

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

Foundation for a Just Society, Inc.

December 31, 2021 and 2020

Contents

	Page
Report of Independent Certified Public Accountants	3
Consolidated Financial Statements	
Consolidated statements of financial position	5
Consolidated statements of activities	6
Consolidated statements of functional expenses	7
Consolidated statements of cash flows	9
Notes to consolidated financial statements	10

GRANT THORNTON LLP

757 Third Ave, 9th Floor
New York, NY 10017-2013

D +1 212 599 0100

F +1 212 370 4520

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Foundation for a Just Society, Inc. and Subsidiary

Opinion

We have audited the consolidated financial statements of the Foundation for a Just Society, Inc. and Subsidiary (collectively, the "Foundation"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's 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 audits. 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 consolidated 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 consolidated 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 for one year after the date the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 US GAAS 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 consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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.



New York, New York
November 1, 2022

Foundation for a Just Society, Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 160,741,110	\$ 30,031,981
Investment redemption receivable	-	40,000,000
Prepaid expenses and other receivables	598,521	1,817,588
Investments	993,674,314	776,290,282
Fixed assets, net	<u>26,205,591</u>	<u>26,985,476</u>
Total assets	<u><u>\$ 1,181,219,536</u></u>	<u><u>\$ 875,125,327</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 374,175	\$ 204,898
Grants payable, net	37,605,740	41,909,794
Post-retirement benefit obligation	831,593	870,538
Deferred excise tax liability	<u>1,992,835</u>	<u>2,127,400</u>
Total liabilities	<u>40,804,343</u>	<u>45,112,630</u>
Commitments		
Net assets		
Net assets without donor restrictions	<u>1,140,415,193</u>	<u>830,012,697</u>
Total liabilities and net assets	<u><u>\$ 1,181,219,536</u></u>	<u><u>\$ 875,125,327</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

Foundation for a Just Society, Inc.
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years ended December 31,

	<u>2021</u>	<u>2020</u>
Revenues		
Rental income	\$ 757,064	\$ 683,794
Investment return, net	<u>370,936,107</u>	<u>264,759,803</u>
Total revenues	<u>371,693,171</u>	<u>265,443,597</u>
Expenses		
Grants	48,920,290	70,283,872
Program	3,869,629	3,215,026
General and administrative	<u>8,500,756</u>	<u>6,218,154</u>
Total expenses	<u>61,290,675</u>	<u>79,717,052</u>
CHANGE IN NET ASSETS	310,402,496	185,726,545
Net assets without donor restrictions, beginning of year	<u>830,012,697</u>	<u>644,286,152</u>
Net assets without donor restrictions, end of year	<u><u>\$ 1,140,415,193</u></u>	<u><u>\$ 830,012,697</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

Foundation for a Just Society, Inc.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2021

	2021			2020
	Program Support	General and Administrative Support	Total	Totals
Grants	\$ 48,920,290	\$ -	\$ 48,920,290	\$ 70,283,872
Professional fees	505,040	371,817	876,857	530,720
Salaries and benefits	2,923,605	1,371,061	4,294,666	4,229,788
Administrative charges	314,094	239,465	553,559	380,058
Travel and conferences	116,480	32,470	148,950	170,317
Occupancy	-	361,456	361,456	308,762
Taxes	-	5,187,137	5,187,137	2,853,112
Insurance	-	80,731	80,731	81,899
Depreciation	10,410	856,619	867,029	878,524
Total	\$ 52,789,919	\$ 8,500,756	\$ 61,290,675	\$ 79,717,052

The accompanying notes are an integral part of this consolidated financial statement.

Foundation for a Just Society, Inc.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2020

	Program Support	General and Administrative Support	2020 Total
Grants	\$ 70,283,872	\$ -	\$ 70,283,872
Professional fees	295,675	235,045	530,720
Salaries and benefits	2,609,545	1,620,243	4,229,788
Administrative charges	163,408	216,650	380,058
Travel and conferences	135,117	35,200	170,317
Occupancy	-	308,762	308,762
Taxes	-	2,853,112	2,853,112
Insurance	-	81,899	81,899
Depreciation	11,281	867,243	878,524
	<u>\$ 73,498,898</u>	<u>\$ 6,218,154</u>	<u>\$ 79,717,052</u>
Total	<u>\$ 73,498,898</u>	<u>\$ 6,218,154</u>	<u>\$ 79,717,052</u>

The accompanying notes are an integral part of this consolidated financial statement.

Foundation for a Just Society, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31,

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 310,402,496	\$ 185,726,545
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized gains on investments	(371,627,555)	(264,705,337)
Depreciation	867,029	878,524
Changes in assets and liabilities:		
Pending investment purchase	-	7,000,000
Investment redemption receivables	40,000,000	(20,000,000)
Other assets	-	16,851
Prepaid expenses and other receivables	1,219,067	(1,301,787)
Accounts payable and accrued expenses	169,277	(1,518,098)
Grants payable	(4,304,054)	22,424,794
Post-retirement benefit obligation	(38,945)	355,473
Deferred excise tax liability	<u>(134,565)</u>	<u>(870,282)</u>
Net cash used in operating activities	<u>(23,447,250)</u>	<u>(71,993,317)</u>
Cash flows from investing activities		
Purchase of property and equipment	(87,144)	(171,250)
Purchase of investments	(30,663,162)	(60,270,680)
Sales of investments	<u>184,906,685</u>	<u>154,666,299</u>
Net cash provided by investing activities	<u>154,156,379</u>	<u>94,224,369</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	130,709,129	22,231,052
Cash and cash equivalents, beginning of year	<u>30,031,981</u>	<u>7,800,929</u>
Cash and cash equivalents, end of year	<u>\$ 160,741,110</u>	<u>\$ 30,031,981</u>
Supplemental disclosure:		
Cash paid for taxes	<u>\$ 4,186,839</u>	<u>\$ 6,153,989</u>

The accompanying notes are an integral part of these consolidated financial statements.

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Foundation for a Just Society, Inc. advances the rights of women, girls, and LGBTQI people and promotes gender and racial justice by ensuring those most affected by injustice have the resources they need to cultivate the leadership and solutions that transform our world.

During fiscal year 2013, Foundation for a Just Society, Inc. established a new entity, Hannah, LLC, (collectively, the "Foundation") for purposes of taking title to a parcel of real estate and all betterments constructed thereon located in New York City, commonly known by the street address 25 E. 22nd Street. The Foundation is the sole corporate member of Hannah, LLC.

During fiscal year 2021, Foundation for a Just Society, Inc. transferred certain direct investments to a newly formed entity, FJS Legacy, LLC (collectively, the "Foundation"), managed by an investment management firm. The Foundation is the sole corporate member of FJS Legacy, LLC.

Foundation for a Just Society, Inc. was established in 2010 and incorporated under the laws of the State of Delaware as a not-for-profit corporation. Foundation for a Just Society, Inc. and its subsidiary, Hannah, LLC, and FJS Legacy, LLC, are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("Code"). As more fully described in Note 2, the Foundation is a private foundation within the meaning of §509(a) of the Code.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Foundation prepares its consolidated financial statements using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). Accordingly, intercompany transactions, if any, are eliminated in consolidation.

Net Asset Classifications

The accompanying consolidated financial statements of the Foundation have been prepared in conformity with US GAAP. Those standards require that net assets and revenues, gains, expenses and losses be classified as net assets without restrictions or net assets with restrictions based on the existence or absence of donor-imposed restrictions as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions represent resources that are available in support of operations.

Net assets with donor restrictions - Includes net assets subject to donor-imposed stipulations that expire with the passage of time or can be fulfilled by actions of the Foundation, pursuant to those stipulations.

Another portion of net assets with donor restrictions stipulates that the corpus of the gifts be maintained in perpetuity but allow for the expenditure of net investment income and gains earned on the corpus for either specified or unspecified purposes.

The Foundation had no net assets with donor restrictions as of December 31, 2021 and 2020.

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

Cash and Cash Equivalents

The Foundation considers cash and cash equivalents to include all cash and highly liquid investments with original maturities of three months or less from the date of purchase. Included in cash and cash equivalents as of December 31, 2021 and 2020 is \$172,000, held pursuant to the Foundation's corporate credit card program with JPMorgan Chase Bank.

Contributions

Contributions, including unconditional promises to give, are reported as revenues in the period received or pledged. Contributions to be received after one year are discounted using an appropriate credit adjusted interest rate which articulates with the collection period of the respective pledge. Discount factors assigned to individual pledges are not subsequently revised. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed stipulations, if any.

Contributions of assets other than cash, including goods and services, are recorded at their estimated fair values at the date of contribution.

There were no contributions received by the Foundation during the years ended December 31, 2021 and December 31, 2020.

Fixed Assets

Fixed assets consist of a building, related betterments thereto, equipment, and furniture and fixtures. Fixed assets with a unit cost in excess of \$2,500 are capitalized and depreciated on a straight-line basis over their estimated useful lives, ranging from three to 39 years.

Investments

Investments are carried at fair value based on quoted market prices, except for certain investments, principally hedge funds and similar interests, for which quoted market prices are not readily available as of the reporting date. The estimated fair value of these investments is based on a reported net asset value ("NAV") per share provided by the respective external investment manager each calendar year end. The Foundation records investment transactions based on the trade date. The net change in unrealized appreciation (or depreciation) that results from market fluctuations is recognized in the period in which the change occurs. Interest and dividends are recognized in the period earned.

The Foundation regularly evaluates its investments, including performance thereof. Due to inherent risks and potential volatility in investment valuations, the amounts reported on the accompanying consolidated financial statements can vary from year to year. Such differences could be material.

Grants

Grant awards by the Foundation to recipients are recorded as an expense and a liability when approved by the Board of Directors or Chief Executive Officer, and the respective grantee has been notified. All grants are expected to be paid within one to five years of award. Rescinded grants are recorded as a reduction to grant expense. Three grants were rescinded during the year ended December 31, 2021, totaling \$910,000. There were no grants rescinded or cancelled during the year ended December 31, 2020.

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

The Foundation recognizes grant expense in accordance with Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which requires organizations to determine whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. If the agreement (or a referenced document) includes both, the recipient is not entitled to the transferred assets (or a future transfer of assets) until it has overcome the barriers in the agreement. The adoption of this ASU had no impact on the Foundation's consolidated financial statements. The Foundation does not have any conditional grants for the years ended December 31, 2021 and 2020.

Functional Allocation of Expenses

The costs of operating the Foundation have been reported among program and general and administrative expenses on the accompanying consolidated statements of activities. Program expenses include the costs associated with evaluating grants and monitoring existing grantees, including site visits. Program expense also includes strategic planning and board development activities and program-related conference attendance. General and administrative expenses include administrative costs such as insurance, office supplies, postage and mailing, human resource services, tax, accounting and legal services, and similar expenses. Accordingly, certain costs have been allocated amongst the program and general and administrative expense categories based principally on time and effort.

Income Taxes

The Foundation is an organization exempt from federal income taxation under §501(c)(3) of the Code and is classified as a private foundation under §509(a). Under Section 4940, a private foundation is subject to a 1.39% excise tax on net investment income. The Foundation calculates both its current and a deferred excise tax provision at the 1.39% rate. For the year ending December 31, 2021, the Foundation's current excise tax expense is \$5,290,745. The Foundation's deferred federal excise tax liability at December 31, 2021 and 2020 is \$1,992,836 and \$2,127,400, respectively. The net change in the deferred excise tax liability for the year ended December 31, 2021 is \$134,565.

To the extent that the Foundation generates any unrelated business income, it is taxed at regular corporate income tax rates.

The Foundation follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Foundation has determined that it has no material uncertain tax positions in its consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

Concentrations of Risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist of cash and cash equivalents and non-exchange traded alternative investments, primarily hedge funds and similar interests. The Foundation maintains its cash and cash equivalents in various bank deposit accounts with high credit quality financial institutions that, at times, may exceed federally insured limits. The Foundation has not experienced, nor does it anticipate, any losses with respect to such accounts. The Foundation invests in certain non-exchange traded alternative investments and is, therefore, subject to concentrations of credit and market risks. Investment decisions and strategies are made and approved by the Board of Directors, in consultation with management and independent investment managers.

Subsequent Events

The Foundation evaluated its December 31, 2021 consolidated financial statements for subsequent events through November 1, 2022, the date the consolidated financial statements were available to be issued. The Foundation is not aware of any subsequent events which would require recognition or disclosure in the accompanying consolidated financial statements, except as noted in Note 3, and as follows:

Subsequent to the year end, the Foundation entered into fifteen-year lease agreements with 19-25 West 20th Street Property LLC, and SMBAK West 20th Street LLC and ARG 20th Street LLC ("Landlord") effective as of March 1, 2022. The Foundation plans to relocate their offices to 19-25 West 20th Street space in 2023.

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, *Leases*. This ASU will require lessees to recognize almost all leases on the statement of financial position as a right-of-use asset and a lease liability. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as finance leases or operating leases. This update is effective for the fiscal year beginning January 1, 2022. The Foundation is currently assessing the effect that adoption of the new standard will have on its consolidated financial statements.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Foundation follows guidance which defines fair value as the exchange price that would be received for the sale of an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

This guidance utilizes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. Observable inputs reflect assumptions market participants would use in pricing the respective asset or liability developed from sources independent of the reporting entity, and unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the respective asset or liability developed based on the best information available in the circumstances, as of the measurement date.

Assets and liabilities, subject to the standard, measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the measurement date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

Level 2 - Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the measurement date. The nature of these assets includes investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

Level 3 - Assets and liabilities that have little to no pricing observability as of the measurement date. These assets and liabilities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

The Foundation did not have any investments which were classified as Level 1, 2 or 3 as of December 31, 2021 and 2020; rather, the Foundation uses NAV, or its equivalent, to determine and report the fair value of all of its underlying investments which: (a) do not have a readily determinable fair value and (b) prepare its consolidated financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

As of December 31, 2021 and 2020, all of the Foundation's investments, which total \$993,674,314 and \$776,290,282, respectively, have been reported at fair value based on a reported NAV per share.

The following tables summarize information with respect to the Foundation's investments which are valued and reported at NAV as of December 31, 2021 and 2020:

		2021		
Position	Strategy	NAV in Funds	\$ Amount of Unfunded Commitments	Redemption Terms/Restrictions
Hedge fund	Quantitative analysis	\$ 522,813,228	\$ -	Redemptions are permitted quarterly with 10 days' notice
Hedge fund	Fund of funds, underlying investments in hedge funds and direct investment objectives	104,202,580	31,906,402	Redemptions are made at the sole discretion of the General Partner
Hedge fund	Investments in equity and debt securities of private companies	5,151,927	1,692,754	10-year lockup with two one-year extensions
Investee fund	Fund of private equity and venture capital funds	91,673,627	52,553,967	Redemptions are made at the sole discretion of the Manager
Investee fund	Fund of private companies	16,879,815	13,714,415	Redemptions are made at the sole discretion of the Manager
Investee fund	Fund of hedge funds	252,953,137	-	Redemptions are generally permitted on a monthly basis with 90 days' written notice, subject to investor level gate
		<u>\$ 993,674,314</u>	<u>\$ 99,867,538</u>	

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

		2020		
Position	Strategy	NAV in Funds	\$ Amount of Unfunded Commitments	Redemption Terms/Restrictions
Hedge fund	Quantitative analysis	\$ 393,099,704	\$ -	Redemptions are permitted quarterly with 10 days' notice
Hedge fund	Fund of funds, underlying investments in hedge funds and direct investment objectives	71,269,900	47,952,345	Redemptions are made at the sole discretion of the General Partner
Hedge fund	Investments in equity and debt securities of private companies	6,356,200	2,336,428	10-year lockup with two one-year extensions
Investee fund	Fund of private equity and venture capital funds	60,045,235	41,348,967	Redemptions are made at the sole discretion of the Manager
Investee fund	Fund of private companies	13,248,452	-	Redemptions are made at the sole discretion of the Manager
Investee fund	Fund of hedge funds	232,270,791	-	Redemptions are generally permitted on a monthly basis with 90 days' written notice, subject to investor level gate
		<u>\$ 776,290,282</u>	<u>\$ 91,637,740</u>	

There were no pending investment purchases at December 31, 2021 and 2020.

There were no outstanding redemption requests at December 31, 2021. Outstanding redemption requests as of December 31, 2020, reflected as investment redemption receivables on the accompanying consolidated statements of financial position, were collected in full during the year ended December 31, 2021.

Effective January 1, 2019, the Foundation entered into an investment management fee agreement with a third party, one of the managers of which is a related party to the foundation. For the year ended December 31, 2021 investment management fee amounted to \$726,474 and for the year ended December 31, 2020, these services were provided to the Foundation at no cost. The related party associated with the investment management company was recused from taking part in determining the investment fee terms. Subsequent to the year end, the Foundation entered into a revised investment management fee agreement, effective January 1, 2022. The new agreement modified the fee structure to increase the management fee and to add incentive allocation.

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

NOTE 4 - FIXED ASSETS, NET

Fixed assets consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Building and improvements	\$ 30,709,549	\$ 30,700,584
Furniture and fixtures	515,049	484,092
Equipment	<u>231,029</u>	<u>183,807</u>
Total depreciable fixed assets, gross	31,455,627	31,368,483
Less: accumulated depreciation	<u>(5,753,897)</u>	<u>(4,886,868)</u>
Net depreciable fixed assets	25,701,730	26,481,616
Land	405,000	405,000
Art	<u>98,861</u>	<u>98,861</u>
Fixed assets, net	<u><u>\$ 26,205,591</u></u>	<u><u>\$ 26,985,476</u></u>

Depreciation expense for the years ended December 31, 2021 and 2020 totaled \$867,029 and \$878,524, respectively.

The Foundation maintains an art collection, which has been acquired through purchases or contributions since its inception and is held for exhibition purposes. Purchased items are capitalized at cost, and donated items are capitalized at fair value (generally determined by a professional appraisal) when received. The Foundation's artwork is not depreciated.

NOTE 5 - GRANTS PAYABLE

For the years ended December 31, 2021 and 2020, grant expense amounted to \$48,920,290 and \$70,283,872, respectively. Of the grants approved by the Board of Directors or Chief Executive Officer, \$37,605,740 and \$41,909,794 remained unpaid at December 31, 2021 and 2020, respectively. All grants are expected to be satisfied within one to five years of approval by the Foundation's Board of Directors or the Chief Executive Officer and grantee notification.

Grants authorized but unpaid at December 31, 2021 are expected to be payable as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 29,000,740
2023	<u>8,605,000</u>
	<u><u>\$ 37,605,740</u></u>

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

NOTE 6 - POST-RETIREMENT BENEFIT OBLIGATION

During the year ended December 31, 2017, the Foundation established a post-retirement medical plan for retired employees and their dependents. Amounts are accrued for such benefits during the years in which employees provide services to the Foundation.

The actuarial present value of the benefit obligation and the amounts recognized in the accompanying consolidated statements of financial position as of December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Accumulated benefit obligation, end of year	\$ 831,593	\$ 870,538
Fair value of plan assets, end of year	\$ -	\$ -
Components of net periodic benefit cost:		
Service cost	\$ 222,717	\$ 162,906
Interest cost	24,549	17,924
Amortization of prior service credit	12,232	12,232
Amortization of net gain	-	-
Net periodic post-retirement benefit cost	\$ 259,498	\$ 193,062
Discount rate for benefit obligation, end of year	3.00%	2.82%
Discount rate for net periodic benefit cost, end of year	3.00%	2.82%

The mortality rates used for the December 31, 2021 and 2020 disclosures are from the PRI-2012 Total Dataset Mortality with Scale MP-2020 and PRI-2012 Total Dataset Mortality with Scale MP-2019, respectively.

Future benefit payments to participants, net of employee contributions, are expected to be paid as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ -
2023	-
2024	787
2025	1,998
2026	3,850
2027-2031	52,874
	<u>\$ 59,509</u>

The initial trend rate is 9% for pre-65 benefits in 2021 and 2020, grading down to an ultimate rate of 5.5% in 2028. The post-65 trend is a flat 2% per year.

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

The assumed health care trend rates have a significant effect on the amounts reported for health care plans. A one-percentage-point change in the health care cost trend rates would have the following effects:

	One- Percentage Point Increase	One- Percentage Point Decrease
Effect on total of service and interest cost components	\$ 66,335	\$ (46,128)
Effect on post-retirement benefit obligation	258,389	(190,462)

NOTE 7 - RENTAL INCOME

During the year ended December 31, 2015, Hannah, LLC entered into five-year lease agreements with Felicity House, Inc., Foundation for a Just Society, Inc., and MJS Foundation to relocate their respective offices to the 2nd, 3rd, 4th, and 5th floors of the 25 E. 22nd Street Townhouse building (the "Townhouse") on May 1, 2015. Effective May 1, 2020, Hannah, LLC amended its lease agreements with all three lessees, to extend the lease term through April 31, 2021, with automatic renewals on May 1 of each calendar year. Effective January 1, 2021, Hannah, LLC entered into one-year lease agreement with AC & JC Foundation, Inc. The lease term will automatically renew on January 1 of each calendar year. Furthermore, effective October 1, 2021, Hannah, LLC terminated its lease with MJS Foundation and amended its lease agreements with Felicity House, Inc., Foundation for a Just Society, Inc., and AC & JC Foundation to update rental amounts based on new occupancy levels.

As discussed in Note 1 and further above, Hannah, LLC was established with the principal objective of taking title to the Townhouse. Hannah, LLC has entered into lease agreements renting portions of the Townhouse to the entities named above, including the Foundation. For the years ended December 31, 2021 and 2020, Hannah, LLC recognized rental income of \$757,064 and \$683,794, respectively, net of rentals received from the Foundation. For the years ended December 31, 2021 and 2020, rental income of \$508,216 and \$459,613, respectively, was received from the Foundation and has been eliminated in the accompanying consolidated financial statements.

NOTE 8 - AVAILABILITY RESOURCES AND FINANCIAL LIQUIDITY

The Foundation regularly monitors liquidity required to meet its operating needs. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities of advancing the rights of women, girls, and LGBTQI people and promoting gender and racial justice. The Foundation's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

<u>Financial Assets</u>	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 160,741,110	\$ 30,031,981
Investments	993,674,314	776,290,282
Total financial assets, end of year	1,154,415,424	806,322,263
Less amounts not available to be used within one year:		
Hedge funds and investee funds subject to redemption restrictions	(386,543,374)	(305,766,981)
Total financial assets available within one year	<u>\$ 767,872,050</u>	<u>\$ 500,555,282</u>