

William T. Grant Foundation, Inc.

Financial Statements

December 31, 2022

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, 2022, 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, 2022, 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.

Emphasis of Matter

Adoption of New Accounting Standard

As discussed in Note 2 to the financial statements, the Foundation adopted Financial Accounting Standards Board ("FASB") Topic 842, Leases, using the effective date method with January 1, 2022, as the date of initial adoption. Our opinion is not modified with respect to this matter.

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.

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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 2, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 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 18 and 19 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 10, 2023

William T. Grant Foundation, Inc.

Statement of Financial Position
Year Ended December 31, 2022
(with comparative amounts at December 31, 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 4,972,192	\$ 12,408,870
Accrued investment income and other receivables	96,339	42,803
Prepaid federal excise tax	283,840	200,418
Investments	372,534,597	439,180,210
Prepaid expenses and other assets	97,759	93,929
Right of use asset, operating lease, net	<u>8,766,576</u>	<u>-</u>
	<u>\$ 386,751,303</u>	<u>\$ 451,926,230</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 263,642	\$ 330,097
Grants payable	16,371,575	14,336,443
Postretirement benefit obligation	3,568,365	4,519,470
Deferred federal excise tax	955,000	1,941,000
Deferred rent	-	745,082
Lease liability	<u>9,528,401</u>	<u>-</u>
Total Liabilities	<u>30,686,983</u>	<u>21,872,092</u>
Net Assets		
Net assets without donor restrictions	355,550,986	429,650,474
Net assets with donor restrictions	<u>513,334</u>	<u>403,664</u>
Total Net Assets	<u>356,064,320</u>	<u>430,054,138</u>
	<u>\$ 386,751,303</u>	<u>\$ 451,926,230</u>

See notes to financial statements

William T. Grant Foundation, Inc.

Statement of Activities Year Ended December 31, 2022 (with summarized totals for the year ended December 31, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Investment Return				
Interest and dividends	\$ 2,882,728	\$ -	\$ 2,882,728	\$ 8,042,958
Net realized and unrealized (loss) gain on investments	<u>(57,861,396)</u>	<u>-</u>	<u>(57,861,396)</u>	<u>58,225,462</u>
	(54,978,668)	-	(54,978,668)	66,268,420
Less direct investment expenses	<u>690,425</u>	<u>-</u>	<u>690,425</u>	<u>808,054</u>
Investment Return	(55,669,093)	-	(55,669,093)	65,460,366
Contributions	-	650,000	650,000	300,000
Other income	1,407	-	1,407	7,840
Net assets released from restrictions	<u>540,330</u>	<u>(540,330)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>(55,127,356)</u>	<u>109,670</u>	<u>(55,017,686)</u>	<u>65,768,206</u>
EXPENSES				
Program services	19,508,984	-	19,508,984	18,377,706
Operations and governance	1,331,283	-	1,331,283	1,222,877
Federal excise tax	182,003	-	182,003	855,653
Deferred excise tax (benefit) expense	(986,000)	-	(986,000)	40,000
Unrelated business income tax and other taxes	<u>3,818</u>	<u>-</u>	<u>3,818</u>	<u>22,785</u>
Total Expenses	<u>20,040,088</u>	<u>-</u>	<u>20,040,088</u>	<u>20,519,021</u>
Change in Net Assets Before Postretirement Benefit				
Obligation Adjustment	(75,167,444)	109,670	(75,057,774)	45,249,185
Postretirement benefit obligation adjustment	<u>1,067,956</u>	<u>-</u>	<u>1,067,956</u>	<u>(161,934)</u>
Change in Net Assets	<u>(74,099,488)</u>	<u>109,670</u>	<u>(73,989,818)</u>	<u>45,087,251</u>
NET ASSETS				
Beginning of year	<u>429,650,474</u>	<u>403,664</u>	<u>430,054,138</u>	<u>384,966,887</u>
End of year	<u>\$ 355,550,986</u>	<u>\$ 513,334</u>	<u>\$ 356,064,320</u>	<u>\$ 430,054,138</u>

See notes to financial statements

William T. Grant Foundation, Inc.

Statement of Functional Expenses

Year Ended December 31, 2022

(with comparative amounts for the year ended December 31, 2021)

	2022			2021		
	Program Services	Operations and Governance	Total	Program Services	Operations and Governance	Total
Grants authorized, net of refunded and rescinded amounts of \$199,248 and \$326,035 in 2022 and 2021	\$ 14,871,910	\$ -	\$ 14,871,910	\$ 14,084,029	\$ -	\$ 14,084,029
Salaries and wages	2,123,631	639,999	2,763,630	2,024,209	610,036	2,634,245
Payroll taxes and employee benefits	786,848	237,132	1,023,980	807,346	243,310	1,050,656
Net periodic benefit costs, other than service costs	89,153	32,974	122,127	77,229	23,068	100,297
Occupancy	631,055	233,404	864,459	643,737	226,178	869,915
Furniture and maintenance	13,574	5,021	18,595	22,799	8,010	30,809
Office expenses	33,266	12,304	45,570	19,021	6,683	25,704
General expenses	39,010	14,428	53,438	17,222	6,051	23,273
Staff travel and expense	105,272	38,936	144,208	41,094	14,439	55,533
Telecommunications	28,766	10,640	39,406	35,218	12,374	47,592
Computer purchases and maintenance	78,236	28,936	107,172	56,179	19,739	75,918
Professional fees	66,867	24,731	91,598	54,466	19,137	73,603
Insurance	27,646	10,225	37,871	29,457	10,350	39,807
Trustee and committee expenses	117,296	42,553	159,849	66,892	23,502	90,394
Publications	12,406	-	12,406	7,641	-	7,641
Advisory expenses	484,048	-	484,048	391,167	-	391,167
Total	\$ 19,508,984	\$ 1,331,283	\$ 20,840,267	\$ 18,377,706	\$ 1,222,877	\$ 19,600,583

See notes to financial statements

William T. Grant Foundation, Inc.

Statement of Cash Flows
Year Ended December 31, 2022
(with comparative amounts for the year ended December 31, 2021)

	Year Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (73,989,818)	\$ 45,087,251
Adjustments to reconcile change in net assets to net cash from operating activities		
Amortization of right of use assets - operating lease	683,775	-
Net realized gain on sale of investments	(13,412,331)	(55,356,857)
Unrealized loss (gain) on investments	71,273,727	(2,868,605)
Postretirement benefit obligation adjustment	(1,067,956)	161,934
Deferred federal excise tax	(986,000)	40,000
Deferred rent	-	16,743
Net changes in operating assets and liabilities		
Accrued investment income and other receivables	(53,536)	(866)
Prepaid federal excise tax	(83,422)	(55,134)
Prepaid expenses and other assets	(3,830)	(17,119)
Accounts payable and accrued expenses	(66,455)	62,774
Grants payable	2,035,132	722,752
Postretirement benefit obligation	116,851	130,681
Lease liability	(667,032)	-
Net Cash from Operating Activities	(16,220,895)	(12,076,446)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	57,745,989	127,665,527
Purchase of investments	(48,961,772)	(110,639,712)
Net Cash from Investing Activities	8,784,217	17,025,815
Net Change in Cash and Cash Equivalents	(7,436,678)	4,949,369
CASH AND CASH EQUIVALENTS		
Beginning of year	12,408,870	7,459,501
End of year	\$ 4,972,192	\$ 12,408,870
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for Federal and state taxes on investment income	\$ 265,425	\$ 910,787

See notes to financial statements

William T. Grant Foundation, Inc.

Notes to Financial Statements
December 31, 2022

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

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset.

The Foundation adopted the requirements of the new standard effective January 1, 2022, using the modified retrospective transition method, which applies the provisions of the standard at the effective date without any adjustment to the comparative periods presented. The Foundation adopted the following practical expedients and elected the following accounting policies related to this standard: Carry forward of historical lease classifications and accounting treatment.

Accordingly, the Foundation will recognize lease payments on a straight-line basis over the lease term and variable payments in the period when the corresponding obligation is incurred. Adoption of this standard resulted in the recognition of an initial operating lease right-of-use assets of \$9,450,351 and corresponding lease liability of \$10,195,433 on the statement of financial position as of January 1, 2022, which represents lease payments of \$11,293,438, discounted at 1.63%. The difference between the initial right-of-use assets and lease liability is due to the write off of deferred rent in the amount of \$745,082. The standard did not materially impact operating results or liquidity.

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.

William T. Grant Foundation, Inc.

Notes to Financial Statements
December 31, 2022

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

Prior Year Summarized Comparative Information

Accordingly, such information should be read in conjunction with the Foundation's financial statements as of and for the year ended December 31, 2021, 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.

Leases

The Foundation determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Foundation does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

The Foundation has lease agreements with lease and non-lease components, which are general accounted for separately. Variable lease components in these leases are recognized in operating expenses in the period in which obligation is incurred.

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.

William T. Grant Foundation, Inc.

Notes to Financial Statements
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Investment Expenses

Investment expenses on the statement 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.

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.

William T. Grant Foundation, Inc.

Notes to Financial Statements
December 31, 2022

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

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. These expenses include grants, salaries and wages, payroll taxes and employee benefits, occupancy; and advisory expenses and 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, 2019.

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 10, 2023.

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	2022			Total
	Level 1	Level 2	Investments Measured at NAV (*)	
Equity Securities				
Diversified emerging markets	\$ 27,637,919	\$ -	\$ -	\$ 27,637,919
Global equity portfolio	16,390,711	-	-	16,390,711
Financial services	8,842,694	-	-	8,842,694
Technology	3,100,089	-	-	3,100,089
Consumer staples	712,942	-	-	712,942
Healthcare	28,880,480	-	-	28,880,480
Other	23,963,085	-	-	23,963,085
Fixed Income				
Short term bond	20,298,711	-	-	20,298,711
Emergings markets bond	-	9,516,465	-	9,516,465
Alternative Investments				
Hedge funds(a)	-	-	147,300,870	147,300,870
Private equities(a)	-	-	84,531,377	84,531,377
Total Investments at Fair Value	<u>\$ 129,826,631</u>	<u>\$ 9,516,465</u>	<u>\$ 231,832,247</u>	371,175,343
Cash held for investment, at cost				1,359,254
Total Investments				<u>\$ 372,534,597</u>

William T. Grant Foundation, Inc.

Notes to Financial Statements
December 31, 2022

3. Investments (continued)

Description	2021			
	Level 1	Level 2	Investments Measured at NAV (*)	Total
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>

(*) 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.

Information regarding alternative investments valued at NAV using the practical expedient at December 31, 2022 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Hedge funds (see "a" below)	\$ 147,300,870	\$ -	Monthly - Annually	7-90 days
Private equities (see "b" below)	<u>84,531,377</u>	<u>43,400,611</u>	Locked	N/A
	<u>\$ 231,832,247</u>	<u>\$ 43,400,611</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.

William T. Grant Foundation, Inc.

Notes to Financial Statements
December 31, 2022

3. Investments (continued)

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. 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>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 4,972,192	\$ 12,408,870
Accrued investment income and other receivables	96,339	42,803
Investments	<u>372,534,597</u>	<u>439,180,210</u>
Total Financial Assets	<u>377,603,128</u>	<u>451,631,883</u>
Less:		
Security deposit held in a certificate of deposit	413,362	413,362
Illiquid investments	84,531,377	86,080,844
Restricted by donor with purpose restrictions	<u>513,334</u>	<u>403,664</u>
	<u>85,458,073</u>	<u>86,897,870</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 292,145,055</u>	<u>\$ 364,734,013</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.

William T. Grant Foundation, Inc.

Notes to Financial Statements
December 31, 2022

5. Grants Payable

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

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	\$ 14,336,443	\$ 13,613,691
Addition:		
Grants authorized	15,071,158	14,410,064
Deductions:		
Payments made	<u>(13,036,026)</u>	<u>(13,687,312)</u>
	<u>\$ 16,371,575</u>	<u>\$ 14,336,443</u>

Grants payable are scheduled to be disbursed as follows:

2023	\$ 10,653,659
2024	4,173,132
2025	1,033,929
2026	395,557
2027	115,298
	<u>\$ 16,371,575</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 non-variable rent expense component for the year ended December 31, 2022 amounted to \$843,868. The variable rent expense component amounted to \$20,591 for the year ended December 31, 2022. Total cash paid for the year ended December 31, 2022 amounted to \$827,125.

The Foundation amortizes the operating lease right of use asset over the life of the lease agreements. Right-of-use assets consist of the following at December 31, 2022:

Right of use assets	\$ 9,450,351
Less: accumulated amortization	<u>(683,775)</u>
Present value of operating lease liabilities	<u>\$ 8,766,576</u>

The Foundation evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Foundation's right to use underlying assets for the lease term, and the lease liabilities represent the Foundation's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Foundation has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of January 1, 2022, was 1.63%.

William T. Grant Foundation, Inc.

Notes to Financial Statements
December 31, 2022

6. Lease Commitment (*continued*)

The future minimum annual rental commitment under this lease as of December 31, 2022 are:

2023	\$	827,125
2024		858,938
2025		890,750
2026		890,750
2027		890,750
Thereafter		<u>6,108,000</u>
Total undiscounted operating lease payments		10,466,313
Less: present value discount		<u>(937,911)</u>
Present value of operating lease liabilities	\$	<u>9,528,401</u>

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. Investment holdings at financial institutions insured by the Securities Investor Protection Corporation ("SIPC") are insured up to \$500,000 (\$250,000 for cash holdings). At times cash balances may exceed the FDIC and/or the SIPC limit. As of December 31, 2022 and 2021, the Foundation's uninsured cash equivalents on deposits totaled approximately \$4,722,000 and \$12,159,000. As of December 31, 2022 and 2021, the Foundation's uninsured investment holdings totaled approximately \$372,035,000 and \$438,680,000.

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%.

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 2022 and 2021 were \$356,929 and \$347,737.

William T. Grant Foundation, Inc.

Notes to Financial Statements
December 31, 2022

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:

	2022	2021
Benefit Obligation		
at End of Year	\$ 3,568,365	\$ 4,519,470
Net postretirement benefit costs	208,768	226,311
Unrecognized actuarial (gain) loss	(1,067,956)	161,934
Benefits paid	91,917	95,630
Discount rate used	4.98%	2.73%
Components of Net Periodic Expense		
for the Year		
Service cost	\$ 86,641	\$ 126,014
Interest cost	122,127	100,297
	\$ 208,768	\$ 226,311
Effect of a one-percent point		
increase in HCCTR* on		
Year end benefit obligation	\$ 445,132	\$ 712,443
Total of service and interest		
cost component	262,239	245,575
Effect of a one-percent point		
decrease in HCCTR* on		
Year end benefit obligation	(373,411)	(580,128)
Total of service and interest		
cost component	(197,004)	(169,238)

* Health Care Cost Trend Rate

Measurements used to determine the postretirement benefit obligation for the years ended December 31, 2022 and 2021 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 2022, decreasing to 5.25% by 2028.

William T. Grant Foundation, Inc.

Notes to Financial Statements
December 31, 2022

10. 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:

2023	\$	169,122
2024		185,517
2025		201,276
2026		215,463
2027		246,021
2028-2032		<u>1,221,261</u>
		<u>\$ 2,238,660</u>

11. Net Assets with Donor Restrictions

During 2022 and 2021, 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>2022</u>	<u>2021</u>
Institutional Challenge Grant	\$ 513,334	\$ 389,706
Advancing Equity	<u>-</u>	<u>13,958</u>
	<u>\$ 513,334</u>	<u>\$ 403,664</u>

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

	<u>2022</u>	<u>2021</u>
Institutional Challenge Grant	\$ 526,372	\$ 273,221
Advancing Equity	<u>13,958</u>	<u>61,042</u>
	<u>\$ 540,330</u>	<u>\$ 334,263</u>

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William T. Grant Foundation, Inc.

Supplementary Information

December 31, 2022

William T. Grant Foundation, Inc.

Portfolio Asset Allocation Schedule
December 31, 2022

	<u>Investments</u>	<u>% of Portfolio</u>	<u>Target Allocation</u>	<u>Target Range</u>
EQUITY				
U.S.:				
Silvercrest Asset Management Group	\$ 18,095,582			
Eagle Capital Equity	23,183,924			
Royalty Pharma plc	<u>25,414,008</u>			
Subtotal U.S.	<u>66,693,514</u>	17.9%		
GLOBAL				
Harding & Loevner	<u>16,390,711</u>			
Subtotal Global	<u>16,390,711</u>	4.4%		
EMERGING MARKETS				
Dimensional Fund Advisors	11,854,175			
DFA Small Cap Growth	<u>15,783,744</u>			
Subtotal Emerging Markets	<u>27,637,919</u>	7.4%		
Subtotal Long Equity	<u>110,722,144</u>	29.7%		
HEDGED (Hedge Funds)				
First Eagle International Value Fund, LP	14,112,334			
New Generation Turnaround Fund	1,155,232			
Steelhead Pathfinder Fund, Ltd	17,089,523			
Altimeter Offshore Limited	5,198,923			
Armistice Capital LLC	25,807,039			
Verdad Leverage Company Fund	1,053,944			
Verdad Japan Fund, LP	3,807,605			
Verdad Opportunity Fund I, LP	953,360			
Verdad Japan Small Value Fund, LP	2,941,371			
Verdad Deephaven Fund, LP	8,204,937			
Fact Global Long Short Offshore Fund, Ltd	1,715,215			
Fact Global Long Only Fund, LP	6,094,866			
Rose Grove Offshore Fund I, Ltd	15,243,290			
Fundsmith Equity Fund L.P	10,912,963			
Quinn Opportunities Offshore Ltd	3,115,704			
Condire Resource Partners, LP	6,543,602			
Heard High Conviction Long Only Fund, LLC	4,140,136			
Gator Capital Management	2,951,658			
Mountain Lake	5,474,248			
Portolan Equity Fund, LP	<u>10,784,920</u>			
Subtotal Hedged	<u>147,300,870</u>	39.5%		
Total Equity (including limited partnerships)	<u>258,023,014</u>	69.2%	58.0%	40.0-70.0%
Private Equity				
Brightwood Capital SBIC I, LP	2,883,229			
Brightwood Capital SBIC III, LP	2,201,606			
Brightwood Capital SBIC III, LP	239,452			
Cross Creek Capital, L.P	57,785			
CSL Energy Opportunities Offshore Fund, LP	547,991			
North Atlantic Venture Fund V, LP	6,433,680			
PeakSpan Capital Growth Partners I, LP	6,083,257			
Seacoast Capital Partners IV LP	4,769,538			
TIFF Partners V-US, LLC	98,732			
TIFF Partners V-International, LLC	58,519			
TIFF Private Equity Partners 2006, LLC	109,236			
TIFF Private Equity Partners 2007, LLC	1,952,389			
TIFF Private Equity Partners 2008, LLC	2,180,170			
TIFF Secondary Partners II, LLC	141,310			
TIFF Special Opportunities Fund, LLC	2,485,329			
TIFF Special Opportunities Fund III, LLC	13,353,966			
TIFF Partners 2022	1,830,933			
Venture Investment Associated VII, LP	5,012,944			
Makena RE Fund II LP	5,643,062			
MCR Hospitality Fund LP	7,515,115			
Torchlight Debt Fund VI LP	7,350,235			
Hanover Active Eq II SCA	5,924,272			
Accolade Partnes Blockchain II, LP	613,488			
PeakSpan Capital Growth Partners II, LP	4,969,266			
PeakSpan Capital Growth Partners III, LP	1,537,823			
Riverside Mirco-Cap Fund VI, LP	<u>538,050</u>			
Total Alternatives Investments	<u>84,531,377</u>	22.6%	12.0%	10.0-20.0%
FIXED INCOME				
GMO Emerging Country Debt Fund	9,516,465			
JPM Short Duration Bond	12,631,568			
JPM Management Income Fund	<u>7,832,173</u>			
Total Fixed Income	<u>29,980,206</u>	8.0%	30.0%	<u>20.0-50.0%</u>
Total Portfolio	<u>\$ 372,534,597</u>	100%	100.0%	

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William T. Grant Foundation, Inc.

Fair Value Measurements of Portfolio Assets December 31, 2022

	Fair Value	Level 1	Level 2	Investments Measures at NAV
EQUITY				
U.S.:				
Silvercrest Asset Management Group	\$ 17,684,652	\$ 17,684,652	\$ -	\$ -
Eagle Capital Equity	22,400,629	22,400,629	-	-
Royalty Pharma plc	25,414,008	25,414,008	-	-
Subtotal U.S.	<u>65,499,289</u>	<u>65,499,289</u>	-	-
GLOBAL				
Harding & Loevner	16,390,711	16,390,711	-	-
Subtotal Global	<u>16,390,711</u>	<u>16,390,711</u>	-	-
EMERGING MARKETS				
Dimensional Fund Advisors	11,854,175	11,854,175	-	-
DFA Small Cap Growth	15,783,744	15,783,744	-	-
Subtotal Emerging Markets	<u>27,637,919</u>	<u>27,637,919</u>	-	-
Subtotal Long Equity	<u>109,527,919</u>	<u>109,527,919</u>	-	-
HEDGED (Hedge Funds)				
First Eagle International Value Fund, LP	14,112,334	-	-	14,112,334
New Generation Turnaround Fund	1,155,232	-	-	1,155,232
Steelhead Pathfinder Fund, Ltd	17,089,523	-	-	17,089,523
Altimeter Offshore Limited	5,198,923	-	-	5,198,923
Armistice Capital LLC	25,807,039	-	-	25,807,039
Verdad Leverage Company Fund	1,053,944	-	-	1,053,944
Verdad Japan Fund, LP	3,807,605	-	-	3,807,605
Verdad Europe Fund LP	953,360	-	-	953,360
Verdad Japan Small Value Fund, LP	2,941,371	-	-	2,941,371
Verdad Deephaven Fund, LP	8,204,937	-	-	8,204,937
Fact Global Long Short Offshore Fund, Ltd	1,715,215	-	-	1,715,215
Fact Global Long Only Fund, LP	6,094,866	-	-	6,094,866
Rose Grove Offshore Fund I, Ltd	15,243,290	-	-	15,243,290
Fundsmith Equity Fund L.P	10,912,963	-	-	10,912,963
Quinn Opportunities Offshore Ltd	3,115,704	-	-	3,115,704
Condire Resource Partners, LP	6,543,602	-	-	6,543,602
Heard High Conviction Long Only Fund, LLC	4,140,136	-	-	4,140,136
Gator Capital Management	2,951,658	-	-	2,951,658
Mountain Lake	5,474,248	-	-	5,474,248
Portolan Equity Fund, LP	10,784,920	-	-	10,784,920
Subtotal Hedged	<u>147,300,870</u>	-	-	<u>147,300,870</u>
Total Equity (including limited partnerships)	<u>256,828,789</u>	<u>109,527,919</u>	-	<u>147,300,870</u>
ALTERNATIVE INVESTMENTS (Private Equity)				
Brightwood Capital SBIC I, LP	2,883,229	-	-	2,883,229
Brightwood Capital SBIC III, LP	2,201,606	-	-	2,201,606
Brightwood Capital SBIC III, LP	239,452	-	-	239,452
Cross Creek Capital, L.P	57,785	-	-	57,785
CSL Energy Opportunities Offshore Fund, LP	547,991	-	-	547,991
North Atlantic Venture Fund V, LP	6,433,680	-	-	6,433,680
PeakSpan Capital Growth Partners I, LP	6,083,257	-	-	6,083,257
Seacoast Capital Partners IV LP	4,769,538	-	-	4,769,538
TIFF Partners V-US, LLC	98,732	-	-	98,732
TIFF Partners V-International, LLC	58,519	-	-	58,519
TIFF Private Equity Partners 2006, LLC	109,236	-	-	109,236
TIFF Private Equity Partners 2007, LLC	1,952,389	-	-	1,952,389
TIFF Private Equity Partners 2008, LLC	2,180,170	-	-	2,180,170
TIFF Secondary Partners II, LLC	141,310	-	-	141,310
TIFF Special Opportunities Fund, LLC	2,485,329	-	-	2,485,329
TIFF Special Opportunities Fund III, LLC	13,353,966	-	-	13,353,966
TIFF Private Equity Partners 2022, LLC	1,830,933	-	-	1,830,933
Venture Investment Associated VII, LP	5,012,944	-	-	5,012,944
Makena RE Fund II LP	5,643,062	-	-	5,643,062
MCR Hospitality Fund LP	7,515,115	-	-	7,515,115
Torchlight Debt Fund VI LP	7,350,235	-	-	7,350,235
Hanover Active Eq II SCA	5,924,272	-	-	5,924,272
Accolade Partnes Blockchain II, LP	613,488	-	-	613,488
PeakSpan Capital Growth Partners II, LP	4,969,266	-	-	4,969,266
PeakSpan Capital Growth Partners III, LP	1,537,823	-	-	1,537,823
Riverside Micro-Cap Fund VI, LP	538,050	-	-	538,050
Total Alternatives Investments	<u>84,531,377</u>	-	-	<u>84,531,377</u>
FIXED INCOME				
GMO Emerging Country Debt Fund	9,516,465	-	9,516,465	-
JPM Short Duration Bond	12,631,568	12,631,568	-	-
JPM Management Income Fund	7,667,144	7,667,144	-	-
Total Fixed Income	<u>29,815,177</u>	<u>20,298,712</u>	<u>9,516,465</u>	-
Total Investments at Fair Value	<u>371,175,343</u>	<u>\$ 129,826,631</u>	<u>\$ 9,516,465</u>	<u>\$ 231,832,247</u>
CASH HELD FOR INVESTMENT				
Silvercrest Asset Management Group	410,930			
US Dollar JPM Deposit Sweep	165,029			
Eagle Capital Equity	783,295			
Total Cash Held for Investment	<u>1,359,254</u>			
Total Portfolio	<u>\$ 372,534,597</u>			

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