The Norman Archibald Charitable Foundation has now completed its 42nd year of grant making to charitable organizations providing services in Northwest Washington. From its inception in 1976 thru 2018 the Foundation has granted $15,873,912 to qualified organizations.

**HISTORY**

Norman Archibald was a long-time resident of Seattle. He died on September 21, 1975, at the age of eighty-one and left no immediate family. Mr. Archibald was a pilot and authored a book entitled *Heaven High-Hell Deep*, published in 1935 by William Heinemann Ltd., covering his experiences as a WW I Army Air Force pilot which included his being shot down in combat and his capture and imprisonment by the German army. His book was of such historic interest that it was reprinted in *Wings of War* published by Time-Life Books.

Mr. Archibald cared for his only sister, Hazel Archibald Draper, prior to her death. Upon his death, his estate, including his inheritance from his sister, was valued at approximately $4 million. Apart from some modest bequests, the remainder was left in trust with Pacific National Bank of Washington for charitable purposes. The trust's terms provided distributions from the trust were to be determined by a three-member Board of Managers to charitable organizations. The first meeting of the Board of Managers (Lowell Mickelwait, Durwood Alkire and Stuart Prestrud) was held on March 4, 1976. The Managers determined that the Foundation grants should benefit organizations providing services in the Puget Sound region.

Pursuant to the provisions of the Trust, succeeding Managers were also to be selected from each of Mr. Archibald's law firm, now Perkins Coie LLP; his accounting firm, now Deloitte; and his bank, now Wells Fargo. The respective succeeding Managers appointed by those Organizations and the Foundation offices they held were: J. Shan Mullin, Chair, Robert L. Gerth, Treasurer and Charles W. Viele, Secretary.
HISTORY cont.

In 2013 the Trust Managers determined that the Foundation would function better in the form of a corporation as authorized by the terms of the Trust. Articles of incorporation for the establishment of the ‘Norman Archibald Charitable Foundation’, a not for profit corporation, was filed with the State of Washington on March 6, 2013.

The Trust’s Managers became the Board of Directors of the new Corporation and continued in the same offices as they held in the Foundation’s trust form. Going forward, succeeding or additional directors will be selected by the Board and shall continue to include minimally an accountant, a lawyer and a trust officer.

The charitable objectives of the new Corporation continue unchanged from those established while in trust form including recognition of Mr. Archibald's interest in aviation and Hazel Archibald Draper’s interest in the musical performing arts. The Counties considered for grant making were also increased to include all those located in northwest Washington.

On December 7, 2016 Mr. J Shan Mullin, retired from the Board after exemplary service as Chairman for twenty-six years. Stewart M. Landefeld, from the Perkins Coie LLP law firm, joined the Board the same day. At the April 19, 2017 grant making meeting Ms. Molly Stearns attended and accepted an invitation to join the Board. Ms. Stearns is Chief Development Officer of the Overlake Medical Center Foundation.
NORMAN ARCHIBALD CHARITABLE FOUNDATION
Forty-Second Annual Report
For 2018

MANAGEMENT

In carrying out their duties, the Board of Directors typically meet five times during the year to manage the affairs of the foundation and to award grants to applicants. The Foundation added an online application system to its website during the year. This new process reduces considerable paper use and enables the Directors to review and investigate grant applications with supporting documents as they are received online. Each Director independently determines an appropriate action to recommend for each applicant for discussion at the grant making meetings.

FINANCIAL

The Board has adopted policies and procedures that are intended to result in the perpetual existence of the Foundation. Annual grant budgets are determined based on the recent net change in value of the Foundation’s investment portfolio compared with the inflation adjusted change in value of relevant Consumer Price Indices for the same time period.

The Foundation’s value December 31, 2018 was $8,045,554 a decrease of $870,693 less than the value at the beginning of the year. The reduction in value results from grants paid, operating expenses and the effects of the investment market’s year end volatility. Specifically, the changes in the Foundation’s value resulted from the following activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Value December 31, 2017</th>
<th>Value December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment result</td>
<td>$(452,578)</td>
<td>$8,916,247</td>
</tr>
<tr>
<td>Tax and expenses</td>
<td>(29,615)</td>
<td></td>
</tr>
<tr>
<td>All grants*</td>
<td>(388,500)</td>
<td>(870,693)</td>
</tr>
</tbody>
</table>

The net investment results for the year was minus 5.07%. (Investment portfolio value change, excluding grants and expenses but including investment management fees.)

*See Note at bottom of page 4.
APPLICATIONS REVIEWED and GRANTS AWARDED

During 2018, 91 grant applications were reviewed by the Board of Directors, and from these 51 were selected to receive grants.

$374,500 was awarded to these applicants and totaled $33,500 more than the prior year. The average grant was $7,343.

The Foundation awarded grants, by category, as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>2018 Grants</th>
<th>2017 Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts/Culture</td>
<td>$32,500</td>
<td>$36,500</td>
</tr>
<tr>
<td>Education</td>
<td>35,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Elderly/Disable</td>
<td>36,500</td>
<td>28,000</td>
</tr>
<tr>
<td>Environment</td>
<td>22,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Hospitals/Medical</td>
<td>6,000</td>
<td>14,000</td>
</tr>
<tr>
<td>Human Services</td>
<td>124,000</td>
<td>154,500</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>7,000</td>
<td>00</td>
</tr>
<tr>
<td>Museums/Science</td>
<td>32,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Youth Organizations</td>
<td>79,500</td>
<td>68,000</td>
</tr>
<tr>
<td><strong>Grant Totals</strong></td>
<td><strong>$374,500</strong></td>
<td><strong>$341,000</strong></td>
</tr>
</tbody>
</table>

The Directors have not established goals for these categories. All 501(c)(3) qualified tax-exempt organizations in Northwest Washington State seeking primarily, one-time tangible needs are encouraged to apply. An exception is the Foundation no longer directly funds performing arts organizations located in King and Pierce Counties. Instead, we provide an annual grant to the ArtsFund, which has expertise in funding these specific organizations.

**NOTE:** In lieu of receiving earned honorariums some of the Directors have instead designated certain tax-exempt organizations to receive their earned amounts. This year grants totaling $14,000 were made in this manner and are in addition to the above Grant Totals.
ADMINISTRATION/WEBSITE

Organizations considering making a grant application should review the Foundation’s website at https://archibaldfoundation.org. The website provides information about the Foundation, the requirements for grant eligibility and describes the application process with directions on how to apply for a grant online.

IN MEMORIAM

On February 21, 2018, the Directors learned of the death of J. Shan Mullin earlier that morning. Shan had retired from the Board on December 7, 2016 after serving as its Chair for twenty-six years. The Board and the Foundation is better at its mission thanks to Shan’s knowledgeable and compassionate leadership.

CONCLUSION

The Directors thank the applicants who have made the effort to describe their needs to us in their applications. Although we cannot come close to funding all the requests we receive, we compliment, congratulate and thank all of them for the services they provide that improves directly or indirectly the lives of all Northwest Washington area residents.

Board of Directors

Robert L. Gerth
Chair & Treasurer

Stewart M. Landefeld
Vice Chair

Charles W. Viele
Secretary

Molly Stearns
Director