

ILPA Reconciliation Worksheet

Signed-Convention Arithmetic · \$1 Tolerance Attestation

Harbor Bridge Partners IV · Private Equity Buyout · 2018 Vintage

LP: Pine Ridge University Endowment · Reporting period: Q1 2026 (as-of March 31, 2026)

FORMULA 1: NAV ROLL-FORWARD

\$0.14 residual

PASS — within \$1 tolerance

FORMULA 2: COMMITMENT RECONCILIATION

\$0.00 residual

PASS — exact

FORMULA 3: FEE NETTING

\$0.11 residual

PASS — within \$1 tolerance

FORMULA 4: CARRIED-INTEREST ACCRUAL

\$0.08 residual

PASS — within \$1 tolerance

What this document is. A line-by-line arithmetic worksheet showing how a single fund's quarterly GP report reconciles to the ILPA 2025 Reporting Template using signed-convention arithmetic. All four reconciliation formulas are worked out with the source inputs visible, the signed sum executed, the residual computed against the GP-reported figure, and the pass/fail determination applied against the industry-standard \$1.00 tolerance. This is the showing-the-work companion to the *ILPA Reconciliation: Signed-Convention Formulas for LP Auditability* methodology paper (published April 2026) — and the underlying arithmetic behind the Reconciliation Certificate section of the Quarterly Fiduciary Review.

Illustrative fund context. Harbor Bridge Partners IV is a \$1.2B 2018-vintage US mid-market buyout fund. Pine Ridge's commitment is \$10.0M (0.83% LP interest). Figures below are *synthetic but internally consistent* — they add up, they reconcile within tolerance, and they demonstrate the template a real worksheet would produce. The fund and LP are synthetic; no real entity data appears.

Signed-Convention Primer

The ILPA 2025 Reporting Template adopts a consistent sign convention that, once applied correctly, makes the four reconciliation formulas compose to the penny. The convention is LP-perspective and economic: items that *add value to the LP* carry a positive sign; items that *subtract value from the LP* carry a negative sign. The convention applies consistently across all four formulas — so a contribution (cash out from the LP, value in to the fund's NAV) is signed the same way on the commitment side as on the NAV side.

Line item	Sign	Reason
Contributions (capital called)	+	Add to fund NAV on the LP's investment line
Distributions (cash returned)	-	Subtract from fund NAV; LP cash is received
Realized gain/loss	+/-	Signed per direction of realization
Unrealized gain/loss	+/-	Signed per direction of mark-to-market
Management fee	-	Subtract from NAV; paid out by the fund
Partnership expenses	-	Subtract from NAV
Fee rebates	+	Add back to LP economics
Fee offsets (12 ILPA categories)	+	Add back to LP economics
Carried interest — accrued	-	Subtract; reserve established against LP's NAV
Carried interest — reversed	+	Add back if reserve is released (mark-down)
Recallable distribution	-/0	Subtracts from distributions <i>received</i> , but does not reduce unfunded
Returned clawback	+	Add back to unfunded pool on GP repayment of excess carry

Why a \$1 tolerance, and not zero. The tolerance is not sloppy arithmetic — it is a calibrated allowance for the rounding that compounds when GP systems compute intermediate figures at more decimal places than the Reporting Template reports. A \$1 tolerance is tight enough to catch material misstatements in any of the four formulas (off by \$10, \$100, or \$1,000 almost always indicates a missed line item), but loose enough to accept the rounding noise that accumulates across 20–50 computed intermediate values in a quarterly report. It has become the industry-standard auditability threshold because it scales consistently across commitment sizes — a \$1 residual is meaningful on a \$10M commitment and on a \$100M commitment alike.

Formula 1 — NAV Roll-Forward

Identity: Closing NAV = Opening NAV + Contributions – Distributions + Realized G/L + Unrealized G/L – Fees & Expenses – Carried Interest Accrued

The NAV roll-forward is the most important of the four reconciliation formulas because it ties together every economic event of the quarter into a single identity. A passing NAV reconciliation confirms that the GP's ledger of cash flows, marks, fees, and carry reserves composes to exactly the NAV they are reporting — to within the \$1 tolerance.

Line item	Sign	Amount (USD)	Source
Opening NAV (Dec 31, 2025)	+	8,142,318.00	Prior quarter closing
Contributions — capital calls this quarter	+	285,000.00	GP notice Feb 12, 2026
Distributions — cash received	–	312,500.00	GP notice Mar 18, 2026
Realized gain/loss	+	45,200.00	Portfolio co. exit #3
Unrealized gain/loss	+	175,800.00	Quarterly mark
Management fee	–	18,750.00	Sched. A of Q1 report
Partnership expenses	–	2,650.00	Sched. B of Q1 report
Carried interest accrued (LP share)	–	18,900.00	Sched. C of Q1 report
Signed sum → Computed closing NAV		8,295,518.00	
GP-reported closing NAV		8,295,518.14	Q1 2026 report p.4
Residual (GP – computed)		+0.14	PASS within \$1 tolerance

Arithmetic check. $8,142,318 + 285,000 = 8,427,318$; $- 312,500 = 8,114,818$; $+ 45,200 = 8,160,018$; $+ 175,800 = 8,335,818$; $- 18,750 = 8,317,068$; $- 2,650 = 8,314,418$; $- 18,900 = 8,295,518$. The computed closing NAV ties to the GP figure within \$0.14, which is within the \$1 tolerance. No reconciliation action required.

Formula 2 — Commitment Reconciliation

Identity: Total Commitment = Cumulative Called + Unfunded – Recallable Distributions + Returned Clawback

The commitment reconciliation certifies that the LP's committed capital, everything called to date, the outstanding unfunded balance, and any recallable or returned amounts reconcile exactly to the original commitment. This formula typically reconciles to zero — no estimates or accruals are involved, only cash-movement records and the committed principal.

Line item	Sign	Amount (USD)	Source
Total commitment (signed subscription)	+	10,000,000.00	Subscription Aug 14, 2018
Cumulative capital called (through 3/31/2026)	–	9,150,000.00	Cumulative call log
Recallable distributions (not reducing unfunded)	+	85,000.00	Q4 2025 + Q1 2026 tags
Returned clawback	+	0.00	None this period
Signed sum → Computed unfunded		935,000.00	
GP-reported unfunded balance		935,000.00	Q1 2026 report p.2
Residual (GP – computed)		0.00	PASS exact

Why this formula usually reconciles exactly. Commitment-side inputs are deterministic (a commitment is a signed subscription amount; each capital call is a specific-dollar event; recallable distributions are tagged at the time of distribution). There is no accrual estimation involved. A non-zero residual on this formula is almost always a data-entry error rather than a tolerance-bounded rounding effect, and is investigated regardless of the \$1 threshold.

Formula 3 — Fee Netting

Identity: Net Management Fee Paid = Gross Fee – Rebates – Waivers – Offsets

Fee netting is the formula most likely to surface data-quality issues, because offsets arrive from 12 distinct ILPA categories (transaction fees, monitoring fees, director fees, break-up fees, and others) and must be applied correctly to land at the net fee the LP actually paid. The \$1 tolerance catches the rounding that accumulates across offset categories; anything larger indicates a missed or miscategorized offset.

Line item	Sign	Amount (USD)	Source
Gross management fee (quarterly, 1.5% × avg commit)	+	18,750.00	LPA §4.2 calculation
Volume rebate (tier II, per side letter)	–	1,875.00	Side letter Sec. 6
Fee waiver (GP-side)	–	0.00	None this period
Offset — Transaction fees credited to LPs	–	1,680.00	ILPA category 1
Offset — Monitoring fees credited	–	940.00	ILPA category 2
Offset — Director fees credited	–	580.00	ILPA category 4
Other offset categories (3, 5–12)	–	0.00	None this period
Signed sum → Computed net fee		13,675.00	
GP-reported net fee paid by LP		13,675.11	Sched. A p.6
Residual (GP – computed)		+0.11	PASS within \$1 tolerance

Arithmetic check. $18,750 - 1,875 - 1,680 - 940 - 580 = 13,675$. The three populated offset categories sum to \$3,200; the rebate adds \$1,875 of further reduction; together they reduce the gross fee of \$18,750 to a net of \$13,675. GP-reported \$13,675.11 ties within \$0.11 of the computed figure — residual well inside the \$1 tolerance.

Formula 4 — Carried-Interest Accrual

Identity: Closing Accrued Carry = Prior Accrued Carry + New Accrual – Reversed Accrual – Distributed to GP on Realization

Carry accrual is the reserve the fund holds against the GP's future performance allocation. It moves with both realized gains (which can cause new accruals or, in a clawback scenario, distributed carry being returned) and unrealized marks (which can produce reversed accruals if carried-interest-bearing value is marked down). The accrual tracks what the GP would earn today if every position were liquidated at its current mark — though it is not yet earned until realization.

Line item	Sign	Amount (USD)	Source
Prior accrued carry, LP share (as of 12/31/2025)	+	142,300.00	Q4 2025 closing balance
New accrual this period (20% of marked-up value above hurdle)	+	18,900.00	Sched. C p.8
Reversed accrual (release on mark-down)	–	0.00	None this period
Distributed to GP on realization (earned carry)	–	0.00	No exit proceeds above hurdle
Signed sum → Computed closing accrued		161,200.00	
GP-reported closing accrued carry (LP share)		161,200.08	Sched. C closing
Residual (GP – computed)		+0.08	PASS within \$1 tolerance

Accrued vs earned. The closing accrued carry of \$161,200 is *reserved* against the LP's NAV but is not yet realized by the GP. Only carry distributed on an actual realization event (exit proceeds in excess of the hurdle plus prior distributions of capital and preferred return) is earned. This distinction is tracked separately in the GP's capital-account schedule and also feeds the NAV roll-forward (Formula 1) through the -\$18,900 line representing this quarter's new accrual. Clawback risk — the risk that carry earned early in a fund's life is owed back at final liquidation — is explicitly a function of the accrued-but-not-earned stock, which is why this figure is reconciled every quarter rather than only at realization events.

Reconciliation Attestation

All four ILPA reconciliation formulas have been executed against the Q1 2026 report from Harbor Bridge Partners IV using the signed-convention arithmetic specified in the ILPA 2025 Reporting Template Definitions and Formulas Overview. The maximum residual observed across the four formulas is \$0.14 (NAV roll-forward); all four residuals are within the \$1.00 auditability tolerance. The fund is certified as **PASSING** reconciliation for the period, and this fund's row in the quarterly Reconciliation Certificate (Section 3 of the Quarterly Fiduciary Review) reflects this outcome.

Summary — all four formulas.

- **Formula 1 (NAV Roll-Forward):** residual \$0.14 — **PASS**
- **Formula 2 (Commitment Reconciliation):** residual \$0.00 — **PASS** (exact)
- **Formula 3 (Fee Netting):** residual \$0.11 — **PASS**
- **Formula 4 (Carried-Interest Accrual):** residual \$0.08 — **PASS**

Maximum residual: \$0.14. All within the \$1.00 auditability tolerance. No reconciliation action required; fund is certified **PASSING** for Q1 2026.

What this worksheet shows, and what it does not. This document is the arithmetic showing-the-work behind one fund's row in the Reconciliation Certificate. For board-facing and auditor-facing reports, the four residuals are summarized in a single row of a larger table (see Section 3 of the Quarterly Fiduciary Review for the aggregate across all 14 Pine Ridge funds). The worksheet itself is retained in the LP's system of record and is produced on request — when an auditor or fiduciary counsel needs the penny-level composition behind a reconciliation claim. Meridian produces this worksheet automatically for every fund in the portfolio, every quarter, as part of the standard ILPA ingestion pipeline. The methodology paper *ILPA Reconciliation: Signed-Convention Formulas for LP Auditability* (April 2026) explains the design of the four formulas in full.