

**William T. Grant Foundation, Inc.**

Financial Statements

December 31, 2019 and 2018

## Independent Auditors' Report

### **The Board of Trustees** **William T. Grant Foundation, Inc.**

We have audited the accompanying financial statements of the William T. Grant Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses 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.

### ***Auditors' 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 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 auditors' 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 William T. Grant Foundation, Inc. as of December 31, 2019 and 2018 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The portfolio asset allocation schedule and the fair value measurements of portfolio assets on page 16 and 17 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*PKF O'Connor Davies, LLP*

November 12, 2020

**William T. Grant Foundation, Inc.**

Statements of Financial Position

	December 31	
	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,027,512	\$ 4,470,927
Accrued investment income and other receivables	141,630	166,473
Prepaid federal excise tax	406,787	73,849
Investments	347,538,909	316,223,585
Prepaid expenses and other assets	<u>89,476</u>	<u>167,052</u>
	<u>\$ 353,204,314</u>	<u>\$ 321,101,886</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 278,193	\$ 316,786
Grants payable	13,155,082	12,347,354
Postretirement benefit obligation	3,644,615	2,627,777
Deferred federal excise tax	1,140,000	1,191,000
Deferred rent	<u>711,595</u>	<u>281,289</u>
Total Liabilities	<u>18,929,485</u>	<u>16,764,206</u>
Net assets without donor restrictions	<u>334,274,829</u>	<u>304,337,680</u>
	<u>\$ 353,204,314</u>	<u>\$ 321,101,886</u>

See notes to financial statements

**William T. Grant Foundation, Inc.**

Statements of Activities

	Year Ended	
	December 31	
	<u>2019</u>	<u>2018</u>
<b>REVENUE</b>		
Investment Return		
Interest and dividends	\$ 6,070,033	\$ 5,042,213
Net realized and unrealized gain (loss) on investments	<u>44,610,954</u>	<u>(14,483,527)</u>
	50,680,987	(9,441,314)
Less direct investment expenses	<u>815,822</u>	<u>826,106</u>
Investment Return	49,865,165	(10,267,420)
Rental income	-	102,883
Total Revenue	<u>49,865,165</u>	<u>(10,164,537)</u>
<b>EXPENSES</b>		
Program services	17,607,198	17,319,164
Operations and governance	1,332,095	1,453,573
Federal excise tax	127,673	864,757
Deferred excise tax benefit	(51,000)	(950,000)
Unrelated business income tax	<u>2,500</u>	<u>1,582</u>
Total Expenses	<u>19,018,466</u>	<u>18,689,076</u>
Change in Net Assets Before Postretirement Benefit Obligation Adjustment	30,846,699	(28,853,613)
Postretirement benefit obligation adjustment	<u>(909,550)</u>	<u>316,286</u>
Change in Net Assets	29,937,149	(28,537,327)
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Beginning of year	<u>304,337,680</u>	<u>332,875,007</u>
End of year	<u>\$ 334,274,829</u>	<u>\$ 304,337,680</u>

See notes to financial statements

## William T. Grant Foundation, Inc.

### Statement of Functional Expenses

	Year Ended December 31					
	2019			2018		
	Program Services	Operations and Governance	Total	Program Services	Operations and Governance	Total
Grants authorized, net refunded amounts of \$216,559 and \$80,472 in 2019 and 2018	\$ 13,007,370	\$ -	\$ 13,007,370	\$ 12,506,697	\$ -	\$ 12,506,697
Salaries and wages	1,967,503	628,508	2,596,011	1,806,835	589,731	2,396,566
Payroll taxes and employee benefits	732,569	232,893	965,462	687,468	223,868	911,336
Net periodic benefit costs, other than service costs	80,794	26,931	107,725	73,979	24,660	98,639
Occupancy	617,115	239,989	857,104	901,272	350,494	1,251,766
Furniture and maintenance	29,567	11,498	41,065	235,362	91,529	326,891
Office expenses	25,540	9,932	35,472	36,004	11,501	47,505
General expenses	52,155	20,282	72,437	58,873	22,895	81,768
Staff travel and expense	106,144	41,278	147,422	87,768	34,132	121,900
Telecommunications	37,416	14,550	51,966	45,181	17,570	62,751
Computer purchases and maintenance	95,526	37,150	132,676	70,809	27,537	98,346
Professional fees	64,208	24,970	89,178	62,569	19,987	82,556
Insurance	27,265	10,603	37,868	25,769	10,021	35,790
Trustee and committee expenses	86,170	33,511	119,681	92,812	29,648	122,460
Publications	39,730	-	39,730	48,203	-	48,203
Advisory expenses	638,126	-	638,126	579,563	-	579,563
Total	\$ 17,607,198	\$ 1,332,095	\$ 18,939,293	\$ 17,319,164	\$ 1,453,573	\$ 18,772,737

See notes to the financial statements

**William T. Grant Foundation, Inc.**

Statements of Cash Flows

	Year Ended December 31	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 29,937,149	\$ (28,537,327)
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized gains on sale of investments	(21,796,829)	(35,515,440)
Unrealized (gain) loss on investments	(22,814,125)	49,998,967
Deferred federal excise tax	(51,000)	(950,000)
Postretirement benefit obligation adjustment	909,550	(316,286)
Deferred rent	430,306	162,505
Net changes in operating assets and liabilities		
Accrued investment income and other receivables	24,843	1,368,143
Prepaid federal excise tax	(332,938)	221,343
Prepaid expenses and other assets	77,576	(57,352)
Accounts payable and accrued expenses	(38,593)	26,155
Grants payable	807,728	(802,440)
Postretirement benefit obligation	107,288	115,172
Net Cash from Operating Activities	(12,739,045)	(14,286,560)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	79,929,422	100,846,537
Purchase of investments	(66,633,792)	(86,480,464)
Net Cash from Investing Activities	13,295,630	14,366,073
Net Change in Cash and Cash Equivalents	556,585	79,513
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	4,470,927	4,391,414
End of year	\$ 5,027,512	\$ 4,470,927
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for Federal and state taxes on investment income	\$ 463,109	\$ 644,996

See notes to financial statements

## **William T. Grant Foundation, Inc.**

Notes to Financial Statements  
December 31, 2019 and 2018

### **1. Organization**

William T. Grant Foundation, Inc. (the "Foundation") was established by William T. Grant in 1936. The goal of the Foundation is to support research that improves the lives of young people. The primary source of revenue for the Foundation is its investment activities.

### **2. Summary of Significant Accounting Policies**

#### ***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ for those estimates.

#### ***Change in Accounting Principle***

Effective January 1, 2019 the Foundation adopted new U.S. GAAP revenue recognition guidance which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. Adoption of the guidance had an immaterial impact on the Foundation's financial statements.

In March 2017, the Financial Accounting Standards Board issued guidance that impacts the presentation of net periodic pension and postretirement benefit costs (net benefit cost). Under the guidance, the service cost component of net benefit cost is reported in the same line items as other compensation costs and continues to be presented within salaries and benefits, unless eligible for capitalization. However, the other components of net benefit cost (e.g. interest costs, expected return on assets, amortization of prior service/net (gain) loss and transition obligation) are now presented separately from service cost within net periodic benefit, other than service costs, in the statement of functional expenses. The guidance was effective January 1, 2019 with early adoption permitted. The Foundation adopted the guidance as of the effective date. The guidance is primarily a change in financial statement presentation and did not have a material impact in the financial results. This presentation change was applied retrospectively upon adoption. For the year ended December 31, 2018, \$98,639 was reclassified from payroll taxes and employee benefits, into net periodic benefit costs, other than service costs.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents represent short-term investments with maturities of three months or less at time of purchase except for those short-term investments managed by the Foundation's investment managers as part of their long-term investment strategies.



## **William T. Grant Foundation, Inc.**

Notes to Financial Statements  
December 31, 2019 and 2018

### **2. Summary of Significant Accounting Policies (*continued*)**

#### ***Fair Value Measurements***

The Foundation follows U.S. GAAP guidance on 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 inputs and are used to the extent that observable inputs do not exist.

Pursuant to U.S. GAAP, alternative investments where fair value is measured using the Net Asset Value (“NAV”) per share as a practical expedient are not categorized with the fair value hierarchy.

#### ***Investments Valuation and Income Recognition***

Investments are stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized gains and losses on the sale of investments are computed on the specific identification basis. Realized and unrealized gains and losses are included in the determination of the change in net assets.

#### ***Investment Expenses***

Investment expenses on the statements of activities include those fees paid directly to the Foundation’s investment advisor as well as an allocation of direct internal costs that the Foundation incurs in the generation of investment return. These costs include salaries, benefits, professional fees, and other costs associated with the officers and staff responsible for the development and execution of the Foundation’s investment strategy as well as allocable costs associated with the internal investment management, supervising, selecting and monitoring of external investment management firms.

#### ***Property and Equipment***

The cost of office furniture, leasehold improvements, fixtures, and equipment purchased during the course of normal business activities is charged to operations when purchased, as such purchases are not significant.

#### ***Grants***

Grants are recorded when authorized by either the Board of Trustees or by officers of the Foundation within limits specified by the Board of Trustees.

## **William T. Grant Foundation, Inc.**

Notes to Financial Statements  
December 31, 2019 and 2018

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Postretirement Benefit Plan***

The Foundation follows U.S. GAAP guidance on Defined Benefit Plans which requires the Foundation to recognize the funded status of the Foundation's postretirement medical and health benefits as an asset or liability in its statements of financial position with a corresponding adjustment to change in net assets in the statements of activities. The adjustment to change in net assets represents the balance of unrecognized actuarial gains that will be recognized within net periodic cost in the future.

#### ***Net Asset Presentation***

Net assets are categorized as without donor restrictions and with donor restrictions.

*Without donor restrictions* - Resources that are fully available at the discretion of management and the Board of Trustees (the Board), for use in activities within the Foundation's mission.

*With donor restrictions* - Funds that are limited by donors to a specific time period or purpose or are limited by donors for investments in perpetuity.

At December 31, 2019 and 2018, all net assets of the Foundation are considered without donor restrictions.

#### ***Functional Allocation of Expenses***

The financial statements report certain categories of expenses that are attributable to one or more programs or operations and governance of the Foundation. Expenses are allocated based on time and cost studies of efforts made on behalf of each program.

#### ***Accounting for Uncertainty in Income Taxes***

The Foundation recognizes the effect of tax positions only if they are more likely than not to be sustained. Management has determined that the Foundation had no uncertain tax positions that would require financial statement disclosure and/or recognition. The Foundation is no longer subject to examinations by the applicable jurisdictions for periods prior to December 31, 2016.

#### ***Reclassifications***

Certain prior year amounts have been reclassified to conform to the current year presentation.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 12, 2020.

**William T. Grant Foundation, Inc.**

Notes to Financial Statements  
December 31, 2019 and 2018

**3. Investments**

The following are major categories of investments measured at fair value on a recurring basis at December 31, grouped by fair value hierarchy for those investments subject to categorization within such hierarchy:

Description	2019			Total
	Level 1	Level 2	Investments Measured at NAV (*)	
<b>Equity Securities</b>				
Diversified emerging markets	\$ 39,666,866	\$ -	\$ -	\$ 39,666,866
Global equity portfolio	20,843,044	-	-	20,843,044
Financial services	14,570,044	-	-	14,570,044
Technology	7,321,457	-	-	7,321,457
Consumer staples	687,225	-	-	687,225
Other	28,438,331	-	-	28,438,331
<b>Fixed Income</b>				
Short term bond	25,850,123	-	-	25,850,123
Emergings markets bond	-	10,744,723	-	10,744,723
<b>Alternative Investments</b>				
Hedge funds(a)	-	-	125,567,228	125,567,228
Private equities(a)	-	-	73,074,108	73,074,108
Total Investments at Fair Value	<u>\$ 137,377,090</u>	<u>\$ 10,744,723</u>	<u>\$ 198,641,336</u>	346,763,149
Cash held for investment, at cost				775,760
Total Investments				<u>\$ 347,538,909</u>
Description	2018			Total
	Level 1	Level 2	Investments Measured at NAV (*)	
<b>Equity Securities</b>				
Diversified emerging markets	\$ 33,238,429	\$ -	\$ -	\$ 33,238,429
Global equity portfolio	16,258,345	-	-	16,258,345
Financial services	13,596,644	-	-	13,596,644
Technology	6,498,666	-	-	6,498,666
Consumer staples	857,731	-	-	857,731
Other	27,101,805	-	-	27,101,805
<b>Fixed Income</b>				
Short term bond	17,959,684	-	-	17,959,684
Emergings markets bond	-	15,687,820	-	15,687,820
<b>Alternative Investments</b>				
Hedge funds(a)	-	-	118,912,389	118,912,389
Private equities(a)	-	-	64,226,715	64,226,715
Total Investments at Fair Value	<u>\$ 115,511,304</u>	<u>\$ 15,687,820</u>	<u>\$ 183,139,104</u>	314,338,228
Cash held for investment, at cost				1,885,357
Total Investments				<u>\$ 316,223,585</u>

(\*) As discussed in Note 2, investments that are measured using the practical expedient are not classified within the fair value hierarchy.

**William T. Grant Foundation, Inc.**

Notes to Financial Statements  
December 31, 2019 and 2018

**3. Investments (continued)**

(a) Based on its analysis of the nature and risk of these investments, the Foundation has determined that presenting them as a single class is appropriate.

Information regarding alternative investments valued at NAV using the practical expedient at December 31, 2019 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Hedge funds (see "a" below)	\$ 125,567,228	\$ -	Monthly - Annually	7-90 days
Private equities (see "b" below)	<u>73,074,108</u>	<u>33,849,844</u>	Locked	N/A
	<u>\$ 198,641,336</u>	<u>\$ 33,849,844</u>		

a. This category includes investments in "hedge funds" that invest predominantly in limited partnerships, similar pooled investment vehicles and direct investments in securities and loans. These funds were primarily formed with the purpose of achieving long-term growth of capital with reduced volatility by allocating its capital among various money managers. Investments in this category may be redeemed monthly to annually, in whole or in part, subject to written notice before the prior quarter's close.

b. This category includes several private equity funds that invest primarily in private equity investment partnerships. These investments can never be redeemed with the funds. Instead, the nature of the investments in this category is that distributions are received through liquidation of the underlying assets of the fund. Management has estimated that the underlying assets of these funds will be liquidated over 1 to 8 years.

Alternative investments consist of non-traditional, not readily marketable investments, some of which may be structured as offshore limited partnerships, venture capital funds, hedge funds, private equity funds and common trust funds. The underlying investments of such funds, whether invested in stock or other securities, are generally not currently traded in a public market and typically are subject to restrictions on resale. Values determined by investment managers and general partners of underlying securities that are thinly traded or not traded in an active market may be based on historical cost, appraisals, a review of the investees' financial results, financial condition and prospects, together with comparisons to similar companies for which quoted market prices are available or other estimates that require varying degrees of judgment.

Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material.

**William T. Grant Foundation, Inc.**

Notes to Financial Statements  
December 31, 2019 and 2018

**4. Liquidity and Availability of Resources Financial Assets**

The Foundation's financial assets and resources available to meet cash needs for general expenditures within one year of the date of the statement of financial position were as follows for December 31:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash and cash equivalents	\$ 5,027,512	\$ 4,470,927
Accrued investment income and other receivables	141,630	166,473
Investments	<u>347,538,909</u>	<u>316,223,585</u>
Total Financial Assets	<u>352,708,051</u>	<u>320,860,985</u>
Less:		
Security deposit held in a certificate of deposit	413,362	413,362
Illiquid investments	<u>73,074,108</u>	<u>64,226,715</u>
	<u>73,487,470</u>	<u>64,640,077</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 279,220,581</u>	<u>\$ 256,220,908</u>

As part of the Foundation's liquidity management strategy, the Foundation structures its financial assets to be available as its grant payments and other general liabilities come due. The withdrawals are adjusted based on the grants to be disbursed and other factors affecting available cash such as capital calls on investments, investment income and capital distributions, general operating expenses, program costs and other factors affecting available cash.

**5. Grants Payable**

The following summarizes changes in grants payable for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Balance at beginning of year	\$ 12,347,354	\$ 13,149,794
Addition:		
Grants authorized	13,223,929	12,587,169
Deductions:		
Payments made	(12,199,642)	(13,309,137)
Refunded amounts	<u>(216,559)</u>	<u>(80,472)</u>
	<u>\$ 13,155,082</u>	<u>\$ 12,347,354</u>

**William T. Grant Foundation, Inc.**

Notes to Financial Statements  
December 31, 2019 and 2018

**5. Grants Payable (continued)**

Grants payable are scheduled to be disbursed as follows:

2020	\$ 8,383,820
2021	3,595,815
2022	1,011,539
2023	<u>163,908</u>
	<u>\$ 13,155,082</u>

**6. Lease Commitment**

In January 2018, the Foundation signed a lease beginning September 2018 which expires January 2034. The lease requires the Foundation to keep the security deposit in an interest bearing account. The Foundation's policy is to record base rent on a straight-line basis over the terms of the lease. Future minimum rental payments are:

2020	\$ 827,125
2021	827,125
2022	827,125
2023	827,125
2024	858,938
Thereafter	<u>8,780,250</u>
	<u>\$ 12,947,688</u>

Rent expense totaled \$843,868 and \$1,232,701 for 2019 and 2018.

**7. Concentration of Credit Risk**

Financial instruments that potentially subject the Foundation to concentrations of credit and market risk consist principally of cash and cash equivalents on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit, and investments in its investment portfolio. The Foundation does not believe that a significant risk of loss due to the failure of a financial institution presently exists. The investment portfolio is diversified by type of investments and industry concentrations with the intention that no individual investment, investment advisor, investment manager or group of investments should represent a significant concentration of credit risk.

**8. Retirement Benefits**

Retirement benefits under a defined contribution plan are provided through the Teacher's Insurance and Annuity Association to all permanent employees who have completed six months of continuous service. Contributions are expensed when made. Plan expenses in 2019 and 2018 were \$325,944 and \$322,447.

**William T. Grant Foundation, Inc.**

Notes to Financial Statements  
December 31, 2019 and 2018

**9. Postretirement Healthcare Benefits**

In addition to the retirement plan described in Note 8, the Foundation sponsors an unfunded plan to provide certain health care benefits for retirees of the Foundation. The Foundation funds its postretirement benefits costs on a pay as you go basis.

Information as of and for the years ended December 31 for the plan is as follows:

	<u>2019</u>	<u>2018</u>
Benefit Obligation		
at End of Year	\$ 3,644,615	\$ 2,627,777
Net postretirement benefit costs	196,181	184,362
Unrecognized actuarial loss (gain)	909,550	(316,286)
Benefits paid	69,190	69,190
Discount rate used	3.14%	4.17%

Components of Net Periodic Expense  
for the Year

	<u>2019</u>	<u>2018</u>
Service cost	\$ 88,456	\$ 85,723
Interest cost	<u>107,725</u>	<u>98,639</u>
	<u>\$ 196,181</u>	<u>\$ 184,362</u>

	<u>2019</u>	<u>2018</u>
Effect of a one-percent point increase in HCCTR* on		
Year end benefit obligation	\$ 610,084	\$ 507,051
Total of service and interest cost component	324,719	237,194
Effect of a one-percent point decrease in HCCTR* on		
Year end benefit obligation	(491,096)	(382,662)
Total of service and interest cost component	(221,587)	(157,060)

\* Health Care Cost Trend Rate

Measurements used to determine the postretirement benefit obligation for the years ended December 31, 2019 and 2018 were computed as of December 31.

For measurement purposes, a 6.75% annual rate of increase in per capita cost of covered health benefits was assumed for 2019, decreasing to 5.25% by 2026.

**William T. Grant Foundation, Inc.**

Notes to Financial Statements  
December 31, 2019 and 2018

**9. Postretirement Healthcare Benefits (continued)**

Net benefits expected to be paid in each of the next five years and the following five years in the aggregate are as follows:

2020	\$ 113,310
2021	127,095
2022	141,023
2023	148,412
2024	156,543
2025-2029	<u>915,824</u>
	<u>\$ 1,602,207</u>

**10. Federal Excise Taxes**

The Foundation is a nonprofit organization exempt from Federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (the Code), and is a private foundation as defined in Section 509(a) of the Code. The Foundation is subject to a Federal excise tax of 2% on its net investment income, as defined, for tax purposes. However, the excise tax can be reduced to 1% if certain conditions are met. Deferred taxes arise from differences between the cost and fair value of investments and are calculated at a rate of 1.39% as of December 31, 2019 and 2% as of December 31, 2018.

**11. Subsequent Event**

Subsequent to year end, the COVID-19 pandemic has resulted in substantial volatility in the global financial markets. Because of the response to changing market conditions, the amount of losses, if any, that will be recognized in subsequent periods, cannot be determined.

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**William T. Grant Foundation, Inc.**

Supplementary Information

December 31, 2019

**William T. Grant Foundation, Inc.**

**Portfolio Asset Allocation Schedule  
December 31, 2019**

	<u>Investments</u>	<u>% of Portfolio</u>	<u>Target Allocation</u>	<u>Target Range</u>
<b>EQUITY</b>				
U.S.:				
Silvercrest Asset Management Group	\$ 23,748,955			
Eagle Capital Equity	<u>28,043,862</u>			
Subtotal U.S.	<u>51,792,817</u>	14.9%		
<b>GLOBAL</b>				
Harding & Loevner	<u>20,843,044</u>			
Subtotal Global	<u>20,843,044</u>	6.0%		
<b>EMERGING MARKETS</b>				
Dimensional Fund Advisors	<u>39,666,866</u>			
Subtotal Emerging Markets	<u>39,666,866</u>	11.4%		
Subtotal Long Equity	<u>112,302,727</u>	32.3%		
<b>HEDGED (Hedge Funds)</b>				
Global Thematic Equity, LP	6,122,044			
First Eagle International Value Fund, LP	21,882,169			
New Generation Turnaround Fund	11,174,700			
Steelhead Pathfinder Fund, Ltd	14,960,343			
TVC Conduit Fund	6,354,840			
Raging Capital Offshore Fund	8,406,435			
Altimeter Offshore Limited	10,679,829			
Armistice Capital LLC	13,569,265			
Verdad Leverage Company Fund	1,115,571			
Verdad Japan Fund, L.P	4,207,324			
Rose Grove Offshore Fund I, Ltd	15,682,024			
Fundsmith Equity Fund L.P	5,274,758			
Quin Opportunities Offshore Ltd	5,143,737			
Verdad Europe Fund L.P	<u>994,189</u>			
Subtotal Hedged	<u>125,567,228</u>	36.1%		
Total Equity (including limited partnerships)	<u>237,869,955</u>	68.4%	58.0%	40.0-70.0%
<b>Private Equity</b>				
American Securities Partners V	21,614			
Brightwood Capital	3,609,516			
HRJ Capital VC IV L.P	681,233			
Cross Creek Capital, L.P	868,483			
Crystal Ridge Partners, L.P	-			
CSL Energy Opportunities Offshore Fund, L.P	342,415			
North Atlantic Venture Fund V, L.P	4,877,941			
PeakSpan Capital Growth Partners I, L.P	6,161,006			
RPI International Holdings L.P	17,712,757			
Royalty Pharma Cayman Holdings 2008	353,271			
Seacoast Capital Partners IV L.P	2,443,487			
TIFF Partners V-US, LLC	398,389			
TIFF Partners V-International, LLC	140,967			
TIFF Private Equity Partners 2006, LLC	362,418			
TIFF Private Equity Partners 2007, LLC	3,279,798			
TIFF Private Equity Partners 2008, LLC	4,279,618			
TIFF Secondary Partners II, LLC	285,367			
TIFF Special Opportunities Fund, LLC	3,713,338			
Venture Investment Associated VII, L.P	5,909,656			
Makena RE Fund II L.P	5,526,673			
MCR Hospitality Fund L.P	5,729,957			
Torchlight Debt Fund VI L.P	3,842,308			
Hanover Active Eq II SCA	1,327,007			
PeakSpan Capital Growth Partners II, L.P.	<u>1,206,889</u>			
Total Alternatives Investments	<u>73,074,108</u>	20.9%	12.0%	10.0-20.0%
<b>FIXED INCOME</b>				
GMO Emerging Country Debt Fund	10,744,723			
JPM Short Duration Bond	9,660,235			
JPM Management Income Fund	<u>16,189,888</u>			
Total Fixed Income	<u>36,594,846</u>	10.5%	30.0%	20.0-50.0%
Total Portfolio	<u>\$ 347,538,909</u>	100%	100.0%	

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**William T. Grant Foundation, Inc.**

Fair Value Measurements of Portfolio Assets  
December 31, 2019

	Fair Value	Level 1	Level 2	Investments Measures at NAV
<b>EQUITY</b>				
U.S.:				
Silvercrest Asset Management Group	\$ 23,484,309	\$ 23,484,309	\$ -	\$ -
Eagle Capital Equity	27,532,748	27,532,748	-	-
Subtotal U.S.	<u>51,017,057</u>	<u>51,017,057</u>	-	-
<b>GLOBAL</b>				
Harding & Loevner	20,843,044	20,843,044	-	-
Subtotal Global	<u>20,843,044</u>	<u>20,843,044</u>	-	-
<b>EMERGING MARKETS</b>				
Dimensional Fund Advisors	39,666,866	39,666,866	-	-
Subtotal Emerging Markets	<u>39,666,866</u>	<u>39,666,866</u>	-	-
Subtotal Long Equity	<u>111,526,967</u>	<u>111,526,967</u>	-	-
<b>HEDGED (Hedge Funds)</b>				
Global Thematic Equity, LP	6,122,044	-	-	6,122,044
First Eagle International Value Fund, LP	21,882,169	-	-	21,882,169
New Generation Turnaround Fund	11,174,700	-	-	11,174,700
Steelhead Pathfinder Fund, Ltd	14,960,343	-	-	14,960,343
TVC Conduit Fund	6,354,840	-	-	6,354,840
Raging Capital Offshore Fund	8,406,435	-	-	8,406,435
Altimeter Offshore Limited	10,679,829	-	-	10,679,829
Armistice Capital LLC	13,569,265	-	-	13,569,265
Verdad Leverage Company Fund	1,115,571	-	-	1,115,571
Verdad Japan Fund, L.P	4,207,324	-	-	4,207,324
Rose Grove Offshore Fund I, Ltd	15,682,024	-	-	15,682,024
Fundsmith Equity Fund L.P	5,274,758	-	-	5,274,758
Quin Opportunities Offshore Ltd	5,143,737	-	-	5,143,737
Verdad Europe Fund L.P	994,189	-	-	994,189
Subtotal Hedged	<u>125,567,228</u>	-	-	<u>125,567,228</u>
Total Equity (including limited partnerships)	<u>237,094,195</u>	<u>111,526,967</u>	-	<u>125,567,228</u>
<b>ALTERNATIVE INVESTMENTS (Private Equity)</b>				
American Securities Partners V	21,614	-	-	21,614
Brightwood Capital	3,609,516	-	-	3,609,516
HRJ Capital VC IV L.P	681,233	-	-	681,233
Cross Creek Capital, L.P	868,483	-	-	868,483
Crystal Ridge Partners, L.P	-	-	-	-
CSL Energy Opportunities Offshore Fund, L.P	342,415	-	-	342,415
North Atlantic Venture Fund V, L.P	4,877,941	-	-	4,877,941
PeakSpan Capital Growth Partners I, L.P	6,161,006	-	-	6,161,006
RPI International Holdings L.P	17,712,757	-	-	17,712,757
Royalty Pharma Cayman Holdings 2008	353,271	-	-	353,271
Seacoast Capital Partners IV L.P	2,443,487	-	-	2,443,487
TIFF Partners V-US, LLC	398,389	-	-	398,389
TIFF Partners V-International, LLC	140,967	-	-	140,967
TIFF Private Equity Partners 2006, LLC	362,418	-	-	362,418
TIFF Private Equity Partners 2007, LLC	3,279,798	-	-	3,279,798
TIFF Private Equity Partners 2008, LLC	4,279,618	-	-	4,279,618
TIFF Secondary Partners II, LLC	285,367	-	-	285,367
TIFF Special Opportunities Fund, LLC	3,713,338	-	-	3,713,338
Venture Investment Associated VII, L.P	5,909,656	-	-	5,909,656
Makena RE Fund II L.P	5,526,673	-	-	5,526,673
MCR Hospitality Fund L.P	5,729,957	-	-	5,729,957
Torchlight Debt Fund VI L.P	3,842,308	-	-	3,842,308
Hanover Active Eq II SCA	1,327,007	-	-	1,327,007
PeakSpan Capital Growth Partners II, L.P.	1,206,889	-	-	1,206,889
Total Alternatives Investments	<u>73,074,108</u>	-	-	<u>73,074,108</u>
<b>FIXED INCOME</b>				
GMO Emerging Country Debt Fund	10,744,723	-	10,744,723	-
JPM Short Duration Bond	9,660,235	9,660,235	-	-
JPM Management Income Fund	16,189,888	16,189,888	-	-
Total Fixed Income	<u>36,594,846</u>	<u>25,850,123</u>	<u>10,744,723</u>	-
Total Investments at Fair Value	<u>346,763,149</u>	<u>\$ 137,377,090</u>	<u>\$ 10,744,723</u>	<u>\$ 198,641,336</u>
<b>CASH HELD FOR INVESTMENT</b>				
Silvercrest Asset Management Group	264,646			
Eagle Capital Equity	511,114			
Total Cash Held for Investment	<u>775,760</u>			
Total Portfolio	<u>\$ 347,538,909</u>			

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