THE
RALPH M. PARSONS
FOUNDATION

The Ralph M. Parsons Foundation

Financial Statements

December 31, 2022
(With Comparative Totals for 2021)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Ralph M. Parsons Foundation

Opinion
We have audited the financial statements of The Ralph M. Parsons Foundation, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Ralph M. Parsons Foundation as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Ralph M. Parsons 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 Ralph M. Parsons Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's 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 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 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 financial statements.

To the Board of Directors
The Ralph M. Parsons Foundation

In performing an audit in accordance with GAAS, 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 Ralph M. Parsons 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 Ralph M. Parsons 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 Ralph M. Parsons Foundation's December 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 21, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Green Hasson & Janks LLP

September 7, 2023
Los Angeles, California

The Ralph M. Parsons Foundation
Statement of Financial Position
December 31, 2022
(With Comparative Totals for 2021)

	2022	2021
ASSETS		
Cash and cash equivalents	$ 5,948,832	$ 10,182,122
Interest and dividends receivable	271,540	224,696
Investments, at fair value	407,063,280	458,296,409
Investments sold receivable	34,009	34,997
Prepaid expenses and other assets	953,593	225,710
Lease right-of-use asset	663,591	-
Property and equipment, net	178,086	576,511
Total assets	$ 415,112,931	$ 469,540,445
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 1,284,512	$ 785,396
Investment purchases payable	189,472	-
Grants payable, net	3,797,799	4,773,246
Lease liability	1,984,781	-
Deferred excise taxes	904,850	1,959,592
Total liabilities	8,161,414	7,518,234
Net assets without donor restrictions	406,951,517	462,022,211
Total liabilities and net assets	$ 415,112,931	$ 469,540,445

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

The Ralph M. Parsons Foundation
Statement of Activities
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

	2022	2021
Revenues, gains and losses		
Net investment return	$ (25,469,998)	$ 82,515,337
Loss on impairment of lease right-of-use asset	(1,094,191)	-
Loss on disposal of property and equipment	(269,062)	-
Total revenues, gains and losses	(26,833,251)	82,515,337
Functional expenses		
Program services	26,083,274	22,847,074
Management and general	2,154,169	1,629,852
Total functional expenses	28,237,443	24,476,926
Change in net assets	(55,070,694)	58,038,411
Net assets without donor restrictions, beginning of year	462,022,211	403,983,800
Net assets without donor restrictions, end of year	$ 406,951,517	$ 462,022,211

The Ralph M. Parsons Foundation
Statement of Functional Expenses
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

	Program Services - Grant-Making	Management and General	2022 Total	2021 Total
Grants expense	$ 20,741,551	$ -	$ 20,741,551	$ 18,760,244
Salaries and wages	2,695,600	997,002	3,692,602	2,456,762
Employee benefits	785,351	290,472	1,075,823	887,177
Professional fees	618,804	412,536	1,031,340	605,747
Facilities	468,797	173,390	642,187	558,491
Information technology	232,263	85,906	318,169	537,545
Professional development	131,366	48,060	179,426	138,478
Payroll taxes	129,534	47,390	176,924	158,602
Depreciation and amortization	94,435	34,928	129,363	126,206
Communications	63,237	23,389	86,626	54,577
Insurance	53,783	19,892	73,675	76,472
Community engagement	47,134	17,433	64,567	87,482
Automobile	21,419	-	21,419	13,036
Miscellaneous	-	3,771	3,771	16,107
	$ 26,083,274	$ 2,154,169	$ 28,237,443	$ 24,476,926

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

The Ralph M. Parsons Foundation
Statement of Cash Flows
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

	2022	2021
Cash flows from operating activities		
Change in net assets without donor restrictions	$ (55,070,694)	$ 58,038,411
Adjustments to reconcile change in net assets without donor restrictions to net cash used in operating activities		
Net realized and unrealized gains on investments	28,240,456	(66,025,460)
Depreciation and amortization	129,363	126,206
Adjustment of present value discount on grants payable	43,053	79,244
Deferred excise tax expense	(1,054,742)	480,672
Amortization on operating lease	271,457	-
Loss on impairment of lease right-of-use asset	1,094,191	-
Loss on disposal of property and equipment	269,062	462
Changes in operating assets and liabilities		
Interest and dividends receivable	(46,844)	(2,445)
Prepaid expenses and other assets	(727,883)	315,226
Operating lease liability	(268,884)	-
Accounts payable and accrued expenses	723,542	167,490
Grants payable	(1,018,500)	(2,105,000)
Net cash used in operating activities	(27,416,423)	(8,925,194)
Cash flows from investing activities		
Proceeds on sale of investments	117,587,677	77,084,278
Purchases of investments	(94,404,544)	(73,618,389)
Purchases of property and equipment	-	(143,364)
Net cash provided by investing activities	23,183,133	3,322,525
Net decrease in cash and cash equivalents	(4,233,290)	(5,602,669)
Cash and cash equivalents, beginning of year	10,182,122	15,784,791
Cash and cash equivalents, end of year	$ 5,948,832	$ 10,182,122
Supplemental schedule of non-cash operating activities:		
Non-cash impact of implementation of Accounting Standards Update No. 2016-02, *Leases*		
Establishment of operating lease right-of-use asset	$ 2,029,239	$ -
Decrease in deferred rent liability	$ (224,426)	$ -
Establishment of operating lease liability	$ 2,253,665	$ -

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

1. ORGANIZATION

The Ralph M. Parsons Foundation (the "Foundation") is an independent grantmaking philanthropy established in 1961. The Foundation focuses on four areas: human services, civic and cultural programs, health, and education. The Foundation makes grants for general operating support, programs, and capital needs in Los Angeles County, California. It does not conduct or administer its own charitable programs, but makes grants to qualified 501(c)(3) organizations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Net assets

Net assets, revenues, gains, and losses are presented based on the existence or absence of donor-imposed restrictions. Accordingly, all net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* - Net assets available for use in general operations and not subject to donor-imposed restrictions.
- *Net assets with donor restrictions* - Net assets subject to donor-imposed restrictions.

None of the Foundation’s assets were subject to donor-imposed restrictions at December 31, 2022.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Cash and cash equivalents

For purposes of the statement of cash flows, the Foundation considers cash on hand, deposits in banks, money market accounts, and highly liquid investments with an original maturity of three months or less to be cash and cash equivalents. The carrying value of cash and cash equivalents approximates its fair value.

Concentration of credit risk

The Foundation maintains its cash and cash equivalents in bank deposit and other investment accounts which may, at times, exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments in equity and debt securities with readily determinable market values are reported at fair value. The fair value of these investments is determined based on the closing price on the last business day of the fiscal year. Investments in partnerships, for which there is no readily available market, are valued using net asset value (NAV) per share of units held by the Foundation or its equivalent.

Sales and purchases of securities are recorded on trade date, which results in receivables and payables on trades that have not yet settled at the financial statement date. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the ex-dividend date. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Unrealized gains and losses are included in net investment return in the statement of activities and represent the changes in the difference between the cost and current market quotations of investments held at the end of the fiscal year.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Investments are made according to the investment policies, guidelines, and objectives adopted by the Foundation's Board of Directors. These guidelines provide for investments in equities, private and alternative investments, fixed income, and other securities with performance measured against appropriate indices. Market values of such investments are routinely reviewed by the Board of Directors.

Property and equipment

Property and equipment are recorded at cost. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the related assets as follows:

Furniture and fixtures	3 – 7 years
Website	5 years

Expenditures for maintenance and repairs are charged to operations as incurred while renewals and betterments are capitalized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-lived assets

The Foundation reviews long lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write down is recorded to reduce the related asset to its estimated fair value. The Foundation recognized $1,094,191 of impairment losses related to the lease right-of-use asset during the year ended December 31, 2022 as it was determined that the carrying value of the asset exceeded the recoverable amount.

Grants

Unconditional grants are charged against operations when authorized by the Foundation's Board of Directors. Authorized conditional grants are recognized when any applicable conditions have been met. The actual payment of the grant may not necessarily occur in the year of authorization. Grants which are expected to be paid beyond one year are discounted at an appropriate rate, which management has determined to be 3%. Amortization of the present value discount rate is recorded as additional grants expense.

Taxes

The Foundation is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). The Foundation is subject to a flat 1.39% Federal excise tax on net investment income. Deferred Federal excise taxes arise from the net unrealized appreciation in the fair value of investments and are calculated using the prevailing Federal excise tax rate.

The Foundation is also subject to Federal and State unrelated business income (UBI) tax on select investment holdings.

The tax benefit included in net investment return in the statement of activities consists of the following for the year ended December 31, 2022:

Current Federal excise tax	$	117,367
Deferred Federal excise tax benefit		(1,054,742)
Federal UBI tax		112,500
State UBI tax		128,829
	$	(696,046)

The Foundation follows the authoritative guidance on accounting for and disclosure of uncertainty in tax positions which requires a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken in an organization's tax return. The Foundation believes that it has appropriate support for the excise tax positions taken and, as such, does not have any uncertain tax positions that result in a material impact on the Foundation's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxes (continued)

The Foundation accrues any interest and penalties associated with uncertain tax positions, if applicable. No such interest or penalties have been accrued as the Foundation does not have any uncertain tax positions that result in a material impact on the Foundation's financial statements.

The Foundation files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Foundation is subject to examination by federal and state jurisdictions. As of December 31, 2022, the Foundation's Federal and California tax returns for the tax years beginning 2019 and 2018, respectively, remain subject to examination by these tax jurisdictions under the statute of limitations.

Functional allocation of expenses

The costs of providing the Foundation's program and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit such as full-time equivalent of salaries and wages.

Comparative information

The financial statements include certain prior year summarized comparative information. Such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2021, from which the summarized comparative information was derived.

Leases

The Foundation recognizes and measures its leases in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, *Leases*. The Foundation is a lessee in an operating lease for office space. The Foundation determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Foundation recognizes a lease liability and a lease right-of-use (ROU) asset at the later of the commencement date of the lease or January 1, 2022, the adoption date of ASC 842. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the Foundation uses its incremental borrowing rate.

The implicit rate of the Foundation's lease is not readily determinable and accordingly, the Foundation uses the incremental borrowing rate based on the information available at January 1, 2022.

The Foundation's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The lease ROU asset is subsequently measured throughout the lease term at the amount of the re-measured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The Foundation has elected, for all underlying classes of assets, to not recognize lease ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Foundation is reasonably certain to exercise. The Foundation recognizes lease cost associated with short-term leases on a straight-line basis over the lease term.

New accounting pronouncements

In February 2016, FASB issued an Accounting Standards Update (ASU) No. 2016-02, *Leases*, intended to improve financial reporting about leasing transactions. The new standard requires organizations that lease assets with terms of more than 12 months to recognize on the statement of financial position, the assets and liabilities for the rights and obligations created by those leases. The ASU also requires disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. ASC 842 is effective for fiscal years beginning after December 15, 2021. The Foundation adopted ASC 842 with a date of the initial application of January 1, 2022. The Foundation elected to apply the following package of practical expedients on a consistent basis permitting entities not to reassess: (i) whether any expired or existing contracts are or contain a lease; (ii) lease classification for any expired or existing leases and (iii) whether initial direct costs for any expired or existing leases qualify for capitalization under the amended guidance. In addition, the Foundation applied the practical expedient to include both the lease and non-lease components as a single component and account for it as a lease.

The impact of adopting the amended guidance primarily relates to the recognition of a lease right-of-use asset and a lease liability on the statement of financial position for a lease previously classified as operating lease. The Foundation recognized $2,029,239 of lease right-of-use asset and $2,253,665 of lease liability as of January 1, 2022 for the contract that is classified as an operating lease. Leases with an initial term of 12 months or less have not been recorded on the statement of financial position. There was no other material impact on the Foundation's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events

The Foundation has evaluated events and transactions occurring subsequent to the statement of financial position date of December 31, 2022, for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through September 7, 2023, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

3. INVESTMENTS

The Foundation has implemented the fair value accounting standard for those assets that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates, and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset and include situations where there is little, if any, market activity for the asset.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2022:

	Level 1	Level 2	Level 3	NAV	Fair Value
U.S. Equities	$ 6,475,005	$ -	$ -	$ 57,718,779	$ 64,193,784
U.S. Fixed Income	24,655,445	13,677,403	-	13,451,859	51,784,707
Non-U.S. Equities	-	-	-	51,830,703	51,830,703
Direct Hedge Funds	-	-	-	49,714,743	49,714,743
Emerging Market Equity Funds	-	-	-	18,515,515	18,515,515
Real Assets	11,277,341	-	-	14,783,480	26,060,821
Private Equity	-	2,000,483	-	142,962,524	144,963,007
	$ 42,407,791	$ 15,677,886	$ -	$348,977,603	$407,063,280

The Foundation uses net asset value (NAV) per share, or its equivalent, to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

3. INVESTMENTS (continued)

U.S. Equities

Investments in U.S. equities include an actively traded U.S. common stocks portfolio and two investment funds that hold long/short positions in equity securities that are within and outside of the S&P 500 Index. The fair value of the actively traded stock portfolio is based on the ticker prices of the underlying stocks listed on the stock exchange whereas the fair value of the investment funds are valued based on the net asset value of the Foundation's ownership interest in the respective partners' capital. Redemptions can be made daily to quarterly with redemption notice periods ranging from 1 to 60 days. One fund has a five-year hard lockup and redemption is not allowed. There was no unfunded commitment as of December 31, 2022.

U.S. Fixed Income

Investments in U.S. fixed income include government bonds, corporate bonds, government and non-government backed securities, and funds that invest in debt securities. The fair values of these securities are based on the prices listed in the stock exchange, broker dealer markets or as reported by the fund managers. Redemptions can be made daily to quarterly with redemption notice periods ranging from 1 to 60 days. There was no unfunded commitment as of December 31, 2022.

Non-U.S. Equities

Investments in non-U.S. equities include funds that invest in non-U.S. issuers and securities whose principal markets are outside of the U.S. Investments are valued using the NAV per share provided by the fund managers. Redemptions can be made on a weekly to monthly basis with redemption notice periods ranging from 3 to 30 business days. There was no unfunded commitment as of December 31, 2022.

Direct Hedge Funds

Investments in direct hedge funds are invested in strategies including, but not limited to, equity long/short, arbitrage and event driven, directional trading, fixed income, and currency trading. Investments are valued using the NAV per share provided by the fund managers. One equity long/short manager has a quarterly gate which effectively takes two years to fully redeem from the manager. Redemptions can be made from a monthly to a quarterly basis with redemption notice periods ranging from 10 to 90 days. There was no unfunded commitment as of December 31, 2022.

Emerging Markets Equity Funds

Investments in emerging market equity funds include two funds that are invested in long securities in emerging markets and are valued based on the NAV per share provided by the fund managers. One investment has an initial two-year lockup period. Otherwise, redemptions can be made on a quarterly basis with a redemption notice period of 60 days. There was no unfunded commitment as of December 31, 2022.

3. INVESTMENTS (continued)

Real Assets

Investments in real assets are invested in a real estate fund, a natural resource equity fund focused on global common stocks, the fair value of which is based on the ticker price listed on the New York Stock Exchange, a fund that invests, holds, and trades in California Carbon Allowances and equivalent regulatory compliance instruments, and a master limited partnership strategy focused on midstream pipelines and energy infrastructure companies seeking to maximize risk-adjusted returns and long-term capital appreciation. Redemptions can be made from a daily to a quarterly basis with redemption notice periods ranging from 1 to 90 days. There was no unfunded commitment as of December 31, 2022.

Private Equity

The private equity investment is comprised of over 50 private equity funds that invest in distressed securities, venture capital, leveraged buyout, and other private equity assets, as well as portfolios of operating companies. The fair value of the funds is based on the net asset value of the Foundation's ownership interest in the partners' capital, except for one investment in the form of a debt security which is valued at its principal plus accrued and paid in-kind interest. These investments cannot be redeemed. The funds have ten- and twelve-year lives. One fund is subject to three one-year extensions. Two funds are subject to two one-year extensions. The expected termination dates of these investments range from December 2022 to February 2031, subject to extensions by the investment managers. It is probable that the investments will be sold at an amount different than their fair value at December 31, 2022. The amount of unfunded commitments as of December 31, 2022 was $86,498,116.

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Furniture and fixtures	$	482,262
Website		33,465
		515,727
Less: Accumulated depreciation		(337,641)
	$	178,086

Depreciation and amortization expense related to property and equipment for the year ended December 31, 2022 was $129,363.

5. GRANTS PAYABLE

Unconditional grants authorized but unpaid at year end are reported as liabilities. The following is a summary of grants authorized and payable at December 31, 2022:

To be paid in less than one year	$	3,326,500
To be paid in one to five years		500,000
		3,826,500
Less: Present value discount (3%)		(28,701)
	$	3,797,799

Grant activity during the year ended December 31, 2022 is summarized as follows:

Grants approved in prior years pending payment	$	4,773,246
Grants approved in current year		20,698,498
		25,471,744
Less: Grants to be paid in subsequent years		(3,797,799)
Add: Adjustment of present value discount		43,053
Grants paid in current year	$	21,716,998

In addition, the Foundation has approved conditional grants totaling $2,300,000 as of December 31, 2022.

The Foundation is required to distribute annually, to qualifying charitable organizations, an amount equal to 5% of the average fair market value of the Foundation's assets (the minimum distribution). If the Foundation does not distribute the required minimum distribution, a one-year grace period is granted to distribute the undistributed income. If undistributed income is not distributed by the close of the following tax year, a minimum 30% penalty under Internal Revenue Code (IRC) Section 4942(a) will apply. The Foundation met the IRC grant distribution requirement for the year ended December 31, 2022.

6. OPERATING LEASE

The Foundation leases office space which is accounted for as an operating lease. The operating lease expires in January 2029. As of December 31, 2022, the Foundation had $663,591 of lease right-of-use asset and $1,984,781 of related lease liability for this lease. The Foundation recognized $1,094,191 of impairment losses related to the right-of-use lease asset during the year ended December 31, 2022, as it was determined that the carrying value of the asset exceeded the recoverable amount.

6. OPERATING LEASE (continued)

Total lease cost under operating leases for the year ended December 31, 2022 was $306,195.

The remaining lease term was 6.08 years and the discount rate was 1.63% during the year ended December 31, 2022.

Maturities of lease liability as of December 31, 2022 are as follows:

Year ending December 31,		
2023	$	314,275
2024		325,253
2025		336,668
2026		348,414
2027		360,655
Thereafter		404,423
Total rent payments		2,089,688
Less: imputed interest		(104,907)
Total	$	1,984,781

7. RETIREMENT PLANS

The Foundation has a 403(b) Thrift Plan to provide benefits for all full-time regular employees. Contributions to the 403(b) Thrift Plan for the year ended December 31, 2022 were $523,938.

The Foundation also sponsors a Section 457(b) Eligible Deferred Compensation plan covering a select group of management or highly compensated individuals. Contributions for the year ended December 31, 2022 were $6,833.

8. CONFLICT OF INTEREST

The Foundation reaffirms its belief that its mission is fostered by having on the Board persons active in the community, including those who serve on the boards of nonprofit organizations who are or may become grant recipients. The Board of Directors has adopted a conflict-of-interest policy to protect the integrity of the Foundation's decision-making processes, and preserve the quality, fairness, and openness of the Foundation's grantmaking processes and other financial transactions. The policy states clear guidelines to be followed in identifying and resolving conflict of interest and self-dealing issues, establishes procedures by which the Foundation may make the determination as to whether a conflict of interest exists, and requires broad disclosure of affiliations and recusal. Board and staff members with affiliations with grantees were not involved in the grantmaking decision process.

9. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by the Foundation at December 31, 2022 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized in the following table:

Cash and cash equivalents	$	5,948,832
Interest and dividends receivable		271,540
Investments, at fair value		407,063,280
Investments sold receivable		34,009
Total financial assets at December 31, 2022		413,317,661
Less amounts not available to be used within one year due to:		
Illiquid investments		(154,451,746)
Financial assets available to meet general expenditures within one year	$	258,865,915

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.