the month of October and highlighted the two GTAA products, as well as the other investments, responded to the volatility. Mrs. Kostas discussed the total monies ($3.9 million) needed to fund grants and expenses through January 31, 2019. The Investment Committee approved the sale of the Prime Money Market Fund shares and a $1 million drawdown from the Walter Scott account to cover the funds needed.

The Committee finalized the date for the April meeting as Tuesday, April 23, 2019. A suggestion was made to hold that meeting at the Vanguard offices and was subsequently

approved after confirming with Vanguard and Walter Scott. A schedule will be firmed up in January 2019.

Mr. S. Dillard Kirby and Mr. Raver gave highlights from the Walter Scott conference held in Edinburgh in early October. It was noted that Walter Scott is seeking more diversity on their Board and is looking for an independent, non-employee Executive Chairman.

The Committee and guests had a working lunch. Mr. Ruhl reviewed the Vanguard portfolio's performance. For September, the portfolio underperformed against the benchmark by 6 basis points. Value was overweight on the active side, which has lagged behind growth. Mr. Ruhl then gave a market overview and pointed out that the divergence between U.S. and non-U.S. equity, developed and emerging markets, and growth and value returns continued in the third quarter of 2018. Mr. S. Dillard Kirby noted that the Foundation has more growth exposure via Walter Scott. A suggestion was made to add a third line on the Growth vs Value Comparison charts (in Section III) that shows performance for Vanguard's traditional 50/50 split between value and growth. A brief discussion regarding the October market activity ensued and Mr. Ruhl highlighted that as of October 29, technology was down 15%, consumer discretionary was down 15% and International Value was down approximately 12%.

At 1:15 p.m., the meeting continued at the offices of the Foundation, 17 DeHart Street, Morristown, New Jersey. Mr. Alexander Torres, Co-Head of Research at Walter Scott, was invited to join the meeting and began his presentation to the Committee.

Mr. Torres gave an update on the firm. Overall, there have been no significant changes since the Committee's last meeting. The philosophy, process and research team remain the same. The assets under management as of September 30, 2018 were $69.6 billion but dropped in October due to a large redemption from a Japanese sovereign wealth client.

Mr. Torres confirmed that the firm is looking to appoint an independent Chairman outside of BNY Mellon and Walter Scott. The firm is opening an office in Boston, Massachusetts in the first quarter of 2019 as 70 percent of the assets under management and clients are U.S.-based. Mr. Jefferson W. Kirby expressed the Committee's desire that the Foundation continue receiving representation from the investment team, including Mr. Torres and Mr. Leckie.

In response to a question on ESG, Mr. Torres noted that both he and Lindsay Scott were the ESG champions on the research team and that such considerations tie in nicely to determining the sustainability of a business. Walter Scott produces a quarterly ESG report.

Mr. Torres discussed recent purchases and sales and noted that they may sell some long-held investments to fund new acquisitions. The research team continues to discuss adding some financials to the portfolio but there are still dissenters. Mr. Torres stated that Walter Scott believes emerging markets will have the fastest rate of growth during the next ten years.

Mr. Torres then detailed to the Committee the recent investment performance of the portfolio relative to the MSCI All Country World Index. He reported that the portfolio outperformed the index, net of fee, in the third quarter of 2017 by 3.5 percentage points, 7.8% to 4.3%, and outperformed the index, net of fee, year-to-date by 7.8 percentage points, 11.6% to 3.8%. Since inception, August 1, 2007 through September 30, 2018, the portfolio outperformed, on an annualized basis, net of fee, by 3.0 percentage points, 7.8% to 4.8%.

After answering the Committee's questions, Walter Scott was scheduled to meet next with the Committee on April 23, 2019. The Committee thanked Mr. Torres for his time and Mr. Torres left the meeting at 2:10 p.m.

Mr. Ruhl then resumed the Vanguard presentation by reviewing Vanguard's active stock portfolio weights versus MSCI's All Country World Index All-Cap and the portfolio managers' different approaches to both value and growth that helped balance each other out.

Mr. Ruhl asked the Committee for suggestions on future topics and Mr. Raver expressed an interest on reviewing the currency component of returns on non-U.S. equities. Mr. Ruhl mentioned that Vanguard's CEO was placing a big focus on improving technology and that cyber security might also be an interesting topic. Vanguard is scheduled to attend the next Investment Committee on January 23, 2019 meeting at the F.M. Kirby Foundation office. Mr. S. Dillard Kirby stated that he would notify Walter Scott of the drawdown request on October 31, 2018.

The meeting adjourned at 3:15 p.m.

F. M. Kirby Foundation, Inc.
Investment Committee Update
As of October 31, 2018

Date Prepared: November 21, 2018

Cash and Cash Equivalents

Valuation Summary as of 10/31/18	Total Cost	Total Market Value	% of Totals	Indicated Income	Yield	Fees Bps	Fees $
Cash and Cash Equivalents	$ 21,878	$ 21,878	1.6%	$ 241	1.1%		
J.P. Morgan Prime Money Mkt Reserve	$ 1,338,512	$ 1,338,512	98.4%	$ 30,786	2.3%	21	2,811
Total	$ 1,360,390	$ 1,360,390	100.0%	$ 31,026	2.3%		

Vanguard Institutional Advisors

Valuation Summary as of 10/31/18	Total Cost	Total Market Value	% of Totals	Indicated Income	Yield	Fees Bps	Fees $
Cash	$ 70,733	$ 70,733	0.1%	$ 778	1.1%		
Equity	$ 114,159,325	$ 107,018,010	74.1%	$ 2,258,080	2.1%		
Fixed Income	$ 38,898,414	$ 37,267,329	25.8%	$ 1,043,485	2.8%		
Accruals	$ 63	$ 63	0.0%	$ -	0.0%		
Total	$ 153,128,536	$ 144,356,135	100.0%	$ 3,302,343	2.3%	23	332,019

Performance Summary:

	Current Month	Latest 3 Months	YTD	1 Year	Annualized 3 Years	Annualized 5 Years	Since Inception %	Since Inception Date
Total Vanguard Investment	(6.0)	(6.0)	(5.2)	(3.0)	n/a	n/a	-3.0	11/2/2017
Custom Spliced Benchmark	(6.1)	(5.4)	(4.0)	(1.1)	n/a	n/a	-1.2	11/2/2017

Walter Scott & Partners Limited

Global Growth Equities — Portfolio Manager: Roy Leckie

Mngmt. Fee: 35 bps plus annual performance fee (up to 15 bps on excess return)
Approximately $300,000 annually on $80mm account

Valuation Summary as of 10/31/18	Total Cost	Total Market Value	% of Total	Indicated Income	Yield
Cash and equivalents	$ 2,385,834	$ 2,385,834	3.0%	$ 239	0.0%
Common stocks	$ 44,372,422	$ 77,707,214	96.9%	$ 1,212,233	1.7%
Accrued income	118,294	118,294	0.1%	-	0.0%
Total	$ 46,876,550	$ 80,211,342	100.0%	$ 1,212,472	1.5%

Asset Class	% of Portfolio
Cash	3.0%
Accrued Inc.	0.1%
US Equities	54.0%
Intl Equities	42.9%
Total	100.0%

Performance Summary:

	Current Month	Latest 3 Months	YTD	1 Year	Annualized 3 Years	Annualized 5 Years	Annualized 7 Years	Since Inception (8/1/2007)
Total Walter Scott Investment	(8.1)	(4.5)	2.8	6.1	10.8	8.4	10.9	7.7
MSCI ACWI Index	(7.5)	(6.4)	(4.0)	(0.5)	7.7	6.2	8.8	4.0

F. M. Kirby Foundation, Inc.
Investment Committee Update
As of October 31, 2018

Date Prepared: November 21, 2018

Institutional Mutual Funds

Valuation Summary as of 10/31/18

	Total Cost	Total Market Value	% of Totals	Indicated Income	Yield	Fees Bps	Fees $
J.P. Morgan Global Allocation Fund Class R6	35,000,000	38,770,237	54.4%	833,560	2.2%	67	259,761
PIMCO All Asset Strategy (PAAIX)	35,000,000	32,473,339	45.6%	1,500,268	4.6%	87	280,894
Total	$ 70,000,000	$ 71,243,575	100.0%	$ 2,333,828	3.3%		

Performance Summary:

	Current Month	Latest 3 Months	YTD	1 Year	Annualized 3 Years	Annualized 5 Years	Since Inception %	Since Inception Date
Global Allocation Fund (GAOZX)*	(4.1)	(4.0)	(2.8)	(1.2)	n/a	n/a	6.0	1/1/2016
Global Allocation Composite - 60/40	(4.9)	(4.1)	(2.7)	(0.0)	n/a	n/a	7.6	1/1/2016
*2017 data and prior is for GAOSX								
PIMCO All Asset Strategy (PAAIX)	(3.1)	(3.9)	(5.1)	n/a	n/a	n/a	(5.1)	1/2/2018
Global Allocation Composite - 60/40	(4.9)	(4.1)	(2.7)	n/a	n/a	n/a	-2.65	1/2/2018

Blackstone/GSO Capital Solutions Fund, LP

Private lending fund for mid- and small-sized companies experiencing financial distress

Portfolio Manager: Jason New, David Posnick, & Dwight Scott

Fee:
Fund I - 0.0% management fee; 20% carried interest
Fund II - 1.5% management fee; 20% carried interest

YTD Statement of Changes in Capital Account as of 10/31/18

Capital Committed	Cash Reserved for Capital Call	Net Invested	Year-to-Date Beginning Balance	Plus: Contributions	Minus: Distributions	Plus: Net Total Return	Minus: Est. Perf. Fee	Est. Ending Balance
Blackstone GSO I - $10,000,000 (6/1/10 inception)	$ 78,828	$ 2,387,510	$ 2,212,120	$ 30,841	$ 1,124,446	$ 96,085	$ -	$ 1,214,600
Blackstone GSO II - $15,000,000 (4/1/14 inception)		$ 4,268,722	$ 7,209,345	$ 921,172	$ 3,077,893	$ 475,761	$ -	$ 5,528,385

Performance Summary:

	Current Month	Latest 3 Months	YTD	1 Year	Annualized 3 Years	Annualized 5 Years	Since Inception Net Levered IRR (6/30/2018)
Total Blackstone Investment	2.31	5.72	8.55	9.42	3.21	5.51	
Blackstone GSO I - 6/1/2010 inception date							10.8
Blackstone GSO II - 4/1/2014 inception date							12.9

F. M. Kirby Foundation, Inc. **Total Market Value $ 303,993,256**

F.M. KIRBY FOUNDATION, INC.

Cumulative List of Approvals of Management
September 1, 2018 through November 30, 2018

Organization Project Description	Prior Year Payment	Current Year Payment
Action On Smoking & Health		
Washington, DC		
2018		$70,000
Adirondack Experience (formerly known as The Adirondack Museum)		
Blue Mountain Lake, NY		
2017	$20,000	
2018		$25,000
Adirondack Land Trust, Inc.		
Keene Valley, NY		
2017	$30,000	
2018		$30,000
Alfre, Inc.		
Morristown, NJ		
2017	$25,000	
2018		$25,000
Appalachian Trail Conservancy		
Harpers Ferry, WV		
2017	$20,000	
2018		$20,000
The ARC/Morris County Chapter, New Jersey, Inc.		
Morris Plains, NJ		
2017 For: Morris County Adaptive Recreational Program	$35,000	
2018 For: Morris County Adaptive Recreational Program		$35,000
Atlantic Legal Foundation		
Harrison, NY		
2017	$37,500	
2018		$40,000
Boy Scouts of America/Patriots' Path Council, Inc.		
Cedar Knolls, NJ		
2017 For: Morris County programs	$40,000	
2018 For: Morris County programs		$40,000
Cary Institute of Ecosystem Studies, Inc.		
Millbrook, NY		
2017 For: Support to develop legislative and policy remedies to prevent future forest pest introduction in the U.S.	$25,000	
2018 For: Continued efforts to enact legislation and policies to prevent future forest pest introduction in the U.S.		$25,000
Center for Non-Profit Corporations, Inc.		
Mercerville, NJ		
2017	$10,000	
2018 Toward one-time support of the Center's comprehensive New Jersey Non-Profit Compensation and Diversity Survey-$5,000		$17,500

Organization Project Description	Prior Year Payment	Current Year Payment
Coastal Land Trust (formerly known as North Carolina Coastal Land Trust)		
Wilmington, NC		
2017	$45,000	
2018		$50,000
Conservation Trust for North Carolina		
Raleigh, NC	$25,000	
2017		$30,000
2018		
Daytop Village of New Jersey, Inc.		
Mendham, NJ		
2017	$30,000	
2018		$32,500
The Discovery Orchestra, Inc.		
Millburn, NJ		
2017 In honor of Sandra Brown Sherman	$10,000	
2018 In honor of Sandra Brown Sherman		$10,000
Eno River Association		
Durham, NC		
2017	$15,000	
2018		$17,500
Episcopal Preaching Foundation, Inc.		
Springfield, NJ		
2017	$25,000	
2018		$25,000
Fairfield University		
Fairfield, CT		
2017 Toward the Adrienne Kirby Family Literacy Project	$10,000	
2018 Toward the Adrienne Kirby Family Literacy Project		$15,000
The Fund for American Studies		
Washington, DC		
2017	$35,000	
2018		$35,000
Garden State Initiative, Inc.		
Morristown, NJ		
2017	$20,000	
2018		$25,000
Good Grief, Inc.		
Morristown, NJ		
2017 For: Support of the Morristown location only	$22,500	
2018 For: Support of the Morristown location only		$25,000
Grace Episcopal Church		
Madison, NJ		
2017 For: Capital improvements	$25,000	
2018 For: Capital improvements		$45,000

Organization Project Description	Prior Year Payment	Current Year Payment
Guttmacher Institute, Inc.		
New York, NY		
2017	$30,000	
2018		$30,000
Homeless Solutions, Inc.		
Morristown, NJ		
2017	$55,000	
2018		$55,000
Hudson Institute, Inc.		
Washington, DC		
2017 To support the Center for American Common Culture	$20,000	
2018 To support the Center for American Common Culture		$20,000
Institute for American Values		
New York, NY		
2017 Toward the One America Initiative	$25,000	
2018 Toward the Better Angels Initiative		$25,000
The Institute for Family Studies		
Charlottesville, VA		
2018 Toward support of the educational video initiative "Straight Talk About the Success Sequence"		$10,000
Just Facts, Inc.		
Chatham, NJ		
2018		$10,000
Macculloch Hall Historical Museum		
Morristown, NJ		
2017	$27,500	
2018		$30,000
National Association of Scholars, Inc.		
New York, NY		
2018		$45,000
The Nature Conservancy/Adirondack Chapter		
Keene Valley, NY		
2017 For: Support of the Adirondack Chapter's ongoing activities and programs	$30,000	
2018		$30,000
The Newark Museum Association		
Newark, NJ		
2017	$50,000	
2018		$50,000
NJ 2-1-1 Partnership (formerly known as First Call For Help, Inc.)		
Cedar Knolls, NJ		
2018 Toward one-time support of the Coordinated Entry and Assessment project		$15,000

Organization Project Description	Prior Year Payment	Current Year Payment
North Carolina Arts in Action, Inc.		
Durham, NC		
2017	$12,500	
2018		$17,500
North Carolina Museum of Life and Science		
Durham, NC		
2018		$25,000
North Carolina State University Foundation/ NCSU Libraries		
Raleigh, NC		
2017	$25,000	
2018		$25,000
Orange Congregations in Mission		
Hillsborough, NC		
2017	$35,000	
2018		$35,000
Overlook Foundation		
Summit, NJ		
2017 For: Support of the Neuroscience Institute at Overlook Medical Center	$40,000	
2018 For: Support of the Neuroscience Institute at Overlook Medical Center		$40,000
Paper Mill Playhouse		
Millburn, NJ		
2017	$70,000	
2018		$70,000
The Philanthropy Roundtable		
Washington, DC		
2017 For: General operating support, other than lobbying, for The Alliance for Charitable Reform-$10,000; for the Veterans Initiative-$10,000; for the Culture of Freedom Project-$25,000	$50,000	
2018 For: General operating support, other than lobbying, for The Alliance for Charitable Reform-$10,000		$45,000
Phillips Exeter Academy		
Exeter, NH		
2017 Toward the Exeter Fund in honor of Dr. Wilson M. Compton, Class of '77	$10,000	
2018 Toward the Exeter Fund in honor of Dr. Wilson M. Compton, Class of '77		$10,000
Planned Parenthood Keystone		
Trexlertown, PA		
2017 For: General operating support, particularly Luzerne and Northampton Counties	$35,000	
2018 For: General operating support, particularly Luzerne and Northampton Counties		$35,000

Organization Project Description	Prior Year Payment	Current Year Payment
Re-Creation USA, Inc.		
Port Trevorton, PA		
2017	$20,000	
2018		$20,000
St. Peter's Episcopal Church		
Morristown, NJ		
2017 For: One-time support for the Rector's discretionary fund-$5,000	$40,000	
2018 Toward the Capital Lighting Restoration Campaign-$10,000		$45,000
Student U		
Durham, NC		
2017	$40,000	
2018		$40,000
TransOptions, Inc.		
Cedar Knolls, NJ		
2018 For: One-time support toward Morris Area Bike Share		$25,000
Trout Unlimited, Inc.		
Arlington, VA		
2017 Toward the Upper Delaware Watershed Home Rivers Initiative in New Jersey-$20,000	$27,500	
2018 Toward the Upper Delaware Watershed Home Rivers Initiative in New Jersey-$25,000		$32,500
USA Swimming Foundation		
Colorado Springs, CO		
2017 For: Support of Make a Splash efforts in New Jersey only	$10,000	
2018 For: Support of Make a Splash efforts in New Jersey and the Durham and Orange Counties of North Carolina		$10,000
Wake Forest University		
Winston-Salem, NC		
2017 For: The Wake Forest Fund	$25,000	
2018 For: The Wake Forest Fund		$25,000
Weatherspoon Art Museum		
Greensboro, NC		
2018 Toward the 45th Annual Art on Paper Exhibition		$5,000
Grand Totals	**$1,182,500**	**$1,462,500**

F.M. KIRBY FOUNDATION, INC.

Cumulative List of Referrals to the Board
September 1, 2018 through November 30, 2018

Organization Project Descrption		Prior Year Payment	Recommended Amount
Drew University			
Madison, NJ			
2017	Toward Phase XII of the Campus Revitalization Project: Improvements behind the Ehinger Center	$75,000.00	
2018	Toward the comprehensive campus signage plan-$75,000; like amount for like use pledged for July of 2019		$150,000.00
Durham Academy, Inc.			
Durham, NC			
2017		$20,000.00	
2018	For: Reserved for a Future Decision fund-$350,000; for the Annual Fund-$20,000		$370,000.00
Fred M. & Jessie A. Kirby Episcopal House, Inc.			
Wilkes-Barre, PA			
2017	Toward the Fred M. and Jessie A. Kirby Episcopal House restoration and systems integration	$750,000.00	
2018	Toward the Fred M. and Jessie A. Kirby Episcopal House restoration and systems integration to be paid in January of 2019		$250,000.00 *
Jersey Battered Women's Service, Inc.			
Morristown, NJ			
2017		$85,000.00	
2018			$85,000.00
Kennedy Krieger Institute			
Baltimore, MD			
2018	Toward creating a pediatric interactive rehabilitation device		$175,000.00
Madison Area YMCA			
Madison, NJ			
2017	Toward the F.M. Kirby Children's Center Annual Scholarship Fund-$85,000; toward the Our Community Our Future campaign-$140,000	$225,000.00	
2018	Toward the F.M. Kirby Children's Center Annual Scholarship Fund		$85,000.00
Memorial Sloan-Kettering Cancer Center			
New York, NY			
2018	Toward renewed support of the F.M. Kirby Foundation Brain Tumor Research Fund		$100,000.00
The National Football Foundation and College Hall of Fame, Inc.			
Irving, TX			
2017		$85,000.00	
2018			$85,000.00
Planned Parenthood of Northern, Central, and Southern New Jersey			
Morristown, NJ			
2017	For: General operating support in Morris County only	$100,000.00	
2018	For: General operating support in Morris County only		$100,000.00

Organization Project Descrption	Prior Year Payment	Recommended Amount
State Theatre Center for the Arts, Inc.		
Easton, PA		
2017	$85,000.00	
2018		$85,000.00
Trust for Public Land		
Morristown, NJ		
2017 For: New Jersey programs only	$115,000.00	
2018 For: New Jersey programs only		$115,000.00
United Way of the Greater Triangle, Inc.		
Durham, NC		
2017 For: Orange and Durham Counties collaborative partnership support- $160,000; for Orange and Durham Counties Basic Needs support- $40,000	$200,000.00	
2018 For: Orange and Durham Counties collaborative partnership support- $160,000; for Orange and Durham Counties Basic Needs support- $40,000		$200,000.00
United Way of Wyoming Valley		
Wilkes-Barre, PA		
2017 For: Annual allocations to community-based social service agencies and programs	$90,000.00	
2018 For: Annual allocations to community-based social service agencies and programs		$90,000.00
Wyoming Seminary		
Kingston, PA		
2017 Toward the Allan P. and Marian Sutherland Kirby Center for Creative Arts Endowment Fund	$100,000.00	
2018 Toward the Allan P. and Marian Sutherland Kirby Center for Creative Arts Endowment Fund		$100,000.00
Grand Totals	**$1,930,000.00**	**$1,990,000.00**

*** Per a 2016 pledge, a grant payment of $750,000 was made on 2/15/18 to the Fred M. & Jessie A. Kirby Episcopal House, Inc. toward restoration and systems integration**

F. M. Kirby Foundation Conflict of Interest Policy

Purpose

The purpose of this policy is to provide rules and procedures to deal appropriately with circumstances that involve, or may appear to involve, conflict of interest. This policy is intended to supplement but not replace federal and state law prohibiting self-dealing and private inurement, or otherwise dealing with conflicts of interest within nonprofit organizations. It is the Foundation's policy that:

• Foundation members, directors and employees ("Foundation insiders") must promptly and fully disclose any potential conflicts of interest;

• A Foundation insider may not participate in any decision in which he or she has a potential conflict of interest (unless the conflict is resolved pursuant to this policy) ; and

• The Foundation follow a disciplined, documented process in making decisions about such matters.

Definitions

1. Conflict of Interest. A potential conflict of interest exists if a Foundation insider:

a. is in a position to make or influence the Foundation's decision about a proposed grant, contract or other transaction; and

b. he or she has a significant relationship (as described below) with the potential beneficiary of or commercial counterparty on the transaction.

A potential conflict of interest may also exist in any other transaction in which there may be an actual or perceived conflict of interest, including any transaction in which the personal interests of a Foundation insider may be seen as competing with the interests of the Foundation, or that could result in the receipt of an impermissible benefit by a Foundation insider, or that calls into question the fairness or propriety of the Foundation's decision-making processes and/or its operations.

2. Significant Relationship. A Foundation insider is considered to have a significant relationship with the potential beneficiary of a Foundation grant, contract or other transaction if:

a. the other party is a family member;

b. the other party is an entity in which the Foundation insider (or his or her family member) is an officer, director, trustee or employee; or

c. the other party is an entity in which the Foundation insider (or his or her family member) has a material financial interest as an owner or investor in the entity.

3. Family Member. Family members include a spouse, parent, grandparent, sibling, in-law, child, grandchild or any other relative living in the same household as the Foundation insider or the family member.

4. Determining Officer. "Determining officer" shall mean the President of the Foundation, unless he or she is the individual involved in the possible conflict, in which case the determining officer shall be the Foundation's general counsel, or in the case of the President's compensation and the retention of a Director's professional firm, the Foundation's Board of Directors (see attached Appendix A).

Other Situations Covered by this Policy

In addition to decisions about grants, contracts and other transactions, other situations may present risks to impartial decision-making, legal compliance and the Foundation's reputation. The Foundation's policy on several recurring situations are set out below.

1. Acceptance of Gifts. Foundation insiders and their family members may accept gifts, meals, and other benefits of nominal value so long as acceptance would not obligate the Foundation insider to take any action or decision on behalf of the Foundation or call into question the fairness or propriety of the Foundation's decision-making processes. There is no precise definition of what constitutes nominal value but as a general guideline, a gift having a value of less than $100 is nominal. In all cases, the determination of what constitutes a gift of nominal value depends on the particular circumstances. Where it would be awkward to decline a gift, a Foundation insider may accept such gift, but in the name of the Foundation as the donee.

2. Acceptance of Honoraria. Foundation insiders may not accept honoraria from actual or potential grantees or commercial counterparties.

3. Employment of Relatives. While the Foundation has no general prohibition against the employment of Foundation insiders' family members by grantees or potential grantees or commercial counterparties, such employment shall be viewed as giving rise to a potential conflict of interest and shall be subject to this policy. In all events, such employment shall be for no more than reasonable compensation, and in no event shall Foundation grants be directed to the payment of such compensation.

4. Affiliations with Grantees. The affiliation by way of board memberships or otherwise of Foundation insiders or their family members with grantees or potential grantees will not be deemed to give rise to a conflict of interest, unless the Foundation insider or family member is receiving some sort of impermissible benefit from the grantee or potential grantee as a result of such relationship.

5. Specific Situations. No policy can encompass every situation that presents risks to impartial decision-making. In the end, the Foundation's effective management of conflicts depends on the good judgment and integrity of the Foundation insiders and their family members. The Foundation encourages individuals to talk to the determining officer if they have questions or concerns about specific situations.

6. Annual Questionnaire. Each Foundation insider will annually complete, sign, and submit the Foundation's Conflict of Interest Questionnaire (see attached Appendix B) to help to identify those situations that could give rise to a potential conflict of interest.

Procedures

1. Disclosure of Conflicts of Interest. Foundation insiders must promptly and fully disclose any potential conflict of interest to the determining officer before participating in any decision. Any doubt about whether a relationship warrants disclosure should be resolved in favor of disclosure.

2. Abstention from Participation. Foundation insiders must abstain from participating in any decision in which he or she has a potential conflict of interest (other than by providing information requested by the determining officer) unless and until the conflict is resolved pursuant to this policy.

3. Factual Investigation. The determining officer will investigate the nature of the potential conflict of interest as deemed appropriate.

4. Determination. If the determining officer concludes that the proposed grant, contract or other transaction (a) would not provide a benefit to the Foundation insider (or his or her family members as defined herein) that would not otherwise be available to a member of the public on substantially the same terms, or (b) would not inappropriately influence the decisions of the Foundation, then the Foundation insider will not be

considered to have a conflict of interest and he or she may participate fully in the development, approval and/or administration of the proposed matter.

If the determining officer concludes that the proposed matter will provide such a benefit and/or have such an influence, then the Foundation insider may not participate in the matter, but the Foundation may still proceed if the determining officer concludes that the proposed transaction (i) is consistent with the Foundation's charitable purposes, (ii) is in the Foundation's best interest and for its benefit, and (iii) is fair and reasonable to the Foundation.

5. Documentation and Record Keeping. The determining officer will document the decision, and the Foundation will maintain a record of the decision.

Violations of this Policy

If any Foundation insider has cause to believe that another Foundation insider failed to disclose a potential conflict of interest, he or she should inform the determining officer.

Appendix A

Present Conflicts of Interest

The President of the Foundation is also a Member and a Director. His compensation has been determined formally and annually by the Board of Directors during times when the President has been excused from the meetings. Nevertheless, each of these determinations is considered to be a possible conflict of interest. And so, the Board of Directors has also made formally and annually a separate determination that this arrangement is fair and reasonable and in the best interests of the Foundation after careful and thorough consideration of the compensation of other similarly situated individuals (such determination having been made by the board members other than the President and while the President was not present). This determination process will continue in the same manner in the future.

The law firm in which a Foundation Director is a Partner is also, from time to time, receiving compensation for its legal services rendered to the Foundation. This is considered to be a possible conflict of interest. And so, the Board of Directors will formally and annually make a separate determination that this arrangement is fair and reasonable and in the best interests of the Foundation after careful and thorough consideration of the extent and fairness of such fees as compared to the fees of other similarly situated law firms (such determination will be made by the board members other than such director and while such director is not present).

In the event any other Foundation Member or Director (or an entity in which he or she has a significant relationship, as defined in the Conflict of Interest Policy) shall be considered to receive compensation or other fees ("remuneration") for services, or the remuneration or rate of remuneration of such person or entity shall be adjusted, the board of directors will follow similar procedures to determine if such remuneration (or additional remuneration) should be paid, and the appropriate amount of such remuneration (or additional remuneration).

Appendix B

F. M. KIRBY FOUNDATION CONFLICT OF INTEREST QUESTIONNAIRE

Your Name _____

As part of your annual compliance with our Conflict of Interest Policy, you are required to answer each of the following questions as fully as you believe necessary to make a complete disclosure of all possible conflicts of interest.

Definitions: For purposes of this questionnaire:

(a) The "Foundation" means the F. M. Kirby Foundation, Inc.

(b) A "family member" means your spouse, parent, grandparent, sibling, in-law, child, grandchild or any other relative living in the same household as you or a family member.

(c) A "grantee" is a charitable organization that the Foundation supports through monetary donations or otherwise.

1. In the last fiscal year, have you or any of your family members had a financial or other relationship (e.g., employee, significant investor or owner, creditor, borrower, governing board member (with voting rights), fiduciary relationship, advisor, officer, consultant, etc.) with a vendor, supplier, prospective grantee, or actual grantee of the Foundation or any other organization or person with which the Foundation conducts or, to your knowledge, is seeking to conduct business?

YES _____ **NO** _____

If the answer to the foregoing question is "YES", please supply the following information:

The names of the organizations (or persons); the nature and extent of the financial interest or other relationship; and (in the case of an interest or relationship of a family member) the family member's name and relationship to you. (You need not report any ownership interest of less than 5% unless that interest is substantial in relation to your assets or those of a family member, and you need not report borrowing from any financial institution that is authorized by law to lend to the general public.)

_____

_____

_____

_____

_____

2. Did you or any family member receive, in the past twelve months, any gifts, entertainment, rewards or other benefits, including tickets to events and/or fundraisers, of more than nominal value (greater than $100) from an actual or prospective grantee or any other organization or person with which the Foundation conducts business or, to your knowledge, is seeking to conduct business?

YES _____ NO _____

If the answer to the foregoing is "YES", please supply the following information:

The names of the organizations (or persons); the item provided and approximate value of the item provided; and (in the case of a benefit to a family member) the family member's name and relationship to you.

_____
_____
_____
_____
_____

3. **Did you or any family member receive, in the past twelve months, any gifts, entertainment, rewards or other benefits, including tickets to events and/or fundraisers, of more than nominal value (greater than $100) from the Foundation (excluding (i) compensation as a Foundation employee; (ii) reimbursement of expenses incurred in the transaction of Foundation business; and (iii) tickets to events where the primary purpose was to undertake Foundation business).**

YES _____ NO _____

If the answer to the foregoing is "YES", please supply the following information:

The item provided and approximate value of the item provided; and (in the case of a benefit to a family member) the family member's name and relationship to you. (Note that family members who are not employees, officers, members or directors of the Foundation should not be deemed to be undertaking Foundation business.)

_____
_____
_____
_____
_____

4. **Do you know of any interest or activity of yourself or any family member not listed above, which may possibly be regarded as constituting a conflict of interest as described in the Foundation's Conflict of Interest Policy?**

YES _____ NO _____

If the answer to the foregoing is "YES", please describe the nature of the conflict and the circumstances under which it could arise.

_____
_____
_____
_____

_____

_____

Annual Statement

I have:

1. Received a copy of the Conflict of Interest Policy.
2. Read and understood the policy.
3. Agreed to comply with the policy, and to update the information provided in this questionnaire in the event of any changes.
4. Indicated my understanding that the Foundation is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Signature: _____ Date: _____

Printed Name: _____

CONFLICT OF INTEREST RESOLUTION

WHEREAS, the Internal Revenue Service has consistently expressed its preference that all tax-exempt organizations adopt a conflict of interest policy;

WHEREAS, the Foundation has previously been mindful of these issues and wishes to demonstrate and document the continued commitment of the Foundation and its directors, members, and principal officers to avoiding any transaction that might create a real or perceived conflict of interest;

NOW, therefore, it is resolved (i) that the Foundation reaffirm the attached Conflict of Interest Policy; (ii) that the directors confirm their past and continued compliance with the said policy through the completion of the Foundation Conflict of Interest Questionnaire, and (iii) that the directors confirm their continued commitment to act at all times consistent with the Foundation's purposes.

Be it further resolved that said policy and the Foundation's adherence to the same be reaffirmed and reviewed by the directors on an annual basis, or more frequently as necessary.