

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

Foundation for a Just Society, Inc.

December 31, 2023 and 2022

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Report on the financial statements**Opinion**

We have audited the consolidated financial statements of Foundation for a Just Society, Inc. and Subsidiary (collectively, the "Foundation"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated 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, 2023 and 2022, and the changes in its net assets and its 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 consolidated 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 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 consolidated 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.

Grant Thornton LLP

New York, New York
November 12, 2024

Foundation for a Just Society, Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 83,190,451	\$ 352,559,209
Pending investment purchases	-	280,000,000
Prepaid expenses and other receivables	1,734,241	673,063
Investments	1,109,050,662	577,797,953
Right-of-use asset	19,573,729	20,801,176
Property held for sale	24,374,615	-
Fixed assets, net	<u>8,268,590</u>	<u>25,629,692</u>
Total assets	<u><u>\$ 1,246,192,288</u></u>	<u><u>\$ 1,257,461,093</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 2,604,026	\$ 325,915
Grants payable, net	50,956,878	32,800,000
Investments payable	-	13,371,310
Lease liability	21,457,350	22,051,316
Post-retirement benefit obligation	857,284	525,703
Deferred excise tax liability	<u>2,167,760</u>	<u>1,451,764</u>
Total liabilities	<u>78,043,298</u>	<u>70,526,008</u>
Commitments		
Net assets		
Net assets without donor restrictions	<u>1,168,148,990</u>	<u>1,186,935,085</u>
Total liabilities and net assets	<u><u>\$ 1,246,192,288</u></u>	<u><u>\$ 1,257,461,093</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,

	2023	2022
Revenues		
Contributions	\$ 10,000,000	-
Rental income	690,788	\$ 677,245
Investment return, net	63,228,649	109,726,241
	<u>73,919,437</u>	<u>110,403,486</u>
Total revenues		
Expenses		
Grants	79,294,067	51,230,943
Program	7,343,982	6,248,634
General and administrative	6,067,483	6,404,017
	<u>92,705,532</u>	<u>63,883,594</u>
Total expenses		
CHANGE IN NET ASSETS	(18,786,095)	46,519,892
Net assets without donor restrictions, beginning of year	<u>1,186,935,085</u>	<u>1,140,415,193</u>
Net assets without donor restrictions, end of year	<u><u>\$ 1,168,148,990</u></u>	<u><u>\$ 1,186,935,085</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, 2023

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

	2023			2022
	Program Support	General and Administrative Support	Total	Totals
Grants	\$ 79,294,067	\$ -	\$ 79,294,067	\$ 51,230,943
Professional fees	592,014	553,328	1,145,342	883,689
Salaries and benefits	4,901,728	2,169,493	7,071,221	5,483,451
Administrative charges	381,684	327,621	709,305	636,713
Travel, conferences and meetings	389,480	121,775	511,255	651,427
Occupancy	1,078,082	990,891	2,068,973	1,742,338
Taxes	-	991,363	991,363	2,317,352
Insurance	-	95,054	95,054	95,467
Depreciation	994	817,958	818,952	842,214
Total	<u>\$ 86,638,049</u>	<u>\$ 6,067,483</u>	<u>\$ 92,705,532</u>	<u>\$ 63,883,594</u>

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, 2022

	2022		
	Program Support	General and Administrative Support	Total
Grants	\$ 51,230,943	\$ -	\$ 51,230,943
Professional fees	581,141	302,548	883,689
Salaries and benefits	3,852,866	1,630,585	5,483,451
Administrative charges	352,374	284,339	636,713
Travel, conferences and meetings	474,784	176,643	651,427
Occupancy	984,013	758,325	1,742,338
Taxes	-	2,317,352	2,317,352
Insurance	-	95,467	95,467
Depreciation	3,456	838,758	842,214
Total	\$ 57,479,577	\$ 6,404,017	\$ 63,883,594

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>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ (18,786,095)	\$ 46,519,892
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized gains on investments	(50,933,195)	(102,379,965)
Depreciation	818,952	842,214
Changes in assets and liabilities:		
Pending investment purchase	-	(280,000,000)
Right-of-use asset	1,227,447	(20,801,176)
Prepaid expenses and other receivables	(1,061,178)	(74,542)
Accounts payable and accrued expenses	2,278,111	(48,260)
Grants payable	18,156,878	(4,805,740)
Investments payable	(13,371,310)	13,371,310
Lease liability	(593,966)	22,051,316
Post-retirement benefit obligation	331,581	(305,890)
Deferred excise tax liability	715,996	(541,071)
	<u>(61,216,779)</u>	<u>(326,171,912)</u>
Net cash used in operating activities		
Cash flows from investing activities:		
Purchase of property and equipment	(7,832,465)	(266,315)
Purchase of investments	(229,673,652)	(151,439,635)
Sales of investments	29,354,138	669,695,961
	<u>(208,151,979)</u>	<u>517,990,011</u>
Net cash (used in) provided by investing activities		
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(269,368,758)	191,818,099
Cash and cash equivalents, beginning of year	<u>352,559,209</u>	<u>160,741,110</u>
Cash and cash equivalents, end of year	<u><u>\$ 83,190,451</u></u>	<u><u>\$ 352,559,209</u></u>
Supplemental disclosure:		
Cash paid for taxes	<u><u>\$ 983,699</u></u>	<u><u>\$ 2,974,324</u></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, 2023 and 2022

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 Charitable 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 Charitable LLC. Subsequent to the year end, on January 25, 2024, the Foundation sold the 25 E. 22nd Street Townhouse building for \$27,000,000, with a net gain of \$1.64 million, and Hannah Charitable LLC was formally dissolved effective April 19, 2024.

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 Charitable 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, 2023 and 2022.

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

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, 2023 and 2022 is \$182,000 and \$174,000, respectively, 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.

For the year ended December 31, 2023, the Foundation's total monetary contributions were derived from one related party. There were no contributions received by the Foundation during the year ended December 31, 2022.

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 \$5,000 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. Two grants were rescinded during the year ended December 31, 2023, totaling \$65,440. One grant was rescinded during the year ended December 31, 2022, totaling \$150,000.

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

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

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, 2023 and 2022.

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 or staff headcount.

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 ended December 31, 2023 and 2022, the Foundation's excise tax expense is \$165,601 and \$2,063,766, respectively. The Foundation's deferred federal excise tax liability at December 31, 2023 and 2022 is \$2,167,758 and \$1,451,764, respectively. The net change in the deferred excise tax liability for the year ended December 31, 2023 and 2022 is \$715,994 and \$541,071, respectively.

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.

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

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

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 strategies are made by investment manager and approved by the Board of Directors, in consultation with management and independent investment managers.

Leases

The Foundation determines if an arrangement is a lease or a service contract at inception. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. When an arrangement is a lease, the Foundation determines if it's an operating or a finance lease.

Leases result in recognition of right-of-use ("ROU") assets and lease liabilities on the consolidated statements of financial position. ROU assets represent the right to use an underlying asset for the lease term. Lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. For the initial and subsequent measurement of all lease liabilities, the discount rate is based on the rate implied within the lease, or on the Foundation's incremental borrowing rate using a period comparable with the lease term, or a risk-free rate of return for a period comparable with the lease term.

The lease term may include options to extend or terminate the lease that the Foundation is reasonably certain to exercise. Operating lease expense is generally recognized on a straight-line basis over the lease term. A ROU asset and lease liability is not recognized for leases with an initial term of 12 months or less.

Subsequent Events

The Foundation evaluated its December 31, 2023 consolidated financial statements for subsequent events through November 12, 2024, 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 disclosed in Notes 1 and 4.

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.

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

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.
- 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, 2023 and 2022; 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, 2023 and 2022, all of the Foundation's investments, which total \$1,109,050,662 and \$577,797,953, respectively, have been reported at fair value based on a reported NAV per share.

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

The following tables summarize information with respect to the Foundation's investments which are valued and reported at NAV as of December 31, 2023 and 2022:

2023				
Position	Strategy	NAV in Funds	\$ Amount of Unfunded Commitments	Redemption Terms/Restrictions
Investment Company	Fund of private equity and venture capital funds	\$ 157,312,539	\$ 136,493,993	Redemptions are made at the sole discretion of the Manager
Hedge fund	Fund of funds, underlying investments in hedge funds and direct investment objectives	111,083,486	27,240,633	Redemptions are made at the sole discretion of the General Partner
Hedge fund	Investments in equity and debt securities of private companies	3,841,634	1,692,754	10-year lockup with two one-year extensions
Investee fund	Fund of private equity and venture capital funds	82,466,564	75,337,467	Redemptions are made at the sole discretion of the Manager
Investee fund	Fund of private companies	21,840,517	19,791,284	Redemptions are made at the sole discretion of the Manager
Investment Company	Fund of hedge funds	504,529,240	-	Redemptions are generally permitted on a monthly basis, subject to investor level gate
Investee fund	Fund of hedge funds	227,976,682	-	Redemptions are generally permitted on a monthly basis with 90 days' written notice, subject to investor level gate
		<u>\$1,109,050,662</u>	<u>\$ 260,556,131</u>	
2022				
Position	Strategy	NAV in Funds	\$ Amount of Unfunded Commitments	Redemption Terms/Restrictions
Investment Company	Fund of private equity and venture capital funds	\$ 132,371,310	\$ 114,373,993	Redemptions are made at the sole discretion of the Manager
Hedge fund	Fund of funds, underlying investments in hedge funds and direct investment objectives	105,487,147	23,669,050	Redemptions are made at the sole discretion of the General Partner
Hedge fund	Investments in equity and debt securities of private companies	4,563,517	1,692,754	10-year lockup with two one-year extensions
Investee fund	Fund of private equity and venture capital funds	79,961,866	47,324,967	Redemptions are made at the sole discretion of the Manager
Investee fund	Fund of private companies	18,578,334	10,144,737	Redemptions are made at the sole discretion of the Manager
Investee fund	Fund of hedge funds	236,835,779	-	Redemptions are generally permitted on a monthly basis with 90 days' written notice, subject to investor level gate
		<u>\$ 577,797,953</u>	<u>\$ 197,205,501</u>	

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

There were no pending investment purchases at December 31, 2023. Amounts reflected as pending investment purchase at December 31, 2022 reflect cash disbursed to investment funds that have not been credited to the Foundation's capital account as of December 31, 2022.

Outstanding investment distributions of \$19,521 at December 31, 2023 are reflected as other receivables and expected to be received in 2024. There were no outstanding redemption requests at December 31, 2023 and 2022.

There was no pending investment payable at December 31, 2023. Amounts reflected as investment payable at December 31, 2022, reflect the balance due on the investment purchase.

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. Effective January 1, 2022, the Foundation entered into a revised investment management fee agreement with the same third party. The new agreement modified the fee structure to increase the management fee and to add incentive allocation. For the years ended December 31, 2023 and 2022 investment management fee amounted to \$735,061 and \$1,813,964 respectively. The related party associated with the investment management company was recused from taking part in determining the investment fee terms.

NOTE 4 - FIXED ASSETS, NET

Fixed assets consist of the following at December 31, 2023 and 2022:

	2023	2022
Building and improvements	\$ -	\$ 30,702,476
Furniture and fixtures	515,049	515,049
Equipment	231,029	231,029
Total depreciable fixed assets, gross	746,078	31,448,554
Less: accumulated depreciation	(682,202)	(6,596,111)
Net depreciable fixed assets	63,876	24,852,443
Land	-	405,000
Art	103,861	103,861
Construction in progress	8,100,853	268,388
Fixed assets, net	\$ 8,268,590	\$ 25,629,692

Depreciation expense for the years ended December 31, 2023 and 2022 totaled \$818,952 and \$842,214, 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.

During 2023, the Foundation reclassified building and improvements and land that had net book value totaling \$24,374,615 to property held for sale. Subsequent to year end, on January 25, 2024, the Foundation sold the property held for sale, as disclosed in Note 1.

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

NOTE 5 - GRANTS PAYABLE

For the years ended December 31, 2023 and 2022, grant expense amounted to \$79,294,067 and \$51,230,943, respectively. Of the grants approved by the Board of Directors or Chief Executive Officer, \$52,357,200 and \$32,800,000 remained unpaid at December 31, 2023 and 2022, 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, 2023 are expected to be payable as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 32,920,700
2025	16,481,500
2026	2,455,000
2027	500,000
	<u>52,357,200</u>
Discount	<u>(1,400,322)</u>
	<u>\$ 50,956,878</u>

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, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Accumulated benefit obligation, end of year	\$ 857,284	\$ 525,703
Fair value of plan assets, end of year	\$ -	\$ -
Components of net periodic benefit cost		
Service cost	\$ 111,462	\$ 203,828
Interest cost	27,862	24,948
Amortization of prior service credit	12,232	12,232
Amortization of net gain	(41,109)	(934)
Net periodic post-retirement benefit cost	<u>\$ 110,447</u>	<u>\$ 240,074</u>
Discount rate for benefit obligation, end of year	4.75%	5.30%
Discount rate for net periodic benefit cost, end of year	4.74%	5.30%

The mortality rates used for the December 31, 2023 and 2022 disclosures are from the PRI-2012 Total Dataset Mortality with Scale MP-2021.

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

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>
2024	\$ -
2025	983
2026	2,640
2027	4,922
2028	7,609
2029-2033	85,279
	<u>\$ 101,433</u>

The initial trend rates for pre-65 benefits in 2023 and 2022 are 8.0% and 8.5%, respectively, grading down to an ultimate rate of 5.0% in 2029. The post-65 trend is a flat 2% per year.

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:

	<u>One- Percentage Point Increase</u>	<u>One- Percentage Point Decrease</u>
Effect on total of service and interest cost components	\$ 33,997	\$ (24,825)
Effect on post-retirement benefit obligation	228,426	(173,703)

NOTE 7 - RENTAL INCOME AND RELATED PARTY TRANSACTIONS

During the year ended December 31, 2015, Hannah Charitable LLC entered into 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 January 1, 2021, Hannah Charitable LLC entered into a lease agreement with AC & JC Foundation. Effective October 1, 2021, Hannah Charitable LLC terminated its lease with MJS Foundation, and effective December 31, 2023, Hannah Charitable LLC terminated both of the remaining leases with AC & JC Foundation and Felicity House, Inc.

As discussed in Note 1 and further above, Hannah Charitable LLC was established with the principal objective of taking title to the Townhouse. Hannah Charitable 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, 2023 and 2022, Hannah Charitable LLC recognized rental income of \$690,788 and \$677,245, respectively, net of rentals received from the Foundation. For the years ended December 31, 2023 and 2022, rental income of \$629,932 and \$617,580, respectively, was received from the Foundation and has been eliminated in the accompanying consolidated financial statements.

On March 1, 2022, Felicity House, Inc. entered into a separate lease agreement with an unrelated third party for office space. The Foundation is a guarantor on that lease.

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 83,190,451	\$ 352,559,209
Investments	<u>1,109,050,662</u>	<u>577,797,953</u>
Total financial assets, end of year	1,192,241,113	930,357,162
Less: amounts not available to be used within one year:		
Hedge funds, investment companies and investee funds subject to redemption restrictions	<u>(864,882,020)</u>	<u>(498,852,692)</u>
Total financial assets available within one year	<u>\$ 327,359,093</u>	<u>\$ 431,504,470</u>

NOTE 9 - LEASES

The Foundation assesses contracts at inception to determine whether an arrangement includes a lease, which conveys the Foundation's right to control the use of an identified asset for a period of time in exchange for consideration. The Foundation leases office space and equipment under non-cancelable lease agreements, for which ROU assets and lease liabilities are recorded in the accompanying fiscal year 2022 statement of financial position. The Foundation measures its lease assets and liabilities using the risk-free rate of return selected based on the term lease. The Foundation considered the likelihood of exercising renewal or termination terms in measuring the ROU assets and liabilities. The Foundation has included renewal periods in its assessment of lease terms when provided for in the lease. The Foundation's lease payments are based on fixed payments. There are no variable or short-term leases. The leases contain no termination options or residual value guarantee.

On March 1, 2022, Foundation for a Just Society entered into a lease agreement with an unrelated third party for office space. The lease expires in fiscal 2037 and is subject to escalation for real estate tax increases and other building operating expenses. This lease represents Foundation for a Just Society only operating lease.

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

Supplemental statement of financial position information related to the Foundation's operating leases at December 31, 2023:

	<u>2023</u>	<u>2022</u>
ROU asset	\$ 21,820,573	\$ 21,820,573
Accumulated amortization	<u>(2,246,844)</u>	<u>(1,019,397)</u>
	<u>\$ 19,573,729</u>	<u>\$ 20,801,176</u>
Weighted-average remaining lease term	13.92 years	14.92 years
Weighted-average discount rate	1.96%	1.96%

Fiscal Year December 31:

2024	\$ 1,427,186
2025	1,527,420
2026	953,531
2027	1,126,045
2028	1,775,785
Thereafter	<u>17,919,399</u>
Total lease obligation, gross	24,729,366
Less: amounts representing interest	<u>(3,272,016)</u>
Total lease liability	<u>\$ 21,457,350</u>

The components of lease cost for the years ended December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Operating lease expense	<u>\$ 1,650,787</u>	<u>\$ 1,375,656</u>

Supplemental cash flow information related to leases for the year ended December 31, 2023 is as follows:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	<u>\$ 1,017,306</u>