

William T. Grant Foundation, Inc.

Financial Statements

December 31, 2023

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, 2023, 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, 2023, 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.

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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 10, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 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 19 and 20 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

October 30, 2024

William T. Grant Foundation, Inc.

Statement of Financial Position
Year Ended December 31, 2023
(with comparative amounts at December 31, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 6,238,949	\$ 4,972,192
Grants receivable, net	416,104	-
Accrued investment income and other receivables	80,238	96,339
Prepaid federal excise tax	592,195	283,840
Investments	387,368,575	372,534,597
Prepaid expenses and other assets	373,277	97,759
Right of use asset, operating lease, net	<u>8,071,847</u>	<u>8,766,576</u>
	<u>\$ 403,141,185</u>	<u>\$ 386,751,303</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 243,745	\$ 263,642
Grants payable	16,520,387	16,371,575
Postretirement benefit obligation	3,546,987	3,568,365
Deferred federal excise tax	1,233,000	955,000
Lease liability	<u>8,850,415</u>	<u>9,528,401</u>
Total Liabilities	<u>30,394,534</u>	<u>30,686,983</u>
Net Assets		
Net assets without donor restrictions	371,676,284	355,550,986
Net assets with donor restrictions	<u>1,070,367</u>	<u>513,334</u>
Total Net Assets	<u>372,746,651</u>	<u>356,064,320</u>
	<u>\$ 403,141,185</u>	<u>\$ 386,751,303</u>

See notes to financial statements

William T. Grant Foundation, Inc.

Statement of Activities Year Ended December 31, 2023 (with summarized totals for the year ended December 31, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Investment Return				
Interest and dividends	\$ 4,469,840	\$ -	\$ 4,469,840	\$ 2,882,728
Net realized and unrealized gain (loss) on investments	<u>34,449,894</u>	<u>-</u>	<u>34,449,894</u>	<u>(57,861,396)</u>
	38,919,734	-	38,919,734	(54,978,668)
Less direct investment expenses	<u>653,531</u>	<u>-</u>	<u>653,531</u>	<u>690,425</u>
Investment Return	38,266,203	-	38,266,203	(55,669,093)
Contributions	-	1,282,449	1,282,449	650,000
Other income	1,901	-	1,901	1,407
Net assets released from restrictions	<u>725,416</u>	<u>(725,416)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>38,993,520</u>	<u>557,033</u>	<u>39,550,553</u>	<u>(55,017,686)</u>
EXPENSES				
Program services	21,095,848	-	21,095,848	19,508,984
Operations and governance	1,463,514	-	1,463,514	1,331,283
Federal excise tax	136,412	-	136,412	182,003
Deferred excise tax expense (benefit)	278,000	-	278,000	(986,000)
Unrelated business income tax and other taxes	<u>8,951</u>	<u>-</u>	<u>8,951</u>	<u>3,818</u>
Total Expenses	<u>22,982,725</u>	<u>-</u>	<u>22,982,725</u>	<u>20,040,088</u>
Change in Net Assets Before Postretirement Benefit Obligation Adjustment	16,010,795	557,033	16,567,828	(75,057,774)
Postretirement benefit obligation adjustment	<u>114,503</u>	<u>-</u>	<u>114,503</u>	<u>1,067,956</u>
Change in Net Assets	16,125,298	557,033	16,682,331	(73,989,818)
NET ASSETS				
Beginning of year	<u>355,550,986</u>	<u>513,334</u>	<u>356,064,320</u>	<u>430,054,138</u>
End of year	<u>\$ 371,676,284</u>	<u>\$ 1,070,367</u>	<u>\$ 372,746,651</u>	<u>\$ 356,064,320</u>

See notes to financial statements

William T. Grant Foundation, Inc.

Statement of Functional Expenses
Year Ended December 31, 2023

(with comparative amounts for the year ended December 31, 2022)

	2023			2022		
	Program Services	Operations and Governance	Total	Program Services	Operations and Governance	Total
Grants authorized, net of refunded and rescinded amounts of \$110,022 and \$199,248 in 2023 and 2022	\$ 16,283,734	\$ -	\$ 16,283,734	\$ 14,871,910	\$ -	\$ 14,871,910
Salaries and wages	2,167,806	702,247	2,870,053	2,123,631	639,999	2,763,630
Payroll taxes and employee benefits	770,976	249,752	1,020,728	786,848	237,132	1,023,980
Net periodic benefit costs, other than service costs	123,683	50,518	174,201	89,153	32,974	122,127
Occupancy	616,648	251,870	868,518	631,055	233,404	864,459
Furniture and maintenance	19,253	7,864	27,117	13,574	5,021	18,595
Office expenses	29,934	12,227	42,161	33,266	12,304	45,570
General expenses	34,204	13,971	48,175	39,010	14,428	53,438
Staff travel and expense	88,340	36,083	124,423	105,272	38,936	144,208
Telecommunications	27,148	11,088	38,236	28,766	10,640	39,406
Computer purchases and maintenance	82,038	33,509	115,547	78,236	28,936	107,172
Professional fees	80,202	32,758	112,960	66,867	24,731	91,598
Insurance	27,557	11,256	38,813	27,646	10,225	37,871
Trustee and committee expenses	125,709	50,371	176,080	117,296	42,553	159,849
Publications	7,904	-	7,904	12,406	-	12,406
Grant review advisory expenses	610,712	-	610,712	484,048	-	484,048
Total	\$ 21,095,848	\$ 1,463,514	\$ 22,559,362	\$ 19,508,984	\$ 1,331,283	\$ 20,840,267

See notes to financial statements

William T. Grant Foundation, Inc.

Statement of Cash Flows
Year Ended December 31, 2023
(with comparative amounts for the year ended December 31, 2022)

	Year Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 16,682,331	\$ (73,989,818)
Adjustments to reconcile change in net assets to net cash from operating activities		
Amortization of right of use assets - operating lease	694,729	683,775
Net realized gain on sale of investments	(13,927,163)	(13,412,331)
Unrealized (gain) loss on investments	(20,522,731)	71,273,727
Postretirement benefit obligation adjustment	(114,503)	(1,067,956)
Deferred federal excise tax	278,000	(986,000)
Net changes in operating assets and liabilities		
Grants receivable	(416,104)	-
Accrued investment income and other receivables	16,101	(53,536)
Prepaid federal excise tax	(308,355)	(83,422)
Prepaid expenses and other assets	(275,518)	(3,830)
Accounts payable and accrued expenses	(19,897)	(66,455)
Grants payable	148,812	2,035,132
Postretirement benefit obligation	93,125	116,851
Lease liability	(677,986)	(667,032)
Net Cash from Operating Activities	(18,349,159)	(16,220,895)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	66,878,881	57,745,989
Purchase of investments	(47,262,965)	(48,961,772)
Net Cash from Investing Activities	19,615,916	8,784,217
Net Change in Cash and Cash Equivalents	1,266,757	(7,436,678)
CASH AND CASH EQUIVALENTS		
Beginning of year	4,972,192	12,408,870
End of year	\$ 6,238,949	\$ 4,972,192
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for Federal and state taxes on investment income	\$ 444,767	\$ 265,425

See notes to financial statements

William T. Grant Foundation, Inc.

Notes to Financial Statements
December 31, 2023

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, 2022, from which the summarized information was derived.

Adoption of New Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board issued an accounting pronouncement related to the measurement of credit losses on financial instruments. This pronouncement and subsequently issued Accounting Standards Updates, clarified certain provisions of the new guidance, changed the impairment model for most financial assets and required the use of an “expected loss” model for instruments measured at amortized cost. Under this model, entities are required to estimate the lifetime expected credit losses on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. The adoption of this guidance on January 1, 2023 did not have a material effect on the financial statements.

Cash and Cash Equivalents

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

William T. Grant Foundation, Inc.

Notes to Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements

The Foundation follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

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

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.

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.

William T. Grant Foundation, Inc.

Notes to Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

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.

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.

William T. Grant Foundation, Inc.

Notes to Financial Statements
December 31, 2023

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

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, 2020.

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 30, 2024.

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	2023			
	Level 1	Level 2	Investments Measured at NAV (*)	Total
Equity Securities				
Diversified emerging markets	\$ 28,660,874	\$ -	\$ -	\$ 28,660,874
Global equity portfolio	17,638,304	-	-	17,638,304
Financial services	6,498,305	-	-	6,498,305
Technology	3,940,547	-	-	3,940,547
Consumer staples	518,861	-	-	518,861
Healthcare	16,520,525	-	-	16,520,525
Other	23,657,805	-	-	23,657,805
Fixed Income				
Short term bond	19,658,174	-	-	19,658,174
Emergings markets bond	-	11,195,336	-	11,195,336
Alternative Investments				
Hedge funds(a)	-	-	167,869,950	167,869,950
Private equities(a)	-	-	89,497,202	89,497,202
Total Investments at Fair Value	<u>\$ 117,093,395</u>	<u>\$ 11,195,336</u>	<u>\$ 257,367,152</u>	385,655,883
Cash held for investment, at cost				1,712,692
Total Investments				<u>\$ 387,368,575</u>

William T. Grant Foundation, Inc.

Notes to Financial Statements
December 31, 2023

3. Investments (continued)

Description	2022			
	Level 1	Level 2	Investments Measured at NAV (*)	Total
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>

(*) 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, 2023 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Hedge funds (see "a" below)	\$ 167,869,950	\$ -	Monthly - Annually	7-90 days
Private equities (see "b" below)	89,497,202	63,461,892	Locked	N/A
	<u>\$ 257,367,152</u>	<u>\$ 63,461,892</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, 2023

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. Grants Receivable

The Foundation did not have any grants receivable at December 31, 2022. Grants receivable consisted of the following at December 31, 2023:

Due less than one year	\$ 216,667
Due between one year and two years	216,666
Total	<u>433,333</u>
Less: Discount for present value	<u>(17,229)</u>
	<u>\$ 416,104</u>

Grants receivable due in more than one year are discounted to their present value at the time grants are received using an interest rate of 4.23% as of December 31, 2023. Management determined no allowance for doubtful accounts is necessary at December 31, 2023.

William T. Grant Foundation, Inc.

Notes to Financial Statements
December 31, 2023

5. 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:

	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 6,238,949	\$ 4,972,192
Grants receivable, net	416,104	-
Accrued investment income and other receivables	80,238	96,339
Investments	387,368,575	372,534,597
Total Financial Assets	394,103,866	377,603,128
Less:		
Security deposit held in a certificate of deposit	413,562	413,362
Illiquid investments	89,497,202	84,531,377
Restricted by donor with purpose restrictions	1,070,367	513,334
	90,981,131	85,458,073
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 303,122,735	\$ 292,145,055

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.

6. Grants Payable

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

	2023	2022
Balance at beginning of year	\$ 16,371,575	\$ 14,336,443
Addition:		
Grants authorized	16,393,756	15,071,158
Deductions:		
Payments made	(16,244,944)	(13,036,026)
	\$ 16,520,387	\$ 16,371,575

William T. Grant Foundation, Inc.

Notes to Financial Statements
December 31, 2023

6. Grants Payable (continued)

Grants payable are scheduled to be disbursed as follows:

2024	\$ 10,894,683
2025	4,274,661
2026	1,078,516
2027	<u>272,527</u>
	<u>\$ 16,520,387</u>

7. 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. Operating rent expense for the years ended December 31, 2023 and 2022 amounted to \$843,868 for each year. The variable rent expense component amounted to \$24,640 and \$20,591 for the years ended December 31, 2023 and 2022, respectively. Total cash paid for the years ended December 31, 2023 and 2022 amounted to \$827,125 for each year.

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:

	2023	2022
Right of use assets	\$ 9,450,351	\$ 9,450,351
Less: accumulated amortization	<u>(1,378,504)</u>	<u>(683,775)</u>
Present value of operating lease liabilities	<u>\$ 8,071,847</u>	<u>\$ 8,766,576</u>

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 was 1.63% for 2023 and 2022.

The future minimum annual rental commitment under this lease as of December 31, 2023 are:

2024	\$ 858,938
2025	890,750
2026	890,750
2027	890,750
2028	890,750
Thereafter	<u>5,217,250</u>
Total undiscounted operating lease payments	9,639,188
Less: present value discount	<u>(788,772)</u>
Present value of operating lease liabilities	<u>\$ 8,850,416</u>

William T. Grant Foundation, Inc.

Notes to Financial Statements
December 31, 2023

8. 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 balances may exceed the FDIC and/or the SIPC limit. As of December 31, 2023 and 2022, the Foundation’s uninsured cash equivalents on deposits totaled approximately \$5,988,900 and \$4,722,000, respectively. As of December 31, 2023 and 2022, the Foundation’s uninsured investment holdings totaled approximately \$384,860,000 and \$372,035,000, respectively.

9. 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%.

10. 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 incurred. Plan expenses in 2023 and 2022 were \$369,744 and \$356,929.

William T. Grant Foundation, Inc.

Notes to Financial Statements
December 31, 2023

11. Postretirement Healthcare Benefits

In addition to the retirement plan described in Note 10, 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:

	2023	2022
Benefit Obligation		
at End of Year	\$ 3,546,987	\$ 3,568,365
Net postretirement benefit costs	233,823	208,768
Unrecognized actuarial (gain) loss	(114,503)	(1,067,956)
Benefits paid	140,698	91,917
Discount rate used	4.79%	4.98%
Components of Net Periodic Expense		
for the Year		
Service cost	\$ 59,622	\$ 86,641
Interest cost	174,201	122,127
	\$ 233,823	\$ 208,768
Effect of a one-percent point		
increase in HCCTR* on		
Year end benefit obligation	\$ 464,788	\$ 445,132
Total of service and interest		
cost component	267,425	262,239
Effect of a one-percent point		
decrease in HCCTR* on		
Year end benefit obligation	(385,878)	(373,411)
Total of service and interest		
cost component	(196,105)	(197,004)

* Health Care Cost Trend Rate

Measurements used to determine the postretirement benefit obligation for the years ended December 31, 2023 and 2022 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 2023, decreasing to 5.25% by 2030.

William T. Grant Foundation, Inc.

Notes to Financial Statements
December 31, 2023

11. 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:

2024	\$	172,938
2025		186,330
2026		197,664
2027		229,062
2028		222,384
2029-2033		1,173,803
		\$ 2,182,181

12. Net Assets with Donor Restrictions

During 2023 and 2022, 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:

	2023	2022
Institutional Challenge Grant	\$ 1,070,367	\$ 513,334

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

	2023	2022
Institutional Challenge Grant	\$ 725,416	\$ 526,372
Advancing Equity	-	13,958
	\$ 725,416	\$ 540,330

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William T. Grant Foundation, Inc.

Supplementary Information

December 31, 2023

William T. Grant Foundation, Inc.

**Portfolio Asset Allocation Schedule
December 31, 2023**

	<u>Investments</u>	<u>% of Portfolio</u>	<u>Target Allocation</u>	<u>Target Range</u>
EQUITY				
U.S.:				
Silvercrest Asset Management Group	\$ 17,432,270			
Eagle Capital Equity	21,760,035			
Royalty Pharma plc	13,656,431			
Subtotal U.S.	<u>52,848,736</u>	13.6%		
GLOBAL				
Harding & Loevner	17,638,304			
Subtotal Global	<u>17,638,304</u>	4.6%		
EMERGING MARKETS				
Dimensional Fund Advisors	12,761,344			
DFA Small Cap Growth	15,899,529			
Subtotal Emerging Markets	<u>28,660,873</u>	7.4%		
Subtotal Long Equity	<u>99,147,913</u>	25.6%		
HEDGED (Hedge Funds)				
First Eagle International Value Fund, LP	13,463,030			
New Generation Turnaround Fund	1,084,912			
Steelhead Pathfinder Fund, Ltc	17,573,762			
Raging Capital Offshore Fund	526,887			
Allimeter Offshore Limited	8,215,344			
Armistice Capital LLC	22,184,841			
Verdad Leverage Company Fund	1,246,633			
Verdad Japan Fund, LP	5,238,443			
Verdad Europe Fund, LP	1,221,205			
Verdad Japan Small Value Fund, LP	3,923,626			
Verdad Deephaven Fund, LP	8,017,472			
Fact Global Long Short Offshore Fund, Ltd	2,063,313			
Fact Global Long Only Fund, LP	7,411,359			
Rose Grove Offshore Fund I, Ltd	16,612,418			
Fundsmith Equity Fund, LP	12,516,804			
Quinn Opportunities Offshore Ltd	5,872,516			
Condire Resource Partners, LP	6,681,411			
Heard High Conviction Long Only Fund, LLC	5,924,720			
Gator Capital Management	4,265,977			
Mountain Lake Partners, LP	6,005,873			
Darwin Global Offshore Fund, Ltd	4,245,875			
Portolan Equity Fund, LP	13,573,529			
Subtotal Hedged	<u>167,869,950</u>	43.3%		
Total Equity (including limited partnerships)	<u>267,017,863</u>	68.9%	58.0%	40.0-70.0%
Private Equity				
Brightwood Capital SBIC I, LP	2,446,290			
Brightwood Capital SBIC III, LP	3,019,036			
HRJ Capital VC IV, LP	125,756			
North Atlantic Venture Fund V, LP	6,839,576			
PeakSpan Capital Growth Partners I, LP	4,903,017			
Seacoast Capital Partners IV LP	3,658,421			
TIFF Partners V-US, LLC	101,428			
TIFF Private Equity Partners 2007, LLC	1,652,165			
TIFF Private Equity Partners 2008, LLC	2,114,207			
TIFF Secondary Partners II, LLC	127,940			
TIFF Special Opportunities Fund, LLC	2,460,410			
TIFF Special Opportunities Fund III, LLC	11,044,847			
TIFF Private Equity Partners 2022, LLC	4,175,786			
TIFF Private Equity Partners 2023, LLC	955,172			
Venture Investment Associated VII, LP	4,436,267			
Makena RE Fund II LP	5,012,805			
MCR Hospitality Fund LP	6,614,020			
Torchlight Debt Fund VI LP	7,511,555			
Torchlight Debt Fund VII LP	1,136,274			
Hanover Active Eq II SCA	7,894,358			
Hanover Active Eq III SCA	1,274,770			
Accolade Partnes Blockchain II, LP	1,131,133			
PeakSpan Capital Growth Partners II, LP	5,350,718			
PeakSpan Capital Growth Partners III, LP	2,524,040			
Riverside Mirco-Cap Fund VI, LP	2,987,211			
Total Alternatives Investments	<u>89,497,202</u>	23.0%	12.0%	10.0-20.0%
FIXED INCOME				
GMO Emerging Country Debt Fund	11,195,336			
JPM Short Duration Bond	13,313,658			
JPM Management Income Fund	6,344,516			
Total Fixed Income	<u>30,853,510</u>	8.0%	30.0%	20.0-50.0%
Total Portfolio	<u>\$ 387,368,575</u>	100%	100.0%	

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William T. Grant Foundation, Inc.

Fair Value Measurements of Portfolio Assets
December 31, 2023

	Fair Value	Level 1	Level 2	Investments Measures at NAV
EQUITY				
U.S.:				
Silvercrest Asset Management Group	\$ 17,034,619	\$ 17,034,619	\$ -	\$ -
Eagle Capital Equity	20,444,994	20,444,994	-	-
Royalty Pharma plc	<u>13,656,431</u>	<u>13,656,431</u>	-	-
Subtotal U.S.	<u>51,136,044</u>	<u>51,136,044</u>	-	-
GLOBAL				
Harding & Loevner	<u>17,638,304</u>	<u>17,638,304</u>	-	-
Subtotal Global	<u>17,638,304</u>	<u>17,638,304</u>	-	-
EMERGING MARKETS				
Dimensional Fund Advisors	12,761,344	12,761,344	-	-
DFA Small Cap Growth	<u>15,899,529</u>	<u>15,899,529</u>	-	-
Subtotal Emerging Markets	<u>28,660,873</u>	<u>28,660,873</u>	-	-
Subtotal Long Equity	<u>97,435,221</u>	<u>97,435,221</u>	-	-
HEDGED (Hedge Funds)				
First Eagle International Value Fund, LP	13,463,030	-	-	13,463,030
New Generation Turnaround Fund	1,084,912	-	-	1,084,912
Steelhead Pathfinder Fund, Ltd	17,573,762	-	-	17,573,762
Raging Capital Offshore Fund	526,887	-	-	526,887
Altimeter Offshore Limited	8,215,344	-	-	8,215,344
Armistice Capital LLC	22,184,841	-	-	22,184,841
Verdad Leverage Company Fund	1,246,633	-	-	1,246,633
Verdad Japan Fund, LP	5,238,443	-	-	5,238,443
Verdad Europe Fund LP	1,221,205	-	-	1,221,205
Verdad Japan Small Value Fund, LP	3,923,626	-	-	3,923,626
Verdad Deephaven Fund, LP	8,017,472	-	-	8,017,472
Fact Global Long Short Offshore Fund, Ltd	2,063,313	-	-	2,063,313
Fact Global Long Only Fund, LP	7,411,359	-	-	7,411,359
Rose Grove Offshore Fund I, Ltd	16,612,418	-	-	16,612,418
Fundsmith Equity Fund, LP	12,516,804	-	-	12,516,804
Quinn Opportunities Offshore Ltd	5,872,516	-	-	5,872,516
Condire Resource Partners, LP	6,681,411	-	-	6,681,411
Heard High Conviction Long Only Fund, LLC	5,924,720	-	-	5,924,720
Gator Capital Management	4,265,977	-	-	4,265,977
Mountain Lake Partners, LP	6,005,873	-	-	6,005,873
Darwin Global Offshore Fund, Ltd	4,245,875	-	-	4,245,875
Portolan Equity Fund, LP	<u>13,573,529</u>	-	-	<u>13,573,529</u>
Subtotal Hedged	<u>167,869,950</u>	-	-	<u>167,869,950</u>
Total Equity (including limited partnerships)	<u>265,305,171</u>	<u>97,435,221</u>	-	<u>167,869,950</u>
ALTERNATIVE INVESTMENTS (Private Equity)				
Brightwood Capital SBIC I, LP	2,446,290	-	-	2,446,290
Brightwood Capital SBIC III, LP	3,019,036	-	-	3,019,036
HRJ Capital VC IV, LP	125,756	-	-	125,756
North Atlantic Venture Fund V, LP	6,839,576	-	-	6,839,576
PeakSpan Capital Growth Partners I, LP	4,903,017	-	-	4,903,017
Seacoast Capital Partners IV LP	3,658,421	-	-	3,658,421
TIFF Partners V-US, LLC	101,428	-	-	101,428
TIFF Private Equity Partners 2007, LLC	1,652,165	-	-	1,652,165
TIFF Private Equity Partners 2008, LLC	2,114,207	-	-	2,114,207
TIFF Secondary Partners II, LLC	127,940	-	-	127,940
TIFF Special Opportunities Fund, LLC	2,460,410	-	-	2,460,410
TIFF Special Opportunities Fund III, LLC	11,044,847	-	-	11,044,847
TIFF Private Equity Partners 2022, LLC	4,175,786	-	-	4,175,786
TIFF Private Equity Partners 2023, LLC	955,172	-	-	955,172
Venture Investment Associated VII, LP	4,436,267	-	-	4,436,267
Makena RE Fund II LP	5,012,805	-	-	5,012,805
MCR Hospitality Fund LP	6,614,020	-	-	6,614,020
Torchlight Debt Fund VI LP	7,511,555	-	-	7,511,555
Torchlight Debt Fund VII LP	1,136,274	-	-	1,136,274
Hanover Active Eq II SCA	7,894,358	-	-	7,894,358
Hanover Active Eq III SCA	1,274,770	-	-	1,274,770
Accolade Partnes Blockchain II, LP	1,131,133	-	-	1,131,133
PeakSpan Capital Growth Partners II, LP	5,350,718	-	-	5,350,718
PeakSpan Capital Growth Partners III, LP	2,524,040	-	-	2,524,040
Riverside Micro-Cap Fund VI, LP	<u>2,987,211</u>	-	-	<u>2,987,211</u>
Total Alternatives Investments	<u>89,497,202</u>	-	-	<u>89,497,202</u>
FIXED INCOME				
GMO Emerging Country Debt Fund	11,195,336	-	11,195,336	-
JPM Short Duration Bond	13,313,658	13,313,658	-	-
JPM Management Income Fund	<u>6,344,516</u>	<u>6,344,516</u>	-	-
Total Fixed Income	<u>30,853,510</u>	<u>19,658,174</u>	<u>11,195,336</u>	-
Total Investments at Fair Value	<u>385,655,883</u>	<u>\$ 117,093,395</u>	<u>\$ 11,195,336</u>	<u>\$ 257,367,152</u>
CASH HELD FOR INVESTMENT				
Silvercrest Asset Management Group	397,651			
Eagle Capital Equity	<u>1,315,041</u>			
Total Cash Held for Investment	<u>1,712,692</u>			
Total Portfolio	<u>\$ 387,368,575</u>			

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