

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

Financial Statements

December 31, 2014 and 2013

## 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, 2014 and 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.

### ***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.

O'CONNOR DAVIES, LLP

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***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, 2014 and 2013 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 supplementary information included on pages 14, 15 and 16 is presented for purposes of additional analysis and is 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 audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the financial statement 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.

*O'Connor Davies, LLP*

October 12, 2015

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

Statements of Financial Position

	December 31	
	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,019,484	\$ 9,405,303
Accrued investment income	63,687	70,549
Due from investment managers	-	1,725,302
Prepaid Federal excise tax	78,000	-
Investments	328,375,552	313,118,008
Prepaid expenses and other assets	48,567	48,695
	<u>\$ 332,585,290</u>	<u>\$ 324,367,857</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 330,194	\$ 352,462
Grants payable	10,232,798	10,434,971
Federal excise tax payable	-	128,000
Postretirement benefit obligation	2,465,788	2,956,931
Deferred Federal excise tax	1,655,000	1,670,000
Deferred rent	459,764	532,624
Total Liabilities	<u>15,143,544</u>	<u>16,074,988</u>
Net assets	<u>317,441,746</u>	<u>308,292,869</u>
	<u>\$ 332,585,290</u>	<u>\$ 324,367,857</u>

See notes to financial statements

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

Statements of Activities

	Year Ended December 31	
	2014	2013
<b>REVENUE</b>		
Investment Income		
Interest and dividends	\$ 6,217,241	\$ 5,927,662
Less:		
Federal and state tax expense	295,216	590,046
Investment expenses	1,086,105	1,018,445
Net investment income	4,835,920	4,319,171
Rental income	161,283	157,348
Total Revenue	4,997,203	4,476,519
<b>EXPENSES</b>		
Program Services		
Grants authorized, net of refunded and rescinded amount of \$109,045 and \$59,825	10,963,903	10,680,794
Program support, planning, and development	3,993,865	3,948,450
Total Program Services	14,957,768	14,629,244
Supporting Services - operations and governance	1,237,269	1,243,387
Total Expenses	16,195,037	15,872,631
Net realized and unrealized gains on investments, net of (benefit) provision for deferred Federal excise tax of (\$15,000) and \$438,000	19,746,071	42,202,011
Change in Net Assets Before Postretirement Benefit Obligation Adjustment	8,548,237	30,805,899
Postretirement benefit obligation adjustment	600,640	(169,765)
Change in Net Assets	9,148,877	30,636,134
<b>NET ASSETS</b>		
Beginning of year	308,292,869	277,656,735
End of year	\$ 317,441,746	\$ 308,292,869

See notes to financial statements

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

Statements of Cash Flows

	Year Ended	
	December 31	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 9,148,877	\$ 30,636,134
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized gains on sale of investments	(17,093,782)	(20,840,200)
Unrealized loss (gain) on investments	(2,637,289)	(21,799,811)
Deferred Federal excise tax	(15,000)	438,000
Postretirement benefit obligation adjustment	(600,640)	169,765
Amortization of deferred rent	(72,860)	2,125
Net changes in operating assets and liabilities		
Accrued investment income	6,862	3,984
Due from investment managers	1,725,302	(1,703,552)
Prepaid Federal excise tax	(78,000)	91,000
Prepaid expenses and other assets	128	(26,243)
Accounts payable and accrued expenses	(22,268)	58,032
Grants payable	(202,173)	925,748
Federal excise tax payable	(128,000)	128,000
Postretirement benefit obligation	109,497	22,363
Net Cash from Operating Activities	(9,859,346)	(11,894,655)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	55,265,259	67,589,787
Purchase of investments	(50,791,732)	(59,571,135)
Net Cash from Investing Activities	4,473,527	8,018,652
Net Change in Cash and Cash Equivalents	(5,385,819)	(3,876,003)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	9,405,303	13,281,306
End of year	\$ 4,019,484	\$ 9,405,303
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for Federal and state taxes on investment income	\$ 369,230	\$ 369,230

See notes to financial statements

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

Notes to Financial Statements  
December 31, 2014 and 2013

### **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.

#### ***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.

#### ***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.

#### ***Investments Valuation***

Other than cash and cash equivalents, investments are stated at fair value. The fair value of alternative investments has been estimated using the Net Asset Value (“NAV”) as reported by the management of the respective alternative investment fund. U.S. GAAP guidance provides for the use of NAV as a “Practical Expedient” for estimating fair value of alternative investments. NAV reported by each alternative investment fund is used as a practical expedient to estimate the fair value of the Foundation’s interest therein and their classification within Level 2 or 3 is based on the Foundation’s ability to redeem its interest in the near term.

#### ***Investment Income Recognition***

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.

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

Notes to Financial Statements  
December 31, 2014 and 2013

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

***Fair Value of Financial Instruments***

The estimated fair value of the Foundation's financial instruments, including cash, approximate carrying amounts due to the short-term maturities of these instruments.

***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.

***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 statement of financial position with a corresponding adjustment to change in net assets in the statement 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 and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. The Foundation's net assets are neither permanently nor temporarily restricted by donor imposed restrictions and are classified as unrestricted.

***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, 2011.

***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 October 12, 2015.



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

Notes to Financial Statements  
December 31, 2014 and 2013

**3. Investments**

The following are major categories of investments measured at fair value on a recurring basis at December 31, grouped by their fair value hierarchy:

Description	2014			Total
	(Level 1)	(Level 2)	(Level 3)	
Cash held for investments	\$ 2,626,530	\$ -	\$ -	\$ 2,626,530
Equity Securities				
US regulated investment company-non US	14,098,707	-	-	14,098,707
Diversified emerging markets	12,807,254	-	-	12,807,254
Global equity portfolio	17,013,911	-	-	17,013,911
Financial services	14,171,898	-	-	14,171,898
Technology	13,981,184	-	-	13,981,184
Services	8,758,942	-	-	8,758,942
Consumer staples	6,002,216	-	-	6,002,216
Other	36,306,098	-	-	36,306,098
Fixed Income				
Mutual funds	18,343,315	-	-	18,343,315
Short term bond	12,019,940	-	-	12,019,940
Emergings markets bond	-	16,561,564	-	16,561,564
Alternative Investments				
Hedge funds(a)	-	56,273,270	15,291,604	71,564,874
Private equity(a)	-	-	84,119,119	84,119,119
Total Investments at Fair Value	<u>\$ 156,129,995</u>	<u>\$ 72,834,834</u>	<u>\$ 99,410,723</u>	<u>\$ 328,375,552</u>
Description	2013			Total
	(Level 1)	(Level 2)	(Level 3)	
Cash held for investments	\$ 2,529,264	\$ -	\$ -	\$ 2,529,264
Equity Securities				
US regulated investment company-non US	14,166,119	-	-	14,166,119
US regulated investment company	13,465,326	-	-	13,465,326
Diversified emerging markets	16,169,191	-	-	16,169,191
Global equity portfolio	12,683,371	-	-	12,683,371
Financial services	13,274,189	-	-	13,274,189
Consumer staples	8,460,601	-	-	8,460,601
Technology	6,868,752	-	-	6,868,752
Other	34,832,866	-	-	34,832,866
Fixed Income				
Mutual funds	17,946,447	-	-	17,946,447
US regulated investment company	5,152,746	-	-	5,152,746
Emerging markets bond	-	15,627,572	-	15,627,572
Alternative investments				
Hedge funds(a)	-	56,328,728	14,199,795	70,528,523
Private equity(a)	-	-	81,413,041	81,413,041
Total Investments at Fair Value	<u>\$ 145,548,872</u>	<u>\$ 71,956,300</u>	<u>\$ 95,612,836</u>	<u>\$ 313,118,008</u>

(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.

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

Notes to Financial Statements  
December 31, 2014 and 2013

**3. Investments (continued)**

Investments account for all assets measured at fair value at December 31, 2014 and 2013.

The following is a reconciliation of the Level 3 investments valued using NAV as practical expedient during the years ended December 31:

	2014		
	Hedge Funds	Private Equity	Total
Beginning balance	\$ 14,199,795	\$ 81,413,041	\$ 95,612,836
Total realized gains included in changes in net assets	-	10,456,269	10,456,269
Unrealized gains related to instruments still held at reporting date included in earnings	1,091,809	3,588,720	4,680,529
Purchases, issuances and (settlements), net	-	(11,338,911)	(11,338,911)
Ending balance	<u>\$ 15,291,604</u>	<u>\$ 84,119,119</u>	<u>\$ 99,410,723</u>

  

	2013		
	Hedge Funds	Private Equity	Total
Beginning balance	\$ 11,858,740	\$ 79,287,800	\$ 91,146,540
Total realized gain included in changes in net assets	-	13,789,997	13,789,997
Unrealized gains (losses) related to instruments still held at reporting date included in earnings	2,341,055	(501,993)	1,839,062
Purchases, issuances and (settlements), net	-	(11,162,763)	(11,162,763)
Ending balance	<u>\$ 14,199,795</u>	<u>\$ 81,413,041</u>	<u>\$ 95,612,836</u>

Information regarding Level 2 and 3 investments valued using NAV as practical expedient at December 31, 2014 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Hedge Funds (see "a" below)	\$ 71,564,874	\$ -	Monthly - Annually	20-90 days
Private Equity (see "b" below)	<u>84,119,119</u>	<u>20,322,561</u>	Locked	N/A
	<u>\$ 155,683,993</u>	<u>\$ 20,322,561</u>		

## William T. Grant Foundation, Inc.

Notes to Financial Statements  
December 31, 2014 and 2013

### 3. Investments (*continued*)

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. The fair value of investments in this category has been estimated using the net asset value per share of the investments. Investments in this category may be redeemed monthly to quarterly, 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. The fair values of the investments in this category have been estimated using the net asset value of the Foundation’s ownership interest in partners’ capital. 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.

### 4. Grants Payable

The following summarizes changes in grants payable as of December 31:

	<u>2014</u>	<u>2013</u>
Balance at beginning of year	\$ 10,434,971	\$ 9,509,223
Addition:		
Grants authorized	11,072,948	10,740,569
Deductions:		
Payments made	(11,275,121)	(9,814,771)
Rescinded amounts	-	(50)
	<u>\$ 10,232,798</u>	<u>\$ 10,434,971</u>

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

Notes to Financial Statements  
December 31, 2014 and 2013

**4. Grants Payable (continued)**

Grants payable are scheduled to be disbursed as follows:

2015	\$	5,483,426
2016		3,300,823
2017		1,065,305
2018		<u>383,244</u>
	\$	<u>10,232,798</u>

**5. Lease Commitment**

The Foundation has a lease agreement for office space which expires on September 30, 2018. The lease contains escalation clauses that provide for increased payments resulting from increases in real estate taxes and certain other building expenses in excess of the base period amounts. Future minimum rental payments under this lease are as follows:

2015	\$	1,155,074
2016		1,175,288
2017		1,195,855
2018		<u>908,612</u>
	\$	<u>4,434,829</u>

In August 2012 the Foundation entered into an agreement to sublease a portion of its space expiring September 2018. This agreement requires monthly payments to the Foundation of approximately \$13,000 for the first twelve months increasing to approximately \$15,000 for the last twelve months.

**6. 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 2014 and 2013 were \$272,981 and \$262,798.

**7. Postretirement Healthcare Benefits**

In addition to the above retirement plan, 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.

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

Notes to Financial Statements  
December 31, 2014 and 2013

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

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

	<u>2014</u>	<u>2013</u>
Benefit Obligation (Funded Status)		
at End of Year	\$ 2,465,788	\$ 2,956,931
Net postretirement benefit costs	235,038	148,144
Unrecognized actuarial (gain) loss	(600,640)	169,765
Benefits paid	125,541	125,781
Discount rate used	3.74%	4.65%
Components of Net Periodic Expense		
for the Year	<u>2014</u>	<u>2013</u>
Service cost	\$ 103,378	\$ 48,125
Interest cost	131,660	100,019
	<u>\$ 235,038</u>	<u>\$ 148,144</u>
	Increase (Decrease)	
	<u>2014</u>	<u>2013</u>
Effect of a one-percent point		
increase in HCCTR* on		
Year end benefit obligation	\$ 321,466	\$ 377,063
Total of service and interest		
cost component	140,138	268,808
Effect of a one-percent point		
decrease in HCCTR* on		
Year end benefit obligation	(267,257)	(314,985)
Total of service and interest		
cost component	(103,834)	(200,266)

\* Health Care Cost Trend Rate

Measurements used to determine the postretirement benefit obligation for the years ended 2014 and 2013 were computed as of December 31.

For measurement purposes, an 15% annual rate of increase in per capita cost of covered health benefits was assumed for 2014, decreasing to 5.5% in 2020 and thereafter.

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

Notes to Financial Statements  
December 31, 2014 and 2013

**7. 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:

2015	\$ 127,311
2016	134,068
2017	135,908
2018	136,993
2019	132,993
2020-2024	<u>700,392</u>
	<u>\$ 1,367,665</u>

**8. Federal Excise Taxes**

The Foundation is 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.

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

Supplementary Information

December 31, 2014

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

Portfolio Asset Allocation Schedule  
December 31, 2014

	Fair Value	% of Portfolio	Target Allocation	Target Range
<b>EQUITY</b>				
U.S.:				
Silvercrest Asset Management Group	\$ 23,080,107			
Eagle Capital Equity	29,885,083			
Wasatch (small cap growth)	<u>23,040,384</u>			
Subtotal U.S.	<u>76,005,574</u>	23.1%		
<b>GLOBAL</b>				
First Eagle	14,098,707			
Global Thematic Equity	18,343,315			
Harding & Loevner	<u>17,013,911</u>			
Subtotal Global	<u>49,455,933</u>	15.1%		
<b>EMERGING MARKETS</b>				
Dimensional Fund Advisors	12,807,254			
TVC Conduit	<u>5,841,294</u>			
Subtotal Emerging Markets	<u>18,648,548</u>	5.7%		
Subtotal Long Equity	<u>144,110,055</u>	43.9%		
<b>HEDGED</b>				
New Generation Turnaround Fund	21,861,706			
New Mountain Vantage	15,291,604			
Steelhead Partners	19,323,136			
Blenheim Commodities Fund	8,388,133			
High Vista II	<u>6,700,295</u>			
Subtotal Hedged	<u>71,564,874</u>	21.8%		
Total Equity (including limited partnerships)	<u>215,674,929</u>	65.7%	58.0%	40.0-70.0%
<b>ALTERNATIVE INVESTMENTS</b>				
Altira Technology Fund II	71,556			
Altira Technology Fund III	310,573			
Altira Technology Fund IV	118,600			
American Securities Partners III	1,053,008			
American Securities Partners IV	1,931,089			
American Securities Partners V	3,767,694			
BioPharma Sec. Debt	3,532,209			
Brightwood Capital	4,538,814			
Capital Dynamics Champion Ventures IV	1,611,710			
Cross Creek Capital	3,433,586			
Crystal Ridge Partners	2,847,609			
CSL Energy	2,986,119			
Easterly Prt US Govt Inc & Growth I	6,420,440			
Easterly Prt US Govt Inc & Growth II	3,832,209			
North Atlantic Venture	600,000			
Paul Capital Royalty Fund	778,305			
Royalty Pharma	13,165,459			
TIFF Partners II	96,708			
TIFF Partners V Domestic	2,228,163			
TIFF Partners V International	1,727,216			
TIFF Private Equity Partners 2006	2,302,871			
TIFF Private Equity Partners 2007	7,346,816			
TIFF Private Equity Partners 2008	11,475,889			
TIFF Secondary Partners II	3,110,642			
TIFF Special Opportunities	2,062,890			
Venture Investment	<u>2,768,944</u>			
Total Alternatives Investments	<u>84,119,119</u>	25.6%	12.0%	10.0-20.0%
<b>FIXED INCOME</b>				
GMO Emerging Country Debt Fund	16,561,564			
JPM Short Duration Bond	2,004,110			
JPM Management Income Fund	<u>10,015,830</u>			
Total Fixed Income	<u>28,581,504</u>	8.7%	30.0%	20.0-50.0%
Total Portfolio	<u>\$ 328,375,552</u>	100.0%	100.0%	

See independent auditors' report



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

Fair Value Measurements of Portfolio Assets  
December 31, 2014

	Total Fair Value	Level 1	Level 2	Level 3
<b>EQUITY</b>				
U.S.:				
Silvercrest Asset Management Group	\$ 23,080,107	\$ 23,080,107	\$ -	\$ -
Eagle Capital Equity	29,885,083	29,885,083	-	-
Wasatch (small cap growth)	23,040,384	23,040,384	-	-
Subtotal U.S.	<u>76,005,574</u>	<u>76,005,574</u>	-	-
<b>GLOBAL</b>				
First Eagle	14,098,707	14,098,707	-	-
Global Thematic Equity	18,343,315	18,343,315	-	-
Harding & Loevner	17,013,911	17,013,911	-	-
Subtotal Global	<u>49,455,933</u>	<u>49,455,933</u>	-	-
<b>EMERGING MARKETS</b>				
Dimensional Fund Advisors	12,807,254	12,807,254	-	-
TVC Conduit	5,841,294	5,841,294	-	-
Subtotal Emerging Markets	<u>18,648,548</u>	<u>18,648,548</u>	-	-
Subtotal Long Equity	<u>144,110,055</u>	<u>144,110,055</u>	-	-
<b>HEDGED</b>				
New Generation Turnaround Fund	21,861,706	-	21,861,706	-
New Mountain Vantage	15,291,604	-	-	15,291,604
Steelhead Partners	19,323,136	-	19,323,136	-
Blenheim Commodities Fund	8,388,133	-	8,388,133	-
High Vista II	6,700,295	-	6,700,295	-
Subtotal Hedged	<u>71,564,874</u>	-	<u>56,273,270</u>	<u>15,291,604</u>
Total Equity (including limited partnerships)	<u>215,674,929</u>	<u>144,110,055</u>	<u>56,273,270</u>	<u>15,291,604</u>
<b>ALTERNATIVE INVESTMENTS</b>				
Altira Technology Fund II	71,556	-	-	71,556
Altira Technology Fund III	310,573	-	-	310,573
Altira Technology Fund IV	118,600	-	-	118,600
American Securities Partners III	1,053,008	-	-	1,053,008
American Securities Partners IV	1,931,089	-	-	1,931,089
American Securities Partners V	3,767,694	-	-	3,767,694
BioPharma Sec. Debt	3,532,209	-	-	3,532,209
Brightwood Capital	4,538,814	-	-	4,538,814
Capital Dynamics Champion Ventures IV	1,611,710	-	-	1,611,710
Cross Creek Capital	3,433,586	-	-	3,433,586
Crystal Ridge Partners	2,847,609	-	-	2,847,609
CSL Energy	2,986,119	-	-	2,986,119
Easterly Prt US Govt Inc & Growth I	6,420,440	-	-	6,420,440
Easterly Prt US Govt Inc & Growth II	3,832,209	-	-	3,832,209
North Atlantic Venture	600,000	-	-	600,000
Paul Capital Royalty Fund	778,305	-	-	778,305
Royalty Pharma	13,165,459	-	-	13,165,459
TIFF Partners II	96,708	-	-	96,708
TIFF Partners V Domestic	2,228,163	-	-	2,228,163
TIFF Partners V International	1,727,216	-	-	1,727,216
TIFF Private Equity Partners 2006	2,302,871	-	-	2,302,871
TIFF Private Equity Partners 2007	7,346,816	-	-	7,346,816
TIFF Private Equity Partners 2008	11,475,889	-	-	11,475,889
TIFF Secondary Partners II	3,110,642	-	-	3,110,642
TIFF Special Opportunities	2,062,890	-	-	2,062,890
Venture Investment	2,768,944	-	-	2,768,944
Total Alternatives Investments	<u>84,119,119</u>	-	-	<u>84,119,119</u>
<b>FIXED INCOME</b>				
GMO Emerging Country Debt Fund	16,561,564	-	16,561,564	-
JPM Short Duration Bond	2,004,110	2,004,110	-	-
JPM Management Income Fund	10,015,830	10,015,830	-	-
Total Fixed Income	<u>28,581,504</u>	<u>12,019,940</u>	<u>16,561,564</u>	-
Total Portfolio	<u>\$ 328,375,552</u>	<u>\$ 156,129,995</u>	<u>\$ 72,834,834</u>	<u>\$ 99,410,723</u>

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

Schedule of Functional Expenses  
Year Ended December 31

	2014				2013			
	Program Services	Operations and Governance	Investment	Total	Program Services	Operations and Governance	Investment	Total
Grants authorized, net	\$ 10,963,903	\$ -	\$ -	\$ 10,963,903	\$ 10,680,794	\$ -	\$ -	\$ 10,680,794
<b>ALLOCATED EXPENSES</b>								
Salaries and wages	1,486,289	538,511	129,242	2,154,042	1,457,709	528,156	126,757	2,112,622
Payroll taxes and employee benefits	710,631	257,475	61,794	1,029,900	669,793	242,679	58,243	970,715
Occupancy	744,217	269,644	64,715	1,078,576	746,748	270,561	64,935	1,082,244
Furniture and maintenance	36,805	13,336	3,201	53,342	23,077	8,362	2,007	33,446
Office expenses	37,611	13,627	3,271	54,509	36,500	13,225	3,174	52,899
General expenses	83,309	30,185	7,244	120,738	158,429	57,402	13,776	229,607
Staff travel and expense	78,090	28,294	6,790	113,174	72,326	26,205	6,289	104,820
Telecommunications	25,925	9,393	2,254	37,572	29,572	10,715	2,571	42,858
Computer purchases and maintenance	47,185	17,096	4,103	68,384	50,093	18,150	4,356	72,599
Professional fees	48,152	17,447	4,187	69,786	62,674	22,708	5,450	90,832
Insurance	35,068	12,706	3,049	50,823	33,500	12,138	2,913	48,551
Trustee and committee expenses	81,572	29,555	7,093	118,220	91,317	33,086	7,941	132,344
Total Allocated Expenses	<u>3,414,854</u>	<u>1,237,269</u>	<u>296,943</u>	<u>4,949,066</u>	<u>3,431,738</u>	<u>1,243,387</u>	<u>298,412</u>	<u>4,973,537</u>
<b>DIRECT PROGRAM EXPENSES</b>								
Publications	27,079	-	-	27,079	19,250	-	-	19,250
Advisory expenses	551,932	-	-	551,932	497,462	-	-	497,462
Total Direct Program Expenses	<u>579,011</u>	<u>-</u>	<u>-</u>	<u>579,011</u>	<u>516,712</u>	<u>-</u>	<u>-</u>	<u>516,712</u>
<b>DIRECT INVESTMENT EXPENSE</b>								
Manager fees	-	-	667,407	667,407	-	-	605,106	605,106
Custody fees	-	-	121,152	121,152	-	-	112,249	112,249
Consulting expenses	-	-	603	603	-	-	2,678	2,678
Total Direct Investment Expenses	<u>-</u>	<u>-</u>	<u>789,162</u>	<u>789,162</u>	<u>-</u>	<u>-</u>	<u>720,033</u>	<u>720,033</u>
Total	<u>\$ 14,957,768</u>	<u>\$ 1,237,269</u>	<u>\$ 1,086,105</u>	<u>\$ 17,281,142</u>	<u>\$ 14,629,244</u>	<u>\$ 1,243,387</u>	<u>\$ 1,018,445</u>	<u>\$ 16,891,076</u>

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