

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

Financial Statements

December 31, 2021

## Independent Auditors' Report

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

### ***Opinion***

We have audited the accompanying financial statements of the William T. Grant Foundation, Inc. (the "Foundation"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

***Auditors' Responsibilities for the Audit of the Financial Statements (continued)***

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Report on Summarized Comparative Information***

We have previously audited the William T. Grant Foundation, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Report on Supplementary Information***

Our audit was 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 pages 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 audit 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 2, 2022

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

Statement of Financial Position  
December 31, 2021  
(with comparative amounts at December 31, 2020)

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 12,408,870	\$ 7,459,501
Accrued investment income and other receivables	42,803	41,937
Prepaid federal excise tax	200,418	145,284
Investments	439,180,210	397,980,563
Prepaid expenses and other assets	<u>93,929</u>	<u>76,810</u>
	<u>\$ 451,926,230</u>	<u>\$ 405,704,095</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 330,097	\$ 267,323
Grants payable	14,336,443	13,613,691
Postretirement benefit obligation	4,519,470	4,226,855
Deferred federal excise tax	1,941,000	1,901,000
Deferred rent	<u>745,082</u>	<u>728,339</u>
Total Liabilities	<u>21,872,092</u>	<u>20,737,208</u>
Net Assets		
Net assets without donor restrictions	429,650,474	384,528,960
Net assets with donor restrictions	<u>403,664</u>	<u>437,927</u>
Total Net Assets	<u>430,054,138</u>	<u>384,966,887</u>
	<u>\$ 451,926,230</u>	<u>\$ 405,704,095</u>

See notes to financial statements

## William T. Grant Foundation, Inc.

### Statement of Activities Year Ended December 31, 2021 (with summarized totals for the year ended December 31, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>SUPPORT AND REVENUE</b>				
Investment Return				
Interest and dividends	\$ 8,042,958	\$ -	\$ 8,042,958	\$ 5,260,853
Net realized and unrealized gain on investments	<u>58,225,462</u>	<u>-</u>	<u>58,225,462</u>	<u>65,835,722</u>
	66,268,420	-	66,268,420	71,096,575
Less direct investment expenses	<u>808,054</u>	<u>-</u>	<u>808,054</u>	<u>644,261</u>
Investment Return	65,460,366	-	65,460,366	70,452,314
Contributions	-	300,000	300,000	650,000
Other income	7,840	-	7,840	624,929
Net assets released from restrictions	<u>334,263</u>	<u>(334,263)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>65,802,469</u>	<u>(34,263)</u>	<u>65,768,206</u>	<u>71,727,243</u>
<b>EXPENSES</b>				
Program services	18,377,706	-	18,377,706	18,276,878
Operations and governance	1,222,877	-	1,222,877	1,172,516
Federal excise tax	855,653	-	855,653	420,048
Deferred excise tax expense	40,000	-	40,000	761,000
Unrelated business income tax and other taxes	<u>22,785</u>	<u>-</u>	<u>22,785</u>	<u>2,283</u>
Total Expenses	<u>20,519,021</u>	<u>-</u>	<u>20,519,021</u>	<u>20,632,725</u>
Change in Net Assets Before Postretirement Benefit				
Obligation Adjustment	45,283,448	(34,263)	45,249,185	51,094,518
Postretirement benefit obligation adjustment	<u>(161,934)</u>	<u>-</u>	<u>(161,934)</u>	<u>(402,460)</u>
Change in Net Assets	45,121,514	(34,263)	45,087,251	50,692,058
<b>NET ASSETS</b>				
Beginning of year	<u>384,528,960</u>	<u>437,927</u>	<u>384,966,887</u>	<u>334,274,829</u>
End of year	<u>\$ 429,650,474</u>	<u>\$ 403,664</u>	<u>\$ 430,054,138</u>	<u>\$ 384,966,887</u>

See notes to financial statements

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

Statement of Functional Expenses

December 31, 2021

(with comparative amounts for the year ended December 31, 2020)

	2021			2020		
	Program Services	Operations and Governance	Total	Program Services	Operations and Governance	Total
Grants authorized, net of refunded and rescinded amounts of \$326,035 and \$53,776 in 2021 and 2020	\$ 14,084,029	\$ -	\$ 14,084,029	\$ 14,002,743	\$ -	\$ 14,002,743
Salaries and wages	2,024,209	610,036	2,634,245	1,991,139	565,053	2,556,192
Payroll taxes and employee benefits	807,346	243,310	1,050,656	837,898	237,781	1,075,679
Net periodic benefit costs, other than service costs	77,229	23,068	100,297	83,611	29,377	112,988
Occupancy	643,737	226,178	869,915	640,355	224,989	865,344
Furniture and maintenance	22,799	8,010	30,809	12,120	4,259	16,379
Office expenses	19,021	6,683	25,704	16,803	5,904	22,707
General expenses	17,222	6,051	23,273	29,572	10,390	39,962
Staff travel and expense	41,094	14,439	55,533	27,792	9,765	37,557
Telecommunications	35,218	12,374	47,592	34,799	12,227	47,026
Computer purchases and maintenance	56,179	19,739	75,918	57,360	20,153	77,513
Professional fees	54,466	19,137	73,603	63,690	22,377	86,067
Insurance	29,457	10,350	39,807	28,446	9,994	38,440
Trustee and committee expenses	66,892	23,502	90,394	57,626	20,247	77,873
Publications	7,641	-	7,641	3,499	-	3,499
Advisory expenses	391,167	-	391,167	389,425	-	389,425
<b>Total</b>	<b>\$ 18,377,706</b>	<b>\$ 1,222,877</b>	<b>\$ 19,600,583</b>	<b>\$ 18,276,878</b>	<b>\$ 1,172,516</b>	<b>\$ 19,449,394</b>

See notes to the financial statements

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

Statement of Cash Flows  
Year Ended December 31, 2021  
(with comparative amounts for the year ended December 31, 2020)

	Year Ended December 31	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 45,087,251	\$ 50,692,058
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized gain on sale of investments	(55,356,857)	(10,725,949)
Unrealized gain on investments	(2,868,605)	(55,109,773)
Deferred federal excise tax	40,000	761,000
Postretirement benefit obligation adjustment	161,934	402,460
Deferred rent	16,743	16,744
Net changes in operating assets and liabilities		
Accrued investment income and other receivables	(866)	99,693
Prepaid federal excise tax	(55,134)	261,503
Prepaid expenses and other assets	(17,119)	12,666
Accounts payable and accrued expenses	62,774	(10,870)
Grants payable	722,752	458,609
Postretirement benefit obligation	130,681	179,780
Net Cash from Operating Activities	(12,076,446)	(12,962,079)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	127,665,527	70,756,660
Purchase of investments	(110,639,712)	(55,362,592)
Net Cash from Investing Activities	17,025,815	15,394,068
Net Change in Cash and Cash Equivalents	4,949,369	2,431,989
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	7,459,501	5,027,512
End of year	\$ 12,408,870	\$ 7,459,501
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for Federal and state taxes on investment income	\$ 910,787	\$ 158,545

See notes to financial statements

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

Notes to Financial Statements  
December 31, 2021

### **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.

#### ***Prior Year Summarized Comparative Information***

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation’s financial statements as of and for the year ended December 31, 2020, from which the summarized information was derived.

#### ***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.

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.



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

Notes to Financial Statements  
December 31, 2021

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

#### ***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.

#### ***Contributions***

Contributions are reported as an increase in net assets without donor restriction unless their use is limited by donor-imposed restrictions. Contributions received with donor restrictions are reported as net assets with donor restrictions. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restriction.

#### ***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.

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

Notes to Financial Statements  
December 31, 2021

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

***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 investment in perpetuity.

***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, 2018.

***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 2, 2022.

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

Notes to Financial Statements  
December 31, 2021

**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	2021			Total
	Level 1	Level 2	Investments Measured at NAV (*)	
Equity Securities				
Diversified emerging markets	\$ 33,734,482	\$ -	\$ -	\$ 33,734,482
Global equity portfolio	24,752,433	-	-	24,752,433
Financial services	12,102,438	-	-	12,102,438
Technology	5,906,502	-	-	5,906,502
Consumer staples	726,623	-	-	726,623
Healthcare	34,815,318	-	-	34,815,318
Other	33,463,588	-	-	33,463,588
Fixed Income				
Short term bond	17,720,486	-	-	17,720,486
Emergings markets bond	-	11,372,807	-	11,372,807
Alternative Investments				
Hedge funds(a)	-	-	177,962,883	177,962,883
Private equities(a)	-	-	86,080,844	86,080,844
Total Investments at Fair Value	<u>\$ 163,221,870</u>	<u>\$ 11,372,807</u>	<u>\$ 264,043,727</u>	438,638,404
Cash held for investment, at cost				541,806
Total Investments				<u>\$ 439,180,210</u>
Description	2020			Total
	Level 1	Level 2	Investments Measured at NAV (*)	
Equity Securities				
Diversified emerging markets	\$ 44,839,321	\$ -	\$ -	\$ 44,839,321
Global equity portfolio	27,051,202	-	-	27,051,202
Financial services	10,965,188	-	-	10,965,188
Technology	4,660,270	-	-	4,660,270
Consumer staples	676,534	-	-	676,534
Healthcare	40,341,745	-	-	40,341,745
Other	25,178,966	-	-	25,178,966
Fixed Income				
Short term bond	21,415,437	-	-	21,415,437
Emergings markets bond	-	11,521,665	-	11,521,665
Alternative Investments				
Hedge funds(a)	-	-	133,605,697	133,605,697
Private equities(a)	-	-	77,012,335	77,012,335
Total Investments at Fair Value	<u>\$ 175,128,663</u>	<u>\$ 11,521,665</u>	<u>\$ 210,618,032</u>	397,268,360
Cash held for investment, at cost				712,203
Total Investments				<u>\$ 397,980,563</u>

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

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, 2021

**3. Investments (continued)**

Information regarding alternative investments valued at NAV using the practical expedient at December 31, 2021 is as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Hedge funds (see "a" below)	\$ 177,962,883	\$ -	Monthly - Annually	7-90 days
Private equities (see "b" below)	86,080,844	35,641,962	Locked	N/A
	<u>\$ 264,043,727</u>	<u>\$ 35,641,962</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.
- 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, 2021

**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>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 12,408,870	\$ 7,459,501
Accrued investment income and other receivables	42,803	41,937
Investments	<u>439,180,210</u>	<u>397,980,563</u>
Total Financial Assets	<u>451,631,883</u>	<u>405,482,001</u>
Less:		
Security deposit held in a certificate of deposit	413,362	413,362
Illiquid investments	86,080,844	77,012,335
Restricted by donor with purpose restrictions	<u>403,664</u>	<u>437,927</u>
	<u>86,897,870</u>	<u>77,863,624</u>
 Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	 <u>\$ 364,734,013</u>	 <u>\$ 327,618,377</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>2021</u>	<u>2020</u>
Balance at beginning of year	\$ 13,613,691	\$ 13,155,082
Addition:		
Grants authorized	14,410,064	14,002,743
Deductions:		
Payments made	<u>(13,687,312)</u>	<u>(13,544,134)</u>
	<u>\$ 14,336,443</u>	<u>\$ 13,613,691</u>

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

Notes to Financial Statements  
December 31, 2021

**5. Grants Payable (continued)**

Grants payable are scheduled to be disbursed as follows:

2022	\$ 8,746,824
2023	3,932,751
2024	1,243,246
2025	291,230
2026	63,000
Thereafter	59,392
	<u>\$ 14,336,443</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:

2022	\$ 827,125
2023	827,125
2024	858,938
2025	890,750
2026	890,750
Thereafter	6,998,750
	<u>\$ 11,293,438</u>

Rent expense totaled \$843,868 for both 2021 and 2020.

**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. 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 1.39% on its net investment income, as defined, for tax purposes. Deferred taxes arise from differences between the cost and fair value of investments and are calculated at a rate of 1.39%.

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

Notes to Financial Statements  
December 31, 2021

**9. 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 2021 and 2020 were \$347,737 and \$344,875.

**10. Postretirement Healthcare Benefits**

In addition to the retirement plan described in Note 9, 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>2021</u>	<u>2020</u>
Benefit Obligation		
at End of Year	\$ 4,519,470	\$ 4,226,855
Net postretirement benefit costs	226,311	272,374
Unrecognized actuarial loss	161,934	402,460
Benefits paid	95,630	92,544
Discount rate used	2.73%	2.40%
 Components of Net Periodic Expense		
for the Year		
Service cost	\$ 126,014	\$ 159,386
Interest cost	<u>100,297</u>	<u>112,988</u>
	<u>\$ 226,311</u>	<u>\$ 272,374</u>
 Effect of a one-percent point		
increase in HCCTR* on		
Year end benefit obligation	\$ 712,443	\$ 732,124
Total of service and interest		
cost component	245,575	277,079
decrease in HCCTR* on		
Year end benefit obligation	(580,128)	(586,474)
Total of service and interest		
cost component	(169,238)	(179,760)

\* Health Care Cost Trend Rate

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

Notes to Financial Statements  
December 31, 2021

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

Measurements used to determine the postretirement benefit obligation for the years ended December 31, 2021 and 2020 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 2021, decreasing to 5.25% by 2027.

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

2022	\$ 156,122
2023	167,752
2024	180,318
2025	192,143
2026	202,554
2027-2031	<u>1,118,228</u>
	<u>\$2,017,117</u>

**11. Net Assets with Donor Restrictions**

During 2021 and 2020, the Foundation partnered with two other foundations to co-fund research-practice partnership projects selected through the Foundation's Institutional Challenge Grant competition and the President Special Initiative Grant Program ("Advancing Equity"). These grants will be used to improve the use of research evidence for policy and practice.

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2021</u>	<u>2020</u>
Institutional Challenge Grant	\$ 389,706	\$ 437,927
Advancing Equity	<u>13,958</u>	<u>-</u>
	<u>\$ 403,664</u>	<u>\$ 437,927</u>

Net assets released from restrictions consisted of the following for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Institutional Challenge Grant	\$ 273,221	\$ 212,073
Advancing Equity	<u>61,042</u>	<u>-</u>
	<u>\$ 334,263</u>	<u>\$ 212,073</u>

\* \* \* \* \*



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

Supplementary Information

December 31, 2021

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

Portfolio Asset Allocation Schedule  
December 31, 2021

	<u>Investments</u>	<u>% of Portfolio</u>	<u>Target Allocation</u>	<u>Target Range</u>
<b>EQUITY</b>				
U.S.:				
Silvercrest Asset Management Group	\$ 23,918,577			
Eagle Capital Equity	33,739,462			
JP Morgan	379,797			
Royalty Pharma plc	29,515,580			
Subtotal U.S.	<u>87,553,416</u>	19.9%		
<b>GLOBAL</b>				
Harding & Loevner	<u>24,752,433</u>			
Subtotal Global	<u>24,752,433</u>	5.6%		
<b>EMERGING MARKETS</b>				
Dimensional Fund Advisors	33,734,482			
Subtotal Emerging Markets	<u>33,734,482</u>	7.7%		
Subtotal Long Equity	<u>146,040,331</u>	33.2%		
<b>HEDGED (Hedge Funds)</b>				
First Eagle International Value Fund, LP	19,783,372			
New Generation Turnaround Fund	4,099,747			
Steelhead Pathfinder Fund, Ltd	17,506,139			
Raging Capital Offshore Fund	2,971,432			
Altimeter Offshore Limited	13,351,794			
Armistice Capital LLC	28,055,689			
Verdad Leverage Company Fund	1,318,012			
Verdad Japan Fund, LP	4,233,600			
Verdad Opportunity Fund I, LP	1,292,760			
Verdad Japan Small Value Fund, LP	2,848,208			
Verdad Deephaven Fund, LP	10,010,503			
Fact Global Long Short Offshore Fund, Ltd	2,030,015			
Fact Global Long Only Fund, LP	7,819,086			
Rose Grove Offshore Fund I, Ltd	15,930,005			
Fundsmith Equity Fund L.P	13,985,798			
Quin Opportunities Offshore Ltd	6,549,564			
Condire Resource Partners, LP	5,032,158			
Heard High Conviction Long Only Fund, LLC	5,538,484			
Portolan Equity Fund, LP	<u>15,606,517</u>			
Subtotal Hedged	<u>177,962,883</u>	40.5%		
Total Equity (including limited partnerships)	<u>324,003,214</u>	73.7%	58.0%	40.0-70.0%
<b>Private Equity</b>				
American Securities Partners V	6,564			
Brightwood Capital SBIC I, LP	3,050,973			
Brightwood Capital SBIC III, LP	389,985			
HRJ Capital VC IV L.P	586,698			
Cross Creek Capital, L.P	279,617			
CSL Energy Opportunities Offshore Fund, LP	514,555			
North Atlantic Venture Fund V, LP	6,375,044			
PeakSpan Capital Growth Partners I, LP	7,627,986			
Royalty Pharma Cayman Holdings 2008, LP	129,194			
Seacoast Capital Partners IV LP	5,900,613			
TIFF Partners V-US, LLC	331,450			
TIFF Partners V-International, LLC	81,619			
TIFF Private Equity Partners 2006, LLC	276,015			
TIFF Private Equity Partners 2007, LLC	3,460,570			
TIFF Private Equity Partners 2008, LLC	2,992,011			
TIFF Secondary Partners II, LLC	275,510			
TIFF Special Opportunities Fund, LLC	2,556,264			
TIFF Special Opportunities Fund III, LLC	6,289,511			
Venture Investment Associated VII, LP	7,628,097			
Makena RE Fund II LP	7,647,805			
MCR Hospitality Fund LP	9,874,409			
Torchlight Debt Fund VI LP	8,381,813			
Hanover Active Eq II SCA	6,525,053			
Accolade Partnes Blockchain II, LP	290,326			
PeakSpan Capital Growth Partners II, LP	4,573,373			
PeakSpan Capital Growth Partners III, LP	<u>35,789</u>			
Total Alternatives Investments	<u>86,080,844</u>	19.5%	12.0%	10.0-20.0%
<b>FIXED INCOME</b>				
GMO Emerging Country Debt Fund	11,372,807			
JPM Short Duration Bond	13,117,861			
JPM Management Income Fund	4,605,484			
Total Fixed Income	<u>29,096,152</u>	6.6%	30.0%	20.0-50.0%
Total Portfolio	<u>\$ 439,180,210</u>	100%	100.0%	

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

Fair Value Measurements of Portfolio Assets  
December 31, 2021

	Fair Value	Level 1	Level 2	Investments Measures at NAV
<b>EQUITY</b>				
U.S.:				
Silvercrest Asset Management Group	\$ 23,720,071	\$ 23,720,071	\$ -	\$ -
Eagle Capital Equity	33,399,021	33,399,021	-	-
JPMorgan	379,797	379,797	-	-
Royalty Pharma plc	29,515,580	29,515,580	-	-
Subtotal U.S.	<u>87,014,469</u>	<u>87,014,469</u>	<u>-</u>	<u>-</u>
<b>GLOBAL</b>				
Harding & Loevner	24,752,433	24,752,433	-	-
Subtotal Global	<u>24,752,433</u>	<u>24,752,433</u>	<u>-</u>	<u>-</u>
<b>EMERGING MARKETS</b>				
Dimensional Fund Advisors	33,734,482	33,734,482	-	-
Subtotal Emerging Markets	<u>33,734,482</u>	<u>33,734,482</u>	<u>-</u>	<u>-</u>
Subtotal Long Equity	<u>145,501,384</u>	<u>145,501,384</u>	<u>-</u>	<u>-</u>
<b>HEDGED (Hedge Funds)</b>				
First Eagle International Value Fund, LP	19,783,372	-	-	19,783,372
New Generation Turnaround Fund	4,099,747	-	-	4,099,747
Steelhead Pathfinder Fund, Ltd	17,506,139	-	-	17,506,139
Raging Capital Offshore Fund	2,971,432	-	-	2,971,432
Altimeter Offshore Limited	13,351,794	-	-	13,351,794
Armistice Capital LLC	28,055,689	-	-	28,055,689
Verdad Leverage Company Fund	1,318,012	-	-	1,318,012
Verdad Japan Fund, LP	4,233,600	-	-	4,233,600
Verdad Europe Fund LP	1,292,760	-	-	1,292,760
Verdad Japan Small Value Fund, LP	2,848,208	-	-	2,848,208
Verdad Deephaven Fund, LP	10,010,503	-	-	10,010,503
Fact Global Long Short Offshore Fund, Ltd	2,030,015	-	-	2,030,015
Fact Global Long Only Fund, LP	7,819,086	-	-	7,819,086
Rose Grove Offshore Fund I, Ltd	15,930,005	-	-	15,930,005
Fundsmith Equity Fund L.P	13,985,798	-	-	13,985,798
Quin Opportunities Offshore Ltd	6,549,564	-	-	6,549,564
Condire Resource Partners, LP	5,032,158	-	-	5,032,158
Heard High Conviction Long Only Fund, LLC	5,538,484	-	-	5,538,484
Portolan Equity Fund, LP	15,606,517	-	-	15,606,517
Subtotal Hedged	<u>177,962,883</u>	<u>-</u>	<u>-</u>	<u>177,962,883</u>
Total Equity (including limited partnerships)	<u>323,464,267</u>	<u>145,501,384</u>	<u>-</u>	<u>177,962,883</u>
<b>ALTERNATIVE INVESTMENTS (Private Equity)</b>				
American Securities Partners V	6,564	-	-	6,564
Brightwood Capital SBIC I, LP	3,050,973	-	-	3,050,973
Bridgwood Capital SBIC III, LP	389,985	-	-	389,985
HRJ Capital VC IV L.P	586,698	-	-	586,698
Cross Creek Capital, L.P	279,617	-	-	279,617
CSL Energy Opportunities Offshore Fund, LP	514,555	-	-	514,555
North Atlantic Venture Fund V, LP	6,375,044	-	-	6,375,044
PeakSpan Capital Growth Partners I, LP	7,627,986	-	-	7,627,986
Royalty Pharma Cayman Holdings 2008, LP	129,194	-	-	129,194
Seacoast Capital Partners IV LP	5,900,613	-	-	5,900,613
TIFF Partners V-US, LLC	331,450	-	-	331,450
TIFF Partners V-International, LLC	81,619	-	-	81,619
TIFF Private Equity Partners 2006, LLC	276,015	-	-	276,015
TIFF Private Equity Partners 2007, LLC	3,460,570	-	-	3,460,570
TIFF Private Equity Partners 2008, LLC	2,992,011	-	-	2,992,011
TIFF Secondary Partners II, LLC	275,510	-	-	275,510
TIFF Special Opportunities Fund, LLC	2,556,264	-	-	2,556,264
TIFF Special Opportunities Fund III, LLC	6,289,511	-	-	6,289,511
Venture Investment Associated VII, LP	7,628,097	-	-	7,628,097
Makena RE Fund II LP	7,647,805	-	-	7,647,805
MCR Hospitality Fund LP	9,874,409	-	-	9,874,409
Torchlight Debt Fund VI LP	8,381,813	-	-	8,381,813
Hanover Active Eq II SCA	6,525,053	-	-	6,525,053
Accolade Partnes Blockchain II, LP	290,326	-	-	290,326
PeakSpan Capital Growth Partners II, LP	4,573,373	-	-	4,573,373
PeakSpan Capital Growth Partners III, LP	35,789	-	-	35,789
Total Alternatives Investments	<u>86,080,844</u>	<u>-</u>	<u>-</u>	<u>86,080,844</u>
<b>FIXED INCOME</b>				
GMO Emerging Country Debt Fund	11,372,807	-	11,372,807	-
JPM Short Duration Bond	13,117,861	13,117,861	-	-
JPM Management Income Fund	4,602,625	4,602,625	-	-
Total Fixed Income	<u>29,093,293</u>	<u>17,720,486</u>	<u>11,372,807</u>	<u>-</u>
Total Investments at Fair Value	<u>438,638,404</u>	<u>\$ 163,221,870</u>	<u>\$ 11,372,807</u>	<u>\$ 264,043,727</u>
<b>CASH HELD FOR INVESTMENT</b>				
Silvercrest Asset Management Group	198,506			
US Dollar JPM Deposit Sweep	2,859			
Eagle Capital Equity	340,441			
Total Cash Held for Investment	<u>541,806</u>			
Total Portfolio	<u>\$ 439,180,210</u>			

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