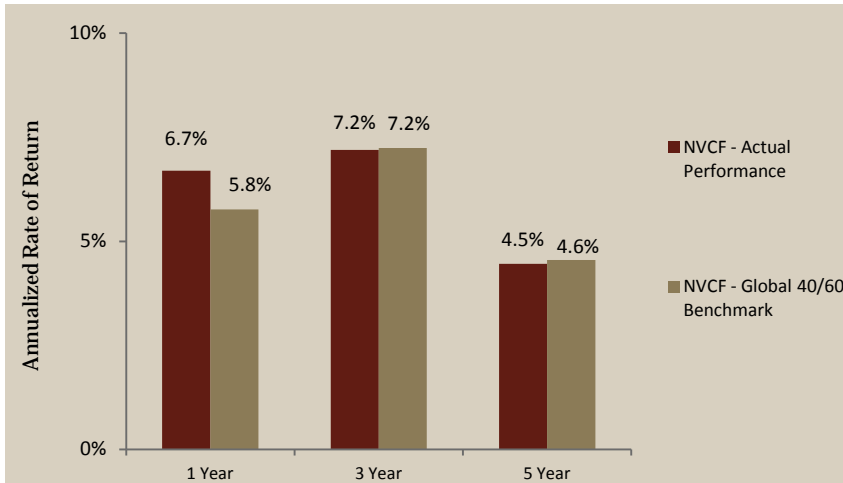


2013 Investment Report for Donors

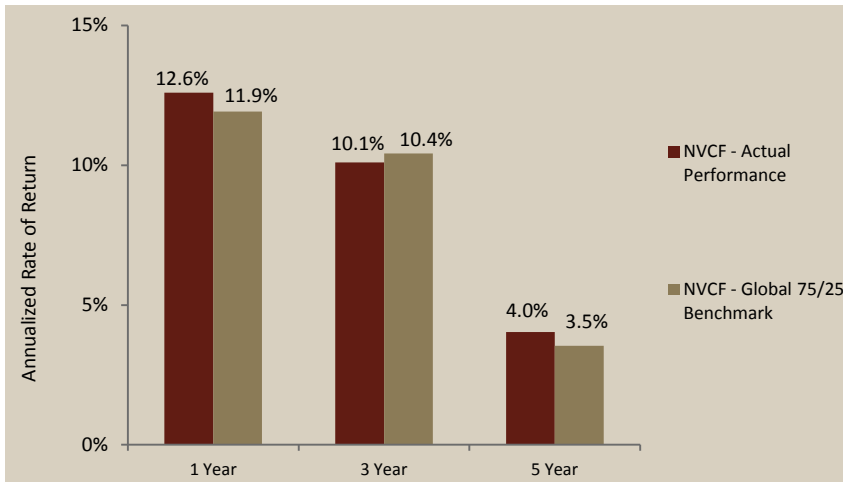
NAPA VALLEY
COMMUNITY FOUNDATION

Annualized Investment Returns as of Fiscal Year-End June 30, 2013



Intermediate-Term Pool

- A conservative portfolio that focuses on capital preservation and income as opposed to growth
- A long-term strategic allocation equal to 60% bonds and 40% global stocks
- Ideal for assets that are to be granted within 1.5 – 5 years



Long-Term Pool

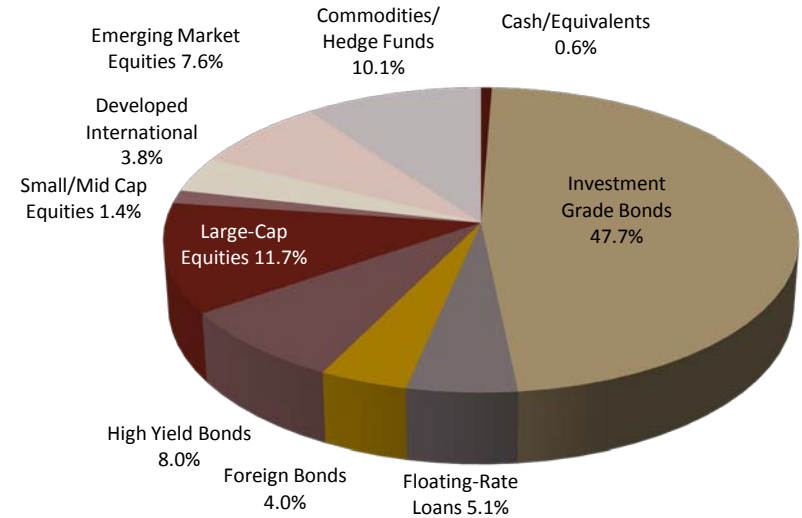
- A more aggressive portfolio with a primary objective of growth
- A long-term strategic allocation equal to 25% bonds and 75% global stocks
- Ideal for assets that are to be granted over 5 – 10 years or more and for permanent endowments and legacy funds in pursuit of longer-term growth

Performance data include all interest, dividends and other earnings and are net of fees.

Current Portfolio Allocations*

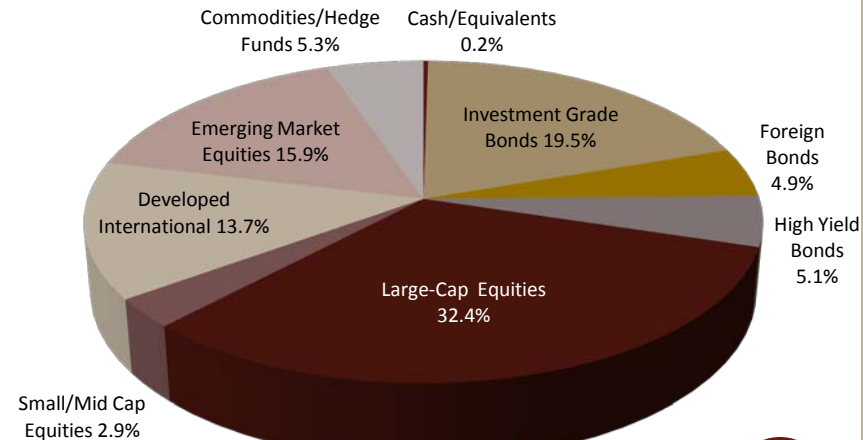
Intermediate-Term Pool

Asset Class	%	Suitable Investments	Market Value	%
Cash/Equivalents	0.6%	Cash/Equivalents	\$ 51,273	0.6%
Fixed Income	64.8%	Investment Grade Bonds	\$ 3,983,970	47.7%
		Inflation-Protected Bonds	\$ -	0.0%
		Floating-Rate Loans	\$ 422,196	5.1%
		Foreign Bonds	\$ 336,757	4.0%
		High Yield Bonds	\$ 669,588	8.0%
U.S. Equities	13.1%	Large-Cap Equities	\$ 975,453	11.7%
		Small/Mid Cap Equities	\$ 118,272	1.4%
		REITs	\$ -	0.0%
International Equities	11.3%	Developed International	\$ 314,454	3.8%
		Emerging Market Equities	\$ 632,861	7.6%
Alternative Investments	10.1%	Commodities/Hedge Funds	\$ 843,818	10.1%
	100.0%		\$ 8,348,641	100.0%



Long-Term Pool

Asset Class	%	Suitable Investments	Market Value	%
Cash/Equivalents	0.2%	Cash/Equivalents	\$ 10,727	0.2%
Fixed Income	29.5%	Investment Grade Bonds	\$ 841,562	19.5%
		Foreign Bonds	\$ 212,822	4.9%
		High Yield Bonds	\$ 218,692	5.1%
U.S. Equities	35.3%	Large-Cap Equities	\$ 1,396,904	32.4%
		Small/Mid Cap Equities	\$ 126,977	2.9%
		REITs	\$ -	0.0%
International Equities	29.6%	Developed International	\$ 592,311	13.7%
		Emerging Market Equities	\$ 685,341	15.9%
Alternative Investments	5.3%	Commodities/Hedge Funds	\$ 230,013	5.3%
	100.0%		\$ 4,315,348	100.0%



*Total approx. assets of NVCF at June 30, 2013

\$20,425,000

Investment Outlook

- The U.S. economy, largely aided by accommodative monetary policy, continues to show signs of improvement, but the recovery remains subpar relative to previous post-recession recoveries.
- The Fed's near-term challenge will be how to pull back their accommodative policy without causing major disruptions in the financial markets and economy: This "exit" is likely to be a bumpy one.
- It appears that U.S. stocks have been pushed to levels beyond what is justified by economic and earnings fundamentals as investors fail to discount a slower growth environment: Our investment portfolios are underweight primarily U.S. equities as a result.
- Emerging markets equities, which have materially underperformed U.S. equities this year, look more attractive and are pricing in slower growth for the region: Our portfolios remain fully weighted to emerging markets equities and hold a tactical weighting to emerging markets bonds.
- Our bond allocations are positioned for a long term trend of rising interest rates: The portfolios are underweight core investment-grade bonds in favor of flexible and absolute return oriented bond funds that we believe can do well in a rising interest rate environment.
- We continue to manage around considerable economic uncertainties through our scenario approach which means assessing risk and return potential across multiple possible environments.

Finance Committee

Responsible for overseeing the finances and investments of the Foundation, under the direction of the Board of Directors.



Dr. Richard Meese, Committee Chair
Former Managing Director, Barclays Global Investors

Dr. Meese worked in the Global Market Strategies Group of BGI, which is responsible for active currency and global macro hedge fund strategies. Before that, he was a Chaired Professor of Economic Analysis and Policy in the Haas School of Business at UC Berkeley. He also served as a research economist in the International Finance Division of the Board of Governors of the Federal Reserve.



Rick Jones, Committee Member
Owner, Jones Family Vineyards, Calistoga

Rick Jones also is a Director of Napa Valley Vintners and Napa Valley Vintners/Auction Napa Valley. He is a Director of St. Helena Hospital and the St. Helena Hospital Foundation, as well as NVCF.



Blair Lambert, CPA (inactive), Committee Member
Former COO/CFO, Gymboree Corporation

Blair Lambert has held various finance and operations positions with retail and consumer product companies throughout the San Francisco bay area. Most recently he served as COO, CFO and Board member of the Gymboree Corporation, a publicly traded retailer of children's apparel operating over 1000 stores primarily located in North America.



Brenda Perry, CPA, Committee Member
Principal, Perry & Company

Brenda Perry was previously with Deloitte and is the owner of Perry & Company, a CPA firm. The firm provides tax services to small businesses and individuals, as well as audit, consulting, and tax services to nonprofit organizations. She is currently a Director of NapaLearns and the Rotary Club of Napa.



Iain Silverthorne, Committee Member
Partner, Evercore Wealth Management

Iain Silverthorne advises high-net-worth individuals and families on their wealth management and financial planning needs. Prior to joining Evercore, he was a Senior VP at U.S. Trust, B of A Wealth Management.



Dell Coats, CPA, Committee Member
Partner, G&J Seiberlich

Dell Coats specializes in accounting and financial reporting for nonprofit, construction and professional service organizations. He is a member of the AICPA, the California Society of Certified Public Accountants and the Certified Fraud Examiners Association.



Mark Farley, Committee Member
Vice President of Engineering, Zep Solar, Inc.

Mark Farley is a Judge and Chair for California Clean Tech Open. He is a former Vice President of Engineering of the Finisar Corporation. He is a former Board Member of NVCF.



David Gaw, Committee Member
Co-founder, Attorney, Director, and Shareholder, Gaw Van Male

David Gaw is the Chair of the Board of Directors of Napa Valley Community Foundation. He is also a former Board Member of Napa Valley Hospice & Adult Day Services and the Queen of the Valley Medical Center.

Benchmark Details

Portfolio Value: For securities for which there is no active market, Litman Gregory Asset Management, LLC shall use such information in good faith as deemed relevant to determine the value. These securities are only valued periodically. Because of this, the value shown on reports may lag the current market value, both for those securities and for the total value of the account and portfolio. In absence of readily determinable market value, such securities will be valued at cost.

Portfolio Performance: Performance data include all interest, dividends and other earnings and are net of fees. Performance does not include self-directed (unmanaged) securities (see “Unmanaged Assets (Self-Directed Securities)” below). For periods greater than one year, the performance data are annualized. The performance data noted are historical and should not be taken as an indication of future performance. The performance data were prepared by Litman Gregory Asset Management, LLC and have not been compiled, reviewed or audited by an independent accountant.

NVCF 40/60 Global Benchmark: Based on Napa Valley Community Foundation’s preferred asset allocation, the benchmark is 40% MSCI All Country World Index / 60% Barclays Aggregate Bond index (Vanguard Total Bond Market). This benchmark reflects the portfolio’s predominant focus on US and Non-US equities of all market capitalizations and US bonds of all ranges and sizes.

NVCF 75/25 Global Benchmark: Based on Napa Valley Community Foundation’s preferred asset allocation, the benchmark is 75% MSCI All Country World Index / 25% Barclays Aggregate Bond index (Vanguard Total Bond Market). This benchmark reflects the portfolio’s predominant focus on US and Non-US equities of all market capitalizations and US bonds of all ranges and sizes.