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Independent Auditor's Report

The Board of Directors of
The Teagle Foundation

We have audited the accompanying financial statements of The Teagle Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Teagle Foundation as of June 30, 2016 and 2015, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Owen J Flanagan & Co.

New York, NY
November 17, 2016

Exhibit A

THE TEAGLE FOUNDATION, INCORPORATED

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
Investments, at fair value		
Cash and short-term investments	$ 10,728,091	$ 1,596,104
U.S. equity securities	27,646,212	15,371,200
Global equities	32,356,997	-
Mutual funds	-	16,404,606
Fixed income	9,043,564	1,563,168
Real estate	2,627,440	2,787,880
Buyout	2,809,910	3,444,075
Hedge funds	37,355,954	85,836,431
Private equity	13,107,780	18,691,431
Total Investments	135,675,948	145,694,895
Operating cash	242,401	1,528,475
Interest and dividends receivable	16,824	47,640
Prepaid expenses and other assets	172,838	164,994
Receivables	417,390	380,973
Leasehold improvements, furniture and equipment, net	313,414	344,755
Total Assets	$136,838,815	$148,161,732
LIABILITIES AND NET ASSETS		
Grants payable	$ 4,770,743	$ 4,599,852
Accounts payable and accrued expense	113,711	46,151
Federal excise tax	102,698	159,197
Deferred Federal excise tax	271,864	514,378
Total Liabilities	5,259,016	5,319,578
Net Assets	131,579,799	142,842,154
Total Liabilities and Net Assets	$136,838,815	$148,161,732

See accompanying notes to financial statements.

Exhibit B

THE TEAGLE FOUNDATION, INCORPORATED

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Revenue (Loss)		
Investment income (loss)		
Dividends, interest and partnership earnings	$ 2,791,495	$ 3,727,063
Realized gain on sale of investments	7,297,583	9,012,078
Unrealized depreciation of investments	(12,125,728)	(14,777,478)
	(2,036,650)	(2,038,337)
Less: Directly reported investment fees	2,082,970	1,491,464
Federal excise and unrelated business income tax recovery	(81,130)	(79,678)
Net Investment Income (Loss)	(4,038,490)	(3,450,123)
Contributions	1,000	1,000
Total Revenue (Loss)	(4,037,490)	(3,449,123)
Expenses		
Grants	4,961,383	5,864,720
Program administration, management and general	2,263,482	1,989,873
Total Expenses	7,224,865	7,854,593
Change in net assets	(11,262,355)	(11,303,716)
Net Assets		
Beginning of year	142,842,154	154,145,870
End of year	$131,579,799	$142,842,154

See accompanying notes to financial statements.

Exhibit C

THE TEAGLE FOUNDATION, INCORPORATED

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Cash flows from operating activities:		
Change in net assets for year	$(11,262,355)	$(11,303,716)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	31,341	31,340
Net realized and unrealized loss on investments	4,828,145	5,765,400
Decrease (increase) in assets:		
Interest and dividends receivable	30,816	(21,327)
Prepaid expenses and other assets	(7,844)	8,950
Receivables	(36,417)	(24,302)
Increase (decrease) in liabilities:		
Grants payable	170,891	1,156,138
Accounts payable and accrued expenses	67,560	(41,221)
Deferred Federal excise tax	(242,514)	(295,550)
Federal excise tax	(56,499)	(38,000)
Net cash used in operating activities	(6,476,876)	(4,762,288)
Cash flows from investing activities:		
Purchases of investments	(56,748,857)	(10,150,837)
Proceeds from sales of investments	71,071,646	14,103,109
Net change in short-term investments	(9,131,987)	(422,897)
Net cash provided by investing activities	5,190,802	3,529,375
Change in operating cash	(1,286,074)	(1,232,913)
Operating cash		
Beginning of year	1,528,475	2,761,388
End of year	$ 242,401	$ 1,528,475
Supplemental Information		
Excise taxes paid	$ 215,000	$ 250,000

See accompanying notes to financial statements.

THE TEAGLE FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

1. Organization and Tax Status

The Teagle Foundation, Incorporated (the "Foundation") was established in 1944 by Walter C. Teagle, longtime President and later Chairman of the Board of Standard Oil Company (New Jersey), now Exxon Mobil Corporation. Its assets are derived from bequests from Mr. Teagle, his wife, Rowena Lee Teagle and their son, Walter C. Teagle, Jr. The Foundation is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. It has been classified as a private foundation as defined in Section 509(a) of the Internal Revenue Code.

The Teagle Foundation aims to strengthen liberal arts education by providing the intellectual and financial resources necessary to ensure that today's students have access to challenging, wide-ranging, and enriching college educations, and that they succeed at the highest possible level.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

The Foundation reports information regarding its financial position and activities based upon the existence or absence of donor restrictions on its net assets. The Foundation's net assets are neither permanently nor temporarily restricted by donor-imposed restrictions and are all classified as unrestricted.

Investments

Investments in marketable securities are valued at quoted market prices. Investments in alternative investment funds are ordinarily valued at the most recent estimate determined by the investment manager or agents based upon the valuation reported by the fund administrators in accordance with the policies established by the relevant funds. As a general matter, the fair value of the Foundation's investment in these funds will represent the amount that the Foundation could reasonably expect to receive from the fund if the Foundation's interest was redeemed at the time of valuation, based upon the information reasonably available at the time the valuation was made.

Valuations provided by these funds may be based upon estimated or unaudited reports, and may be subject to later adjustment or revision. Any such adjustments or revision will either increase or decrease the net asset value of the Foundation at the time the Foundation is provided with the information regarding the adjustment.

THE TEAGLE FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

2. Summary of Significant Accounting Policies (continued)

The Foundation's portfolio of investments is diversified. Investments purchased by the Foundation are recorded at cost. Realized gains and losses from the sale of securities are determined by comparison of cost to proceeds and are determined under the specific identification method.

Fair Value Measurement of Investments

The Foundation follows Financial Accounting Standards Board (FASB) guidance for *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable input and are used to the extent that observable inputs do not exist.

The fair value of alternative investments has been estimated using the Net Asset Value ("NAV") or its equivalent, as reported by management of the respective alternative investment funds. U.S. GAAP guidance provides for the use of NAV or its equivalent as a "Practical Expedient" for estimating fair value of alternative investments. NAV or the equivalent reported by each alternative investment fund is used as a practical expedient to estimate the fair value of the Foundation's interest therein. Under new guidance, when the practical expedient is used, the investment is not included in the level 1, 2 or 3 determination.

Leasehold Improvements, Furniture and Equipment

Leasehold improvements, furniture and equipment are stated at cost. Depreciation of furniture and equipment is computed using the straight-line method over the estimated useful lives of the assets which range from three to seven years. Leasehold improvements are amortized over the life of the lease.

Grants

Unconditional grants are recognized as expense upon approval by the Board of Directors. Reporting requirements are not considered conditions. Conditional grants are recognized as expense when the conditions have been satisfied by the grantees.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

THE TEAGLE FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

2. Summary of Significant Accounting Policies (continued)

Subsequent Events

In connection with the preparation of the financial statements the Foundation evaluated subsequent events after the statement of financial position date of June 30, 2016 through November 17, 2016 which was the date the financial statements were available to be issued.

3. Investments

Investments as of June 30, 2016 and 2015 consist of the following:

	2016		2015	
	Cost	Fair Value	Cost	Fair Value
Cash and short-term investments	$ 10,732,596	$ 10,728,091	$ 1,596,319	$ 1,596,104
U.S. equity securities	12,379.819	27,646,212	2,259,647	15,371,200
Global equities	32,749,610	32,356,997	-	-
Mutual funds	-	-	16,674,302	16,404,606
Fixed income	9,528,116	9,043,564	1,777,035	1,563,168
Real estate	2,955,792	2,627,440	3,128,987	2,787,880
Buyout	3,347,217	2,809,910	3,697,864	3,444,075
Hedge funds	37,666,861	37,355,954	76,603,442	85,836,431
Private equity	11,874,085	13,107,780	14,238,359	18,691,431
	$121,234,096	$135,675,948	$119,975,955	$145,694,895

The following are major categories of investments measured at estimated fair value as of June 30:

	2016		
	Level 1	Valued at NAV	Total
Cash and short-term investments	$10,728,091	$ -	$ 10,728,091
U.S. equity securities	27,646,212	-	27,646,212
Global equities	7,786,060	24,570 937	32,356,997
Fixed income	5,026,432	4,017,132	9,043,564
Real estate	-	2,627,440	2,627,440
Buyout	-	2,809,910	2,809,910
Hedge funds	-	37,355,954	37,355,954
Private equity	-	13,107,780	13,107,780
	$51,186,795	$84,489,153	$135,675,948

THE TEAGLE FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

3. **Investments** (Continued)

	2015		
	Level 1	Valued at NAV	Total
Cash and short-term investments	$ 1,596,104	$ -	$ 1,596,104
U.S. equity securities	15,371,200	-	15,371,200
Mutual funds	16,404,606	-	16,404,606
Fixed income	-	1,563,168	1,563,168
Real estate	-	2,787,880	2,787,880
Buyout	-	3,444,075	3,444,075
Hedge funds	-	85,836,431	85,836,431
Private equity	-	18,691,431	18,691,431
	$33,371,910	$112,322,985	$145,694,895

Included in U.S. equity securities is the Foundation's holding in Exxon Mobil Corporation common stock. This investment's fair value was $17,318,465 and $15,371,200 as of June 30, 2016 and 2015, respectively, which represents approximately thirteen and ten percent of the total assets of the Foundation in 2016 and 2015, respectively. Also in U.S. equity securities are a common stock portfolio valued at $3,928,940 and a publicly traded index fund valued at $6,398,807.

The fixed income securities classified as level 1 are U.S. Government securities. Alternative fixed income investments valued using NAV consist of two liquidating funds valued at $979,762 that attempt to capitalize on opportunities in the credit markets including stressed and distressed debt and bank loans, mezzanine and private placement investments, structured products and special situations investments. It is estimated that these funds will be liquidated over the next two years. There is a remaining commitment to one of these funds of $144,809. During the year ended 2016, there was a new investment in a mortgage fund. It is subject to a lockup period expiring January 2017. After that period, there is a 45 day notice period for withdrawals. It is valued at $3,037,370.

There are five real estate funds valued using NAV that invest in both U.S. and international real estate. Distributions from the funds will be received as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next four years. The Foundation has approximately $250,000 remaining commitments to these funds.

THE TEAGLE FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

3. **Investments** (Continued)

Global equities consist of two publicly traded funds valued at $7,786,060 and eight funds valued using the NAV. Three of these funds valued at $12,095,237 have liquidation notice requirements ranging from 6 to 60 days. The remaining five funds have lockup periods from May 2017 to April 2019.

Buyout investments consist of four funds that focus on U.S. and Canadian corporate buyouts of U.S. and Canadian companies. Distributions from the funds will be received as the underlying investments are liquidated. It is estimated that these investments will wind down over the next two years. These funds have remaining commitments totaling approximately $285,000.

Hedge funds consist of eight investments following hedging investment strategies and including investments such as global equity funds. Two funds, valued at $13,676,723, are being liquidated. Three funds valued at $12,229,103 have quarterly liquidations with 60 to 90 days notice. The three remaining funds valued at $11,450,128 have lockups expiring between January 2017 and April 2019.

Private equity investments consist of eleven vehicles which focus on investing in merger, buyout and venture capital strategies in late stage private companies and smaller capitalization public companies to promote growth and expansion. The nature of these investments is to receive distributions as the underlying investments are sold off. Nine of these investments are older private equity investments that are closer to completion. Their value is $12,802,404. They have remaining capital commitments of $893,000 and 480,000 Euros. These investments are expected to wind down over the next two to five years.

The Foundation made two new private equity investments during the year ended June 30, 2016. These are valued at $305,376 and have unfunded commitments of $2,143,000.

4. **Leasehold Improvements, Furniture and Equipment**

Leasehold improvements, furniture and equipment as of June 30, 2016 and 2015 are comprised of the following:

	2016	2015
Leasehold improvements	$234,447	$234,447
Furniture and equipment	234,010	234,010
Paintings	30,480	30,480
	498,937	498,937
Less: accumulated depreciation and amortization	185,523	154,182
	$313,414	$344,755

THE TEAGLE FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

5. Federal Excise Tax

In accordance with the applicable provisions of the Internal Revenue Code (the "Code"), the Foundation is subject to a Federal excise tax of two percent on its net investment income as defined by the Code. A reduction of the tax rate to one percent can be achieved by meeting qualifications under Code Section 4940(c). For the year ended June 30, 2016, excise tax expense was approximately $160,000. The comparable amount for 2015 was $225,000. The Foundation's excise tax rate was 2% for 2016 and 2015.

Some of the Foundations investments generated unrelated business income. This income is subject to tax at the for profit tax rates. For the years ended June 30, 2015 and 2014, the investments generated a small unrelated business income tax.

Deferred Federal excise tax on unrealized appreciation of investments is calculated at the two percent tax rate since the qualification for the one percent tax is not determinable until the year in which gains are realized. Changes to the liability for deferred tax on the unrealized appreciation amounted to an decrease of $242,514 and $295,550 for the years ended June 2016 and 2015, respectively.

6. Retirement Plans

The Foundation maintains a defined contribution profit sharing plan and a 403(b) retirement plan.

The defined contribution profit sharing plan, was established effective September 1, 2004 and covers all full time employees. The plan provides for a contribution of ten percent of compensation and is fully vested. The cost of this plan for the years ended June 30, 2016 and 2015 was $83,646 and $80,591 respectively.

The Foundation also maintains a 403(b) plan for all employees. The Foundation will match employee contributions to the plan up to five percent of each employee's salary. The cost of this plan for the years ended June 30, 2016 and 2015 was $41,823 and $40,294, respectively.

THE TEAGLE FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

7. Grants Payable

The Foundation's Scholarship Program provides grants to the children of employees of Exxon Mobil Corporation and its affiliates. Awards based on financial need are renewable to the completion of the degree up to a maximum of $10,000 a year for undergraduate study. Conditional commitments to scholarship recipients, which have not been recognized as an expense, totaled approximately $720,000 as of June 30, 2016.

Grants are recognized when approved by the Directors of the Foundation. Grants payable represents amounts authorized but scheduled for future payment. Grants to be paid in more than one year are discounted to present value using the treasury bill rate. The commitments outstanding at June 30, 2016, net of the discount to present value, are scheduled for payment as follows:

Year ending June 30:	
2017	$2,629,686
2018	1,419,870
2019	755,000
	4,804,556
Less: discount to present value	33,813
	$4,770,743

8. Commitments and Contingencies

Leases

The Foundation has a fifteen year and 4 month lease for space in New York City that commenced June 1, 2010. During the first year and 2 months of the lease, the Foundation received six months free rent. The minimum lease payments are as follows:

Year ending June 30:	
2017	$ 245,506
2018	248,574
2019	251,682
2020	254,828
2021	274,775
2022 - 2026	1,196,353
	$2,471,718

Rent expense was $240,616 and $222,788 for the years ended June 30, 2016 and 2015, respectively.

THE TEAGLE FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

9. Concentration of Risk

During the fiscal year, the Foundation had cash in the bank exceeding federally insured limits. The Foundation manages this risk by only using a well established bank.