

THE J.M. KAPLAN FUND, INC.

**Financial Statements
for year ended
December 31, 2014**

Independent Auditor's Report

To the Board of Trustees of
The J.M. Kaplan Fund, Inc.

We have audited the accompanying financial statements of The J.M. Kaplan Fund, Inc. which comprise the statement of financial position as of December 31, 2014 and December 31, 2013 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 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 J.M. Kaplan Fund, Inc. as of December 31, 2014 and December 31, 2013 and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Condon O'Meara McGinty & Donnelly LLP

November 5, 2015

THE J.M. KAPLAN FUND, INC.

Statement of Financial Position

Assets

	December 31	
	2014	2013
Cash and cash equivalents	\$ 10,921,112	\$ 11,190,973
Investments, at fair value	61,468,184	56,898,093
Illiquid private equity investments, at fair value	72,644,356	68,318,994
Distribution receivable	-	7,510,007
Prepaid federal excise tax	-	64,750
Prepaid expenses and other	72,317	6,410
Program related investments	260,000	260,000
Promissory notes receivable	247,324	280,905
Arts and antiques	61,003	61,003
Security deposit	<u>54,977</u>	<u>-</u>
Total assets	<u>\$ 145,729,273</u>	<u>\$ 144,591,135</u>

Liabilities and Unrestricted Net Assets

Liabilities

Grants authorized but not paid	\$ 2,912,204	\$ 1,327,799
Accounts payable and accrued expenses	105,255	110,646
Federal excise tax payable	19,992	-
Deferred tax liability	<u>82,750</u>	<u>50,000</u>
Total liabilities	3,120,201	1,488,445
Unrestricted net assets	<u>142,609,072</u>	<u>143,102,690</u>
Total liabilities and unrestricted net assets	<u>\$ 145,729,273</u>	<u>\$ 144,591,135</u>

See notes to financial statements.

THE J.M. KAPLAN FUND, INC.

Statement of Activities

	Year Ended December 31	
	2014	2013
Revenue		
Dividends and interest	\$ 256,598	\$ 181,368
Partnerships, net	11,109,493	7,794,906
Net gain on sale of investments	<u>6,903,201</u>	<u>2,062,863</u>
Total revenue	<u>18,269,292</u>	<u>10,039,137</u>
Less expenses directly related to investments		
Investment management fees	473,433	524,915
Custodial fees	200	280
Current tax provision	<u>188,784</u>	<u>178,208</u>
Total expenses directly related to investments	<u>662,417</u>	<u>703,403</u>
Revenue available for grants and administrative and general expenses	<u>17,606,875</u>	<u>9,335,734</u>
Grants and administrative and general expenses		
Grants authorized, net	7,634,546	5,142,275
Administrative and general	<u>1,895,519</u>	<u>1,326,803</u>
Total grants and administrative and general expenses	<u>9,530,065</u>	<u>6,469,078</u>
Excess of revenue over expenses before other additions (deductions)	8,076,810	2,866,656
Other additions (deductions)		
Other revenue	167	60,533
Unrealized gain (loss) on investments	(8,537,845)	8,392,588
Deferred tax (expense)	<u>(32,750)</u>	<u>(38,000)</u>
Increase (decrease) in unrestricted net assets	(493,618)	11,281,777
Unrestricted net assets, beginning of year	<u>143,102,690</u>	<u>131,820,913</u>
Unrestricted net assets, end of year	<u>\$142,609,072</u>	<u>\$143,102,690</u>

See notes to financial statements.

THE J.M. KAPLAN FUND, INC.

Statement of Cash Flows

	Year Ended December 31	
	2014	2013
Cash flows from operating activities		
Increase (decrease) in unrestricted net assets	\$ (493,618)	\$ 11,281,777
Adjustments to reconcile increase (decrease) in unrestricted net assets to net cash (used in) operating activities		
Partnerships, net	(11,109,493)	(7,794,906)
Net (gain) on sale of investments	(6,903,201)	(2,062,863)
Unrealized (gain) loss on investments	8,537,845	(8,392,588)
(Increase) decrease in assets		
Distribution receivable	7,510,007	817,524
Other receivables	-	733,670
Prepaid federal excise tax	64,750	(64,750)
Prepaid expenses and other	(120,884)	38
Promissory notes receivable	33,581	15,772
Increase (decrease) in liabilities		
Grants authorized but not paid	1,584,405	(910,550)
Accounts payable and accrued expenses	(5,391)	(37,123)
Federal excise tax payable	19,992	(95,250)
Deferred tax liability	32,750	38,000
Net cash (used in) operating activities	<u>(849,257)</u>	<u>(6,471,249)</u>
Cash flows from investing activities		
Proceeds from sale of investments	3,453,551	10,597,122
Purchase of investments	(4,756,963)	(5,640,246)
Proceeds from sale of private equity investments	9,680,237	12,841,546
Purchase of private equity investments	<u>(7,797,429)</u>	<u>(11,969,002)</u>
Net cash provided by investing activities	<u>579,396</u>	<u>5,829,420</u>
Net (decrease) in cash and cash equivalents	(269,861)	(641,829)
Cash and cash equivalents, beginning of year	<u>11,190,973</u>	<u>11,832,802</u>
Cash and cash equivalents, end of year	<u>\$ 10,921,112</u>	<u>\$ 11,190,973</u>
Supplemental disclosure of cash flow information		
Cash paid for excise and unrelated business income taxes	<u>\$ 104,156</u>	<u>\$ 338,208</u>

See notes to financial statements.

THE J.M. KAPLAN FUND, INC.**Notes to Financial Statements
December 31, 2014 and December 31, 2013****Note 1 – Organization and summary of significant accounting policies****Organization**

The J.M. Kaplan Fund, Inc. (the “Fund”) was founded in 1945 by Jacob M. Kaplan. The Fund is committed to the conservation of natural and historical resources in New York City and throughout the world, and to the well-being of people in need.

Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of ninety days or less at the date of acquisition. Included in cash and cash equivalents are money market funds.

Investments

Investments are recorded in the financial statements at fair value. Realized gains or losses on investment transactions are determined on the specific identification method.

Fair values of financial instruments

The Fund’s financial instruments consist of cash and cash equivalents, investments, private equity investments and program related investments. The Fund estimates that the fair value of all financial instruments as of December 31, 2014 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The carrying amounts of cash and cash equivalents reported in the statement of financial position approximate fair values because of the short maturities of those instruments. The fair value of investment securities is based on quoted market prices.

The fair value of private equity investments are generally determined by each private equity’s managing partner. In determination of such estimated values, the managing partner values such investments initially at cost and, thereafter, at fair value based on developments since acquisition, including prices paid in recent substantial purchases in arm’s length transactions, changes in financial conditions and operating results, and the current status of the issuer. The Fund’s program related investments are recorded at the original loan amount. The Fund reviews the status of its investments and collectibility of the program related investments on an ongoing basis.

Property and equipment

Prior to January 1, 1999, property and equipment were recorded at cost and depreciated or amortized using the straight-line method over their estimated useful lives. Effective with the year ending December 31, 1999, property and equipment expenditures are charged to expense because the Fund does not deem such amounts to be sufficiently material to warrant capitalization and depreciation.

THE J.M. KAPLAN FUND, INC.**Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013****Note 1 – Organization and summary of significant accounting policies (continued)****Grants**

Grants, which are subject to routine performance requirements by the grantee, are treated as expenses at the time each individual grant is authorized by the Trustees. These grants are payable to the grantee according to the terms established by the Trustees.

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 amounts reported in the financial statements. Actual results could differ from these estimates.

Concentrations of credit risk

The Fund's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents and investments. The Fund places its cash and cash equivalents with what it believes to be quality financial institutions. At times, cash balances exceeded the FDIC insurance limit. However, the Fund has not experienced any losses in these accounts to date. The Fund's investments, which consist of a certificate of deposit, an annuity, mutual funds and similar type investments, liquid private equity investments and illiquid private equity investments are exposed to various risks such as market volatility, liquidity, interest rate and credit. Due to the level of uncertainty related to the foregoing risks, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position at December 31, 2014. In addition, the Fund has various program related investments. The Fund through its investment committee and outside financial advisors, routinely assesses the financial strength of its cash and investment portfolio. As a consequence, concentrations of credit risk are limited.

Subsequent events

The Fund has evaluated events and transactions for potential recognition or disclosure through November 5, 2015, which is the date the financial statements were available to be issued.

THE J.M. KAPLAN FUND, INC.

Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013

Note 2 – Investments

A summary of the investments held by the Fund as of December 31, 2014 and December 31, 2013 is as follows:

	December 31			
	2014		2013	
	Cost	Fair Value	Cost	Fair Value
Certificate of deposit	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Annuity	1,946,614	1,717,207	1,935,014	1,618,069
Mutual funds and similar type investments				
Institutional bond fund	7,360,981	7,125,293	3,158,680	3,117,165
Diversified	5,332,699	8,891,072	6,909,946	8,628,461
Hedged equities	144,478	768,527	316,419	1,373,951
Liquid private equity				
Global equities	36,138,990	36,138,990	35,281,483	35,281,483
Global fixed income and absolute return	6,584,004	6,584,004	6,605,810	6,605,810
Liquidating assets	<u>143,091</u>	<u>143,091</u>	<u>173,154</u>	<u>173,154</u>
Total	<u>\$ 57,750,857</u>	<u>\$ 61,468,184</u>	<u>\$ 54,480,506</u>	<u>\$ 56,898,093</u>

Liquid and illiquid private equity investments consist of limited partnerships, some of which are invested in other limited partnerships and real estate ventures. These investments had a total cost basis of \$71,830,424 and \$68,321,804 at December 31, 2014 and 2013, respectively.

THE J.M. KAPLAN FUND, INC.

Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013

Note 2 – Investments (continued)

Fair value measurements

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. Fair value measurements are required to be separately disclosed by level within the fair value hierarchy. The three levels of inputs that may be used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets.
- Level 2 – Observable inputs other than Level 1 prices, such as quoted prices of similar assets, quoted prices in markets with insufficient volume or infrequent transactions (less active markets).
- Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets.

The following table presents the Fund's investments that are measured at fair value on a recurring basis as of December 31, 2014:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 10,921,112	\$ 10,921,112	\$ -	\$ -
Certificate of deposit	100,000	100,000	-	-
Annuity	1,717,207	-	-	1,717,207
Mutual funds and similar type investments				
Institutional bond fund	7,125,293	7,125,293	-	-
Diversified	8,891,072	239,838	768,603	7,882,631
Hedged equities	768,527	-	768,527	-
Liquid private equity				
Global equities	36,138,990	-	-	36,138,990
Global fixed income and absolute return	6,584,004	-	-	6,584,004
Liquidating assets	143,091	-	-	143,091
Illiquid private equities				
Hedged equities	57,177,911	-	-	57,177,911
Global fixed income and absolute return	68,366	-	-	68,366
Real estate and real assets	3,625,188	-	-	3,625,188
Liquidating assets	100,055	-	-	100,055
Private equity	11,672,836	-	-	11,672,836
Total	\$ 145,033,652	\$ 18,386,243	\$ 1,537,130	\$ 125,110,279

THE J.M. KAPLAN FUND, INC.

Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013

Note 2 – Investments (continued)

Fair value measurements (continued)

The following table presents the Fund's investments that are measured at fair value on a recurring basis as of December 31, 2013:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 11,190,973	\$ 11,190,973	\$ -	\$ -
Certificate of deposit	100,000	100,000	-	-
Annuity	1,618,069	-	-	1,618,069
Mutual funds and similar type investments				
Institutional bond fund	3,117,165	3,117,165	-	-
Diversified	8,628,461	264,213	1,071,638	7,292,610
Hedged equities	1,373,951	-	1,373,951	-
Liquid private equity				
Global equities	35,281,483	-	-	35,281,483
Global fixed income and absolute return	6,605,810	-	-	6,605,810
Liquidating assets	173,154	-	-	173,154
Illiquid private equities				
Hedged equities	51,479,676	-	-	51,479,676
Global fixed income and absolute return	49,648	-	-	49,648
Real estate and real assets	4,211,211	-	-	4,211,211
Liquidating assets	412,414	-	-	412,414
Private equity	12,166,045	-	-	12,166,045
Total	<u>\$ 136,408,060</u>	<u>\$ 14,672,351</u>	<u>\$ 2,445,589</u>	<u>\$ 119,290,120</u>

THE J.M. KAPLAN FUND, INC.

Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013

Note 2 – Investments (continued)

Fair value measurements (continued)

The following is a summary of changes in the fair value of the Fund's Level 3 investments for the years ended December 31, 2013 and 2014:

	Liquid Private Equities				Illiquid Private Equities				Total
	Diversified Mutual Funds	Global Equities	Global Fixed Income and Absolute Return		Hedged Equities	Real Estate and Real Assets		Private Equity	
			Liquidating Assets	Liquidating Assets		Liquidating Assets	Liquidating Assets		
Balance, January 1, 2013	\$ 1,247,089	\$ 7,303,455	\$ 29,063,049	\$ 7,890,411	\$ 194,917	\$ 4,166,463	\$ 4,258,444	\$ 12,724,501	\$104,072,133
Net realized gains (losses)	-	334,297	1,511,436	42,913	(1,881)	661,898	171,312	729,944	7,523,025
Net unrealized gains (losses)	(63,408)	789,618	3,402,922	(308,197)	7,155	(158,200)	186,091	786,896	8,819,270
Net investment income	-	-	687,461	25,558	7,022	1,238,686	154,710	452,402	2,764,752
Management and other fees	-	-	(375,794)	(1,824)	(1,241)	(112,165)	(178,061)	(376,006)	(2,158,574)
Capital contributions	700,708	285,253	1,000,000	-	-	42,662	328,652	1,328,342	12,954,963
Withdrawals/distributions	(266,320)	(1,420,013)	(7,591)	(1,043,051)	(32,818)	(4,671,041)	(709,937)	(3,480,034)	(14,685,449)
Balance, December 31, 2013	1,618,069	7,292,610	35,281,483	6,605,810	173,154	49,648	4,211,211	12,166,045	119,290,120
Net realized gains (losses)	-	181,529	2,129,927	116,731	(710)	18,748	280,849	1,222,534	9,323,866
Net unrealized gains (losses)	87,538	1,803,058	39,865	(420,025)	14,448	-	76,448	395,659	(1,005,235)
Net investment income	-	-	1,085,411	323,452	6,066	187	275,744	337,316	4,148,944
Management and other fees	-	-	(391,214)	(1,196)	(1,578)	(217)	(137,591)	(356,748)	(2,181,788)
Capital contributions	240,085	61,600	-	-	-	-	209,622	1,587,807	8,099,114
Withdrawals/distributions	(228,485)	(1,456,166)	(2,006,482)	(40,768)	(48,289)	-	(1,291,095)	(3,679,777)	(12,564,742)
Balance, December 31, 2014	\$ 1,717,207	\$ 7,882,631	\$ 36,138,990	\$ 6,584,004	\$ 143,091	\$ 68,366	\$ 3,625,188	\$ 11,672,836	\$125,110,279

THE J.M. KAPLAN FUND, INC.

Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013

Note 2 – Investments (continued)

The Fund uses the net asset value per share or its equivalent (“NAV”), to determine the fair value of all the underlying investments which: (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists such investments by major class:

<u>Type/fund</u>	<u>Strategies</u>	<u>Redemptions Terms</u>
Annuity – 1	Low Duration- Institutional Bond Fund	Greater than 3 years
Diversified Mutual Funds - 4	International equities	Greater than 3 years
Liquid Private Equities – 3	Global equities; Global fixed income and absolute return; liquidating assets	1- 10 days 1- 30 days 1- In process of being liquidated
Illiquid Private Equities – 32	Hedged equities; global fixed income and absolute return; Real estate and real assets; liquidating assets; private equity	30 - Greater than 3 years 1 - Quarterly distributions, 30 days’ notice, 5% gate 1 - In process of being liquidated

- With respect to the above funds, there are no redemption restrictions; all applicable lock-up periods have expired.
- Liquid private equities and private equities can, from time-to-time make capital calls requiring the Fund to make additional deposits in such investments. The potential future capital calls as of December 31, 2014 and December 31, 2013 totaled \$10,932,390 and \$9,650,513, respectively.
- During 2013, the Fund requested a full distribution from one of its hedged equities. As of December 31, 2013, these distributions had not been received and \$7,510,007, was reflected as a distribution receivable on the statement of financial position at that date. These distributions were received by the Fund during 2014.
- Beginning in 2011 and in subsequent years, the Fund is consolidating its investment portfolio from individual limited partnership managers to funds of funds partnerships. At December 31, 2014 and December 31, 2013, the funds of funds investments had a fair value of \$93,316,901 and \$85,309,779, respectively.

THE J.M. KAPLAN FUND, INC.

Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013

Note 3 – Promissory notes receivable

The Fund has entered into agreements with Avanti Strategic Land Investors III and IV Limited Partnerships (the “Partnerships”), whereby the Partnerships can borrow up to a maximum amount of \$375,000 and \$525,000, respectively, from the Fund. Interest accrues on the unpaid principal balance at the greater of 11% per annum or the prime rate plus 3-1/2%. The unpaid principal and interest are due and payable on December 19, 2015 and June 30, 2017, respectively. The due dates may be extended by the Partnerships for up to 3 years. As of December 31, 2014 and December 31, 2013, the balance that the Partnerships owed on the notes totaled \$247,324 and \$280,905, respectively.

Note 4 – Program-related investments

Program-related investments as of December 31, 2014 and 2013 consist of the following:

	<u>2014</u>	<u>2013</u>
<u>Open Space Institute, Inc.</u>		
During October 1996, the Fund loaned \$300,000 to Open Space Institute, Inc. to be utilized in acquiring environmentally sensitive land in New York State to protect the environment and/or scenic views. During 1998, the Fund wrote off \$40,000 against the loan plus accrued interest. Thereafter, the loan bore interest at a rate of 3% per annum with the principal due on October 1, 2002. During December 2002, the agreement was extended for an additional 3 years to October 1, 2005, with interest at the rate of 2%. During September 2005, the agreement was extended to July 2007. During June 2007, the agreement was extended to October 2010. During September 2010, the agreement was extended to May 2013, with interest at the rate of 1%. During October 2013, the agreement was extended to May 2016 and the program related loan and all of its obligations were assigned to the Open Space Conservancy, Inc.	<u>\$ 260,000</u>	<u>\$ 260,000</u>

Note 5 – Lease agreements

The Fund previously occupied office space under the terms of a 15-year lease agreement which expired February 28, 2015. The lease required an annual base rent plus a proportionate share of increases in certain operating expenses. In connection with the lease, the Fund obtained a \$51,844 irrevocable standby letter of credit, which renewed each year. Rent expense for the years ended December 31, 2014 and December 31, 2013 totaled \$294,521 and \$295,461, respectively. The future minimum lease payments as of December 31, 2014 totaled \$36,313 for 2015.

THE J.M. KAPLAN FUND, INC.

Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013

Note 5 – Lease agreements (continued)

During November 2014, the Fund entered into an agreement to occupy office space under the terms of a 10-year lease expiring May 31, 2025. Under the terms of the lease agreement, the fixed rent shall be abated for the first four months following the commencement date (June 1, 2015). The Fund began occupying the new space in September 2015. The lease requires an annual base rent plus a proportionate share of increases in certain operating expenses. In connection with the lease, the Fund was required to pay the landlord a security deposit totaling \$54,977.

Future minimum required payments on this lease are as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 82,465
2016	334,669
2017	343,034
2018	351,612
2019	360,402
2020 and thereafter	<u>2,174,246</u>
Total	<u>\$ 3,646,428</u>

Note 6 – Grants authorized

The following is a summary of the Fund's authorized grants:

Grants authorized but not paid at December 31, 2012	\$ 2,238,349
Grants authorized during 2013	5,142,275
Grants paid during 2013	<u>(6,052,825)</u>
Grants authorized but not paid at December 31, 2013	1,327,799
Grants authorized during 2014	7,634,546
Grants paid during 2014	<u>(6,050,141)</u>
Grants authorized but not paid at December 31, 2014	<u>\$ 2,912,204</u>

THE J.M. KAPLAN FUND, INC.

Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013

Note 7 – Administrative and general expenses

The summary of the administrative and general expenses for the years ended December 31, 2014 and December 31, 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Payroll and related expenses	\$ 802,977	\$ 391,164
Trustees' meeting fees	74,000	80,000
Innovation prize expenses	36,053	-
Professional fees	57,688	33,475
Consulting fees and stipends	369,156	422,244
Insurance	22,619	21,857
Travel and meeting expenses	110,430	33,213
Moving expenses	14,899	-
Telephone	13,722	12,090
Rent	294,521	295,461
Supplies	8,204	3,984
Repairs and maintenance	27,728	13,372
Printing, postage and stationery	4,917	3,288
Membership dues – fees	36,802	-
Miscellaneous	<u>21,803</u>	<u>16,655</u>
Total	<u>\$1,895,519</u>	<u>\$1,326,803</u>

Note 8 – Payroll and related expenses – pension plan

The Fund maintains a defined contribution pension plan (the “Plan”) for all eligible employees. The Fund’s contributions are determined based on a percentage (8% in 2014 and 2013) of the annual compensation of the participants up to a maximum of such annual compensation as defined in the plan document. These contributions are 100 percent vested immediately for the benefit of the participants upon entrance to the Plan. The cost of this Plan during the years ended December 31, 2014 and December 31, 2013 amounted to \$50,020 and \$24,660, respectively. In addition, the participants may voluntarily contribute up to 15% of their salary to the Plan.

Note 9 – Investment management fees – related parties

A Trustee of the Fund is a Board Member of a company in which the company or its affiliates provide investment management and certain other investment related services to the Fund. During the years ended December 31, 2014 and December 31, 2013, payments to this company for such services totaled \$429,711 and \$468,568, respectively.

THE J.M. KAPLAN FUND, INC.**Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013****Note 10 – Tax status**

The Fund is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the “Code”) and is classified as a private foundation under Section 509(a) of the Code. The Fund is subject to Federal excise tax equal to 2% of its net investment income, which includes interest, dividends, net income from limited partnerships and net gain on sale of investments. If the Fund meets certain criteria, this tax is reduced to 1%. For 2014 and 2013, the Fund did not meet the criteria and, therefore, paid a 2% excise tax. In addition, the Fund is subject to Federal and State unrelated business income taxes on unrelated business income earned by certain private equity investments. The provision for tax consists of a current provision on net investment income and unrelated business income and a deferred provision based on net appreciation on investments.

As of December 31, 2014, no amounts have been recognized for uncertain tax positions. The Fund’s tax returns for 2011 and forward are subject to the usual review by the appropriate taxing authorities.