GEORGE ROBERT WHITE FUND

Financial Statements and
Independent Auditors’ Reports

Year Ended June 30, 2013
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INDEPENDENT AUDITORS’ REPORT

Board of Trustees
George Robert White Fund
City of Boston, Massachusetts

Report on the Financial Statements

We have audited the accompanying statement of fiduciary net assets of the George Robert White Fund (the Fund), a component unit of the City of Boston, as of June 30, 2013, and the related statement of changes in fiduciary net assets for the year 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.

Auditors' Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that
INDEPENDENT AUDITORS’ REPORT (continued)

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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net assets of the George Robert White Fund, as of June 30, 2013 and the changes in its fiduciary net assets for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 8, 2013, on our consideration of the Fund’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Fund’s internal control over financial reporting and compliance.

P.L. Jones & Associates, P.C.
Worcester, Massachusetts
October 8, 2013
GEORGE ROBERT WHITE FUND

Statement of Fiduciary Net Assets

June 30, 2013

Assets:

Investments, at fair value in:

- Cash and cash equivalents $7,159,667
- Equities 9,429,964
- Alternative investments 6,869,858
- U.S. Treasury and agency securities 2,004,255
- Common/Co-mingled funds 1,605,009
- Corporate debt instruments 929,605
- Accrued investment income 32,562
- Property 30,162

Total Assets 28,061,082

Liabilities:

- Accrued expenses 28,353
- Due to City of Boston 64,496

Total Liabilities 92,849

Contingencies

Net Assets:

- Designated $27,968,233

The accompanying notes are an integral part of these financial statements.
GEORGE ROBERT WHITE FUND

Statement of Changes in Fiduciary Net Assets

Year Ended June 30, 2013

Investment Income:
   Investment income $389,936
   Net realized gains on investments 488,251
   Net unrealized gains on investments 1,511,691

   Total Investment Income 2,389,878

   Less investment expense:
      Investment advisory and custodial fees (112,853)

   Net Investment Income 2,277,025

Other Income:
   Rental income 177,699

   Total Net Investment Income and Other Income 2,454,724

Expenditures:
   Capital projects 22,189
   General administration 74,112

   Total Expenditures 96,301

Change in Net Assets 2,358,423

Net Assets, beginning of year 25,609,810

Net Assets, end of year $27,968,233

The accompanying notes are an integral part of these financial statements.
GEORGE ROBERT WHITE FUND

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The George Robert White Fund (the Fund), a Massachusetts Permanent Charitable Trust, was established as a testamentary trust on December 13, 1919 through bequest by will of George Robert White. The will requires that the Fund's income only be used for expenditures of a capital nature that create works of public utility and beauty for the use and enjoyment of the inhabitants of the City of Boston (the City), Massachusetts. The net assets are classified as designated in accordance with the terms of the will of George Robert White.

Other restrictions and requirements cover the operations of the Fund and investment policies that are under the direction of a Board of Trustees (the Trustees), chaired by the Mayor of the City of Boston. The implementation and administration of the Fund is carried out by various departments of the City.

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation - The accounting policies of the Fund conform with accounting principles generally accepted in the United States of America ("GAAP") applicable to private-purpose trust funds of a government entity.

Cash and Cash Equivalents - For purposes of the financial statements, the Fund considers cash on deposit, money market funds, certificates of deposit and all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Facility Projects Funded - The Fund retains interest in most of the public works that the Fund finances, including land and buildings. The Fund leases the properties to entities serving the public and incorporates restrictions on its use in the lease agreements. The leases also incorporate reporting and other obligations of the lessee. In the event of the sale of any of these public works, the proceeds would revert to the Fund.

There are other funded projects that are on land owned by the City which are not subject to the same reversionary provisions mentioned above.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Facility Projects Funded (continued) - As of January 1, 2011, the date of the most recent assessments by the City of Boston Assessor’s office, the assessed values of the Fund’s capital projects were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>$28,527,923</td>
</tr>
<tr>
<td>Land</td>
<td>29,383,887</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$57,911,810</strong></td>
</tr>
</tbody>
</table>

Federal Income Taxes - The Fund exists as a component unit of the City of Boston, and therefore has made no provision for federal income taxes in the accompanying financial statements. Under Internal Revenue Service and state regulations, the Fund is not required to file income tax returns in any federal or state jurisdiction.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. PROPERTY

Real estate held by the Fund is carried at a value based on an appraisal made in 1969. In the event of a sale, the proceeds would revert to the Fund. As part of the lease agreement all buildings and improvements that have been made to the leased property will transfer to the Fund at the termination of the lease. The lease expires on December 19, 2048. At June 30, 2013, the real estate held by the Fund consisted of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Carrying Amount</th>
<th>Assessed Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land at 180-182 Tremont Street</td>
<td>$30,162</td>
<td>$2,807,900</td>
</tr>
</tbody>
</table>
GEORGE ROBERT WHITE FUND

Notes to Financial Statements (continued)

3. INVESTMENTS

**General** - The Investments of the Fund are carried at their fair market value which is determined on the close of the last business day of trading just prior to or on the day of valuation by the securities custodian. The calculation of realized gains or losses is independent of the calculation of the net increase (decrease) in the fair value of investments. Net realized gains or losses on sales of investments are determined on the basis of average cost. The cumulative net increase in the fair value of investments as of June 30, 2013 was $4,018,780. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year.

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. Through its investment policy, the Fund manages its exposure to fair value losses arising from increasing interest rates by limiting the average duration of an actively managed fixed income portfolio to no more than seven years.

**Credit Risk** - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is the Fund’s policy that there shall be no specific limitation in regard to credit worthiness of securities, except the overall average quality of each fixed income portfolio shall be AA or better. Investment managers may maintain reserve and cash equivalent investments with such securities carrying the equivalent of a Standard & Poor’s A1 or A2 rating. The George Robert White Fund’s investments in individual corporate debt instruments were rated on a range of AAA to B by Standard & Poor’s and AAA to B by Moody’s Investors Services. Fitch Ratings for industrial, bank and finance debt instruments ranged from AAA to B.

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of a failure of the counterparty, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. As of June 30, 2013, the Funds’ investment in cash and cash equivalents was exposed to custodial credit risk as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unsecured and uncollateralized:</td>
<td>$ 468,409</td>
</tr>
<tr>
<td>Dreyfus Cash Management Fund</td>
<td></td>
</tr>
</tbody>
</table>

The Dreyfus fund is subject to maturity, quality and diversification requirements. Dreyfus Cash Management Fund purchases securities with the highest credit rating only, or the unrated equivalent.
GEORGE ROBERT WHITE FUND

Notes to Financial Statements (continued)

3. INVESTMENTS (continued)

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The Fund mitigates concentration of credit risk by limiting the percentage of the portfolio invested with any one issuer. With the exception of the U.S. Treasury and U.S. Agency securities, the Fund mitigates concentration of credit risk by limiting the purchase of securities of any one issuer to no more than 5.0% of the portfolio. As of June 30, 2013, U.S. Treasury securities comprised 1.79% of the total portfolio. U.S. Agency securities comprised 7.87% of the total portfolio, including Federal Home Loan Bank (6.61%) and Government National Mortgage Association (1.26%).

As of June 30, 2013, the Fund had the following investments:

<table>
<thead>
<tr>
<th>Category</th>
<th>Original Cost</th>
<th>Fair Value</th>
<th>Average Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>$6,076,974</td>
<td>$9,429,964</td>
<td>-</td>
</tr>
<tr>
<td>Alternative investments</td>
<td>6,281,080</td>
<td>6,869,858</td>
<td>-</td>
</tr>
<tr>
<td>U.S. Treasury and agency securities</td>
<td>1,900,492</td>
<td>2,004,255</td>
<td>4.76 years</td>
</tr>
<tr>
<td>Common/Co-mingled funds</td>
<td>1,682,101</td>
<td>1,605,009</td>
<td>-</td>
</tr>
<tr>
<td>Corporate debt instruments</td>
<td>879,264</td>
<td>929,605</td>
<td>2.48 years</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$16,819,911</strong></td>
<td><strong>$20,838,691</strong></td>
<td></td>
</tr>
</tbody>
</table>

For the year ended June 30, 2013, purchases and sales of investment securities were $8,601,012, and $7,845,037, respectively.

Alternative investments is made up of two venture capital limited partnerships.
GEORGE ROBERT WHITE FUND

Notes to Financial Statements (continued)

4. FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurement involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

**Fair Value Hierarchy** - The Fund groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1: Valuations are based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Valuations are based on inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data.

Level 3: Valuations are based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Fund's financial assets that are measured at fair value on a recurring basis were recorded using the fair value hierarchy at June 30, 2013 as follows:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>$9,429,964</td>
<td>$</td>
<td>$</td>
<td>$9,429,964</td>
</tr>
<tr>
<td>Alternative investments</td>
<td>-</td>
<td>-</td>
<td>6,869,858</td>
<td>6,869,858</td>
</tr>
<tr>
<td>U.S. Treasury and agency securities</td>
<td>2,004,255</td>
<td>-</td>
<td>-</td>
<td>2,004,255</td>
</tr>
<tr>
<td>Common/Co-mingled funds</td>
<td>-</td>
<td>1,605,009</td>
<td>-</td>
<td>1,605,009</td>
</tr>
<tr>
<td>Corporate debt instruments</td>
<td>929,605</td>
<td>-</td>
<td>-</td>
<td>929,605</td>
</tr>
</tbody>
</table>

Level 3 pricing for alternative investments is based on valuations obtained from the investment manager and management's estimates due to current market conditions.
GEORGE ROBERT WHITE FUND

Notes to Financial Statements (continued)

4. FAIR VALUE MEASUREMENTS (continued)

The following is a reconciliation of alternative investments in which significant unobservable inputs (Level 3) were used in determining value:

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, June 30, 2012</td>
<td>$ 6,243,815</td>
</tr>
<tr>
<td>Net change in unrealized gain</td>
<td>540,505</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>85,538</td>
</tr>
<tr>
<td><strong>Balance, June 30, 2013</strong></td>
<td><strong>$ 6,869,858</strong></td>
</tr>
</tbody>
</table>

5. RELATED PARTY TRANSACTIONS

The City of Boston administers the George Robert White Fund. As a result, the City charges and allocates to the Fund certain personnel and general administrative costs. The total administrative fees charged to the Fund by the City for the year ended June 30, 2013 was $64,496. In addition, the City is reimbursed for certain costs as provided in the Fund’s agreement. At June 30, 2013, the amount due to the City was $64,496.

6. CONTINGENCIES

In the normal course of operations, the Fund may be subject to certain claims and litigations. In the opinion of management and in-house legal counsel, the outcome of any such matters will not have a material effect on the financial position of the Fund.

7. SUBSEQUENT EVENTS

The George Robert White Fund's management has evaluated the financial statement impact of subsequent events occurring through October 8, 2013, the date the financial statements were available to be issued. The Fund's management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
George Robert White Fund
City of Boston, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the George Robert White Fund (the Fund), a component unit of the City of Boston, as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated October 8, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS (continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of
this section and was not designed to identify all deficiencies in internal control that might be material
weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify
any deficiencies in internal control that we consider to be material weaknesses. However, material
weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund’s financial statements are free
from material misstatement, we performed tests of its compliance with certain provisions of laws,
regulations, contracts, and grant agreements, noncompliance with which could have a direct and
material effect on the determination of financial statement amounts. However, providing an opinion
on compliance with those provisions was not an objective of our audit, and accordingly, we do not
express such an opinion. The results of our tests disclosed no instances of noncompliance or other
matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and
compliance and the results of that testing, and not to provide an opinion on the effectiveness of the
entity’s internal control or on compliance. This report is an integral part of an audit performed in
accordance with Government Auditing Standards in considering the entity’s internal control and
compliance. Accordingly, this communication is not suitable for any other purpose.

P.L. Jones & Associates, P.C.
Worcester, Massachusetts
October 8, 2013