

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

Foundation for a Just Society, Inc.

December 31, 2020 and 2019

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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 the
Foundation for a Just Society, Inc.

We have audited the accompanying consolidated financial statements of the Foundation for a Just Society, Inc. and Subsidiary (collectively, the "Foundation"), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, 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.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the consolidated financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation for a Just Society, Inc. and its Subsidiary as of December 31, 2020 and 2019, 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.

Grant Thornton LLP

New York, New York
November 4, 2021

Foundation for a Just Society, Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 30,031,981	\$ 7,800,929
Pending investment purchase	-	7,000,000
Investment redemption receivable	40,000,000	20,000,000
Other assets	-	16,851
Prepaid expenses and other receivables	1,817,588	515,801
Investments	776,290,282	605,980,563
Fixed assets, net	26,985,476	27,692,751
Total assets	\$ 875,125,327	\$ 669,006,895
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 204,898	\$ 1,722,996
Grants payable, net	41,909,794	19,485,000
Post-retirement benefit obligation	870,538	515,065
Deferred excise tax liability	2,127,400	2,997,682
Total liabilities	45,112,630	24,720,743
 Commitments		
Net assets		
Net assets without donor restrictions	830,012,697	644,286,152
Total liabilities and net assets	\$ 875,125,327	\$ 669,006,895

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,

	2020	2019
Revenues		
Contributions	\$ -	\$ 45,365,627
Rental income	683,794	663,672
Investment return, net	264,759,803	125,800,141
Total revenues	265,443,597	171,829,440
Expenses		
Grants	70,283,872	38,589,912
Program	3,215,026	3,113,146
General and administrative	6,218,154	5,640,165
Total expenses	79,717,052	47,343,223
Change in net assets	185,726,545	124,486,217
Net assets without donor restrictions, beginning of year	644,286,152	519,799,935
Net assets without donor restrictions, end of year	\$ 830,012,697	\$ 644,286,152

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, 2020

	<u>Program Support</u>	<u>General and Administrative Support</u>	<u>2020 Total</u>
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			

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, 2019

	<u>Program Support</u>	<u>General and Administrative Support</u>	<u>2019 Total</u>
Grants	\$ 38,589,912	\$ -	\$ 38,589,912
Professional fees	215,204	188,689	403,893
Salaries and benefits	2,311,687	1,316,529	3,628,216
Administrative charges	197,969	299,741	497,710
Travel and conferences	374,466	66,615	441,081
Occupancy	-	342,275	342,275
Taxes	-	2,442,311	2,442,311
Insurance	-	109,732	109,732
Depreciation	13,820	872,155	885,975
Loss on disposal of assets	-	2,118	2,118
	<u>\$ 41,703,058</u>	<u>\$ 5,640,165</u>	<u>\$ 47,343,223</u>
Total			

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,

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 185,726,545	\$ 124,486,217
Adjustments to reconcile change in net assets to net cash used in operating activities		
Net realized and unrealized gains on investments	(264,705,337)	(125,566,235)
Depreciation	878,524	885,975
Changes in assets and liabilities		
Pending investment purchase	7,000,000	(7,000,000)
Investment redemption receivables	(20,000,000)	(20,000,000)
Other assets	16,851	23,236
Prepaid expenses and other receivables	(1,301,787)	261,493
Accounts payable and accrued expenses	(1,518,098)	1,362,040
Grants payable	22,424,794	96,667
Post-retirement benefit obligation	355,473	222,226
Deferred excise tax liability	(870,282)	198,056
	<u>(71,993,317)</u>	<u>(25,030,325)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Purchase of property and equipment	(171,250)	(64,266)
Purchase of investments	(60,270,681)	(140,309,113)
Sales of investments	154,666,299	72,923,313
	<u>94,224,368</u>	<u>(67,450,066)</u>
Net cash provided by (used in) investing activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	22,231,051	(92,480,391)
Cash and cash equivalents, beginning of year	<u>7,800,929</u>	<u>100,281,320</u>
Cash and cash equivalents, end of year	<u>\$ 30,031,980</u>	<u>\$ 7,800,929</u>
Supplemental disclosure:		
Cash paid for taxes	<u>\$ 6,153,989</u>	<u>\$ 588,218</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, 2020 and 2019

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.

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, 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, 2020 and 2019.

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, 2020 and 2019 is \$172,000, held pursuant to the Foundation's corporate credit card program with JPMorgan Chase Bank.

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

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 year ended December 31, 2020. For the year ended December 31, 2019, the Foundation's total monetary contributions were derived from one source.

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 3 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. There were no grants rescinded or cancelled during the years ended December 31, 2020 and 2019.

The Foundation recognizes grant expense in accordance with Accounting Standards Update ("ASU") No. 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, 2020 and 2019.

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

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). Originally, under Code Section 4940, private foundation excise tax rules provided for a 1% or 2% tax rate on net investment income, depending on the distribution activities of the private foundation. On December 20, 2019, Section 306 of the Taxpayer Certainty and Disaster Relief Act of 2019 amended Code Section 4920(a), by striking the 2% excise tax rate and inserting a 1.39% tax rate. Thus, the deferred excise tax provision at December 31, 2019 is calculated assuming a 1.39% excise tax rate since it is based on projected gains that assume complete liquidation of all assets. The current excise tax provision for the year ended December 31, 2019, however, is calculated assuming a federal excise tax rate of 2% on the Foundation's net investment income under §4940(a). The Foundation did not meet the requirements for the reduced federal excise tax, 1% tax rate, for the year ended December 31, 2019. The Foundation's unrelated business income is taxable at regular corporate income tax rates. At the 1.39% tax rate, the Foundation's projected current excise tax expense is \$3,633,976 for the year ended December 31, 2020.

The Foundation is required to record a deferred income tax provision based on cumulative unrealized gains on its investments. The deferred excise tax provision is calculated assuming a 1.39% excise tax rate (see above). Thus, the deferred federal excise tax liability at December 31, 2020 is \$2,127,400 and the deferred federal excise tax liability at December 31, 2019 is \$2,997,682. The net change in the deferred excise tax liability for the year ended December 31, 2020 is \$870,282.

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.

Reclassifications

Certain information in the fiscal 2019 consolidated financial statements have been reclassified to conform to the fiscal 2020 presentation. There were no changes in total assets, liabilities, or changes in net assets as reflected in the 2019 consolidated financial statements.

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

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 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, 2020 consolidated financial statements for subsequent events through November 4, 2021, 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 Notes 3, 5 and 7, and as follows:

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The extent of the impact of COVID-19 on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on customers, employees and vendors, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact the Foundation's financial position and changes in net assets and cash flows is uncertain and the accompanying consolidated financial statements include no adjustments relating to the effects of this pandemic.

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, with early adoption permitted. 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.

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

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.

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, 2020 and 2019; 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, 2020 and 2019, all of the Foundation's investments, which total \$776,290,282 and \$605,980,563, 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, 2020 and 2019

The following tables summarize information with respect to the Foundation's investments which are valued and reported at NAV as of December 31, 2020 and 2019:

		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 1-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>	
		2019		
Position	Strategy	NAV in Funds	\$ Amount of Unfunded Commitments	Redemption Terms/Restrictions
Hedge fund	Quantitative analysis	\$ 216,364,394	\$ -	Redemptions are permitted quarterly with 10 days' notice
Hedge fund	Equities/futures based quantitative analysis	50,020,535	-	Redemptions are generally permitted on a monthly basis with two calendar months' written notice
Hedge fund	Fund of funds, underlying investments in hedge funds and direct investment objectives	42,391,055	68,852,517	Redemptions are made at the sole discretion of the General Partner
Hedge fund	Investments in equity and debt securities of private companies	4,219,826	2,439,013	10-year lockup with two 1-year extensions
Investee fund	Fund of private equity and venture capital funds	29,204,973	61,891,466	Redemptions are made at the sole discretion of the Manager
Investee fund	Fund of private companies	2,749,257	6,286,248	Redemptions are made at the sole discretion of the Manager
Investee fund	Fund of hedge funds	261,030,523	-	Redemptions are generally permitted on a monthly basis with 90 days' written notice, subject to investor level gate
		<u>\$ 605,980,563</u>	<u>\$ 139,469,244</u>	

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

There were no pending investment purchases at December 31, 2020. Amounts reflected as pending investment purchase on the accompanying 2019 consolidated statement of financial position reflect cash disbursed to investment funds that have not yet been credited to the Foundation's capital account as of December 31, 2019. Such purchase was settled subsequent to December 31, 2019.

The Foundation submitted redemption requests relative to certain of its investment funds, which remained outstanding, as of December 31, 2020 and 2019. Such amounts have been reflected as investment redemption receivables on the accompanying consolidated statements of financial position and were collected in full subsequent to December 31, 2020 and 2019.

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. As of 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.

NOTE 4 - FIXED ASSETS, NET

Fixed assets consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Building and improvements	\$ 30,700,584	\$ 30,552,294
Furniture and fixtures	484,092	461,132
Equipment	<u>183,807</u>	<u>183,807</u>
Total depreciable fixed assets, gross	31,368,483	31,197,233
Less: accumulated depreciation	<u>(4,886,868)</u>	<u>(4,008,344)</u>
Net depreciable fixed assets	26,481,616	27,188,890
Land	405,000	405,000
Art	<u>98,861</u>	<u>98,861</u>
Fixed assets, net	<u>\$ 26,985,476</u>	<u>\$ 27,692,751</u>

Depreciation expense for the years ended December 31, 2020 and 2019 totaled \$878,524 and \$885,975, 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, 2020 and 2019, grant expense amounted to \$70,283,872 and \$38,589,912, respectively. Of the grants approved by the Board of Directors or Chief Executive Officer, \$41,909,794 and \$19,485,000 remained unpaid at December 31, 2020 and 2019, respectively. Subsequent to year end, two grants were rescinded totaling \$900,000. All other 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.

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Grants authorized but unpaid at December 31, 2020 are expected to be payable as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 26,746,794
2022	13,263,000
2023	1,900,000
2024	-
	\$ 41,909,794

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, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Accumulated benefit obligation, end of year	\$ 870,538	\$ 515,065
Fair value of plan assets, end of year	\$ -	\$ -
Components of net periodic benefit cost:		
Service cost	\$ 162,906	\$ 113,213
Interest cost	17,924	12,914
Amortization of prior service credit	12,232	12,232
Amortization of net gain	-	(5,192)
Net periodic post-retirement benefit cost	\$ 193,062	\$ 133,167
Discount rate for benefit obligation, end of year	2.82%	3.48%
Discount rate for net periodic benefit cost, end of year	2.82%	3.48%

The mortality rates used for the December 31, 2020 and 2019 disclosures are from the PRI-2012 Total Dataset Mortality with Scale MP-2019 and SOA RPH-2014 White Collar Headcount-weighted Mortality with Scale MP-2018, respectively.

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

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>
2021	\$ -
2022	-
2023	-
2024	725
2025	2,296
2026-2030	45,083
	\$ 48,104

The initial trend rate is 9% for pre-65 benefits in 2020 and 2019, grading down to an ultimate rate of 5.5% in 2028. 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	\$ 77,056	\$ (55,413)
Effect on post-retirement benefit obligation	280,837	(205,646)

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. Subsequent to year end, 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. Furthermore, subsequent to year end, Hannah, LLC entered into one -year lease agreement with AC & JC Foundation, Inc. for 25% of the 4th floor of the Townhouse. The lease term will automatically renew on January 1 of each calendar year.

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, 2020 and 2019, Hannah, LLC recognized rental income of \$683,794 and \$663,672, respectively, net of rentals received from the Foundation. For the years ended December 31, 2020 and 2019, rental income of \$459,613 and \$443,646, respectively, was received from the Foundation and has been eliminated in the accompanying consolidated financial statements.

Foundation for a Just Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 30,031,981	\$ 7,800,929
Investments	<u>776,290,282</u>	<u>605,980,563</u>
Total financial assets, end of year	806,322,263	613,781,492
Less amounts not available to be used within one year:		
Hedge funds and investee funds subject to redemption restrictions	<u>(305,766,981)</u>	<u>(252,585,461)</u>
Total financial assets available within one year	<u>\$ 500,555,282</u>	<u>\$ 361,196,031</u>