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CERTIFIED PUBLIC ACCOUNTANTS

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MEMBERS OF AMERICAN  
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**Independent Auditor's Report**

**The Board of Trustees of  
Russell Sage Foundation,**

***Opinion***

We have audited the accompanying financial statements of the Russell Sage Foundation (the "Foundation"), which comprise the statement of financial position as of August 31, 2023 and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Russell Sage Foundation as of August 31, 2023 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 these 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

***Auditor's Responsibility 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 not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards (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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

***Report on Summarized Comparative Information***

We have previously audited the Russell Sage Foundation's August 31, 2022 financial statements, and we have expressed an unmodified opinion on those audited financial statements in our report dated December 23, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.



January 12, 2024

**RUSSELL SAGE FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
AUGUST 31, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,110,848	\$ 986,390
Other assets	202,172	178,435
Co-funding receivables	308,000	62,500
Investments, at fair value	408,777,664	378,154,363
Fixed assets, at cost, net of accumulated depreciation of \$11,831,995 in 2023 and \$11,672,763 in 2022	<u>12,761,274</u>	<u>12,121,953</u>
Total Assets	<u>\$ 423,159,958</u>	<u>\$ 391,503,641</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 393,062	\$ 157,892
Grants payable	4,958,761	4,317,079
Accrued postretirement benefits obligation	<u>5,132,174</u>	<u>4,668,879</u>
Total Liabilities	<u>10,483,997</u>	<u>9,143,850</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Capital reserve fund	603,311	1,790,976
Unexpended project appropriations	4,239,123	4,071,963
Net investment in fixed assets	<u>12,761,274</u>	<u>12,121,953</u>
	17,603,708	17,984,892
With donor restrictions		
Purpose	1,051,832	739,049
Perpetual in nature	<u>394,020,421</u>	<u>363,635,850</u>
Total Net Assets	<u>412,675,961</u>	<u>382,359,791</u>
Total Liabilities and Net Assets	<u>\$ 423,159,958</u>	<u>\$ 391,503,641</u>

The accompanying notes are an integral part of these statements.

**RUSSELL SAGE FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)**

	Without Donor Restrictions	With Donor Restrictions		2023 Total	2022 Total
		Purpose	Perpetual in Nature		
<b>REVENUES</b>					
Interest, dividends and other investment income	\$ -	\$ -	\$ 6,327,962	\$ 6,327,962	5,038,421
Realized gain and change in unrealized appreciation (depreciation)	-	-	41,458,111	41,458,111	(49,685,750)
Less: Direct investment expenses	-	-	(856,118)	(856,118)	(846,803)
Net investment return	-	-	46,929,955	46,929,955	(45,494,132)
Publication revenues	520,582	-	-	520,582	375,295
Grant revenue	-	1,397,729	-	1,397,729	856,513
Miscellaneous income	1,500	-	-	1,500	1,000
Net assets released from restrictions	17,630,330	(1,084,946)	(16,545,384)	-	-
Total Revenues	18,152,412	312,783	30,384,571	48,849,766	(44,261,324)
<b>EXPENSES</b>					
Program activities					
Visiting Scholars Program	3,651,625			3,651,625	3,653,009
Research Projects Program	9,903,026			9,903,026	8,360,689
Publications	1,387,941			1,387,941	1,292,643
Communications	1,156,700			1,156,700	776,012
Total program activities	16,099,292			16,099,292	14,082,353
Management and General	2,075,786			2,075,786	897,084
Investment Administration	358,518			358,518	437,267
Total Expenses	18,533,596			18,533,596	15,416,704
Change in Net Assets	(381,184)	312,783	30,384,571	30,316,170	(59,678,028)
NET ASSETS, beginning of year	17,984,892	739,049	363,635,850	382,359,791	442,037,819
NET ASSETS, end of year	\$ 17,603,708	\$ 1,051,832	\$ 394,020,421	\$ 412,675,961	\$ 382,359,791

The accompanying notes are an integral part of these statements.

**RUSSELL SAGE FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 30,316,170	\$ (59,678,028)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation expense	577,898	553,088
Realized gain on sales of securities	(33,980,492)	(6,546,670)
Change in unrealized appreciation (depreciation) on investments	(7,477,619)	56,232,420
(Increase) decrease in assets:		
Other assets	(23,737)	99,278
Co-funding receivables	(245,500)	530,800
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	235,170	(46,592)
Grants payable	641,682	(12,620)
Accrued postretirement benefits obligation	<u>463,295</u>	<u>(858,493)</u>
CASH USED FOR OPERATING ACTIVITIES	<u>(9,493,133)</u>	<u>(9,726,817)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchases of short-term cash investments	(52,590,427)	(46,738,955)
Purchases of fixed assets	(1,217,219)	(800,024)
Proceeds from sale of investments	148,943,475	83,942,629
Purchases of investments	<u>(85,518,238)</u>	<u>(27,234,006)</u>
CASH PROVIDED BY INVESTING ACTIVITIES	<u>9,617,591</u>	<u>9,169,644</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	124,458	(557,173)
CASH AND CASH EQUIVALENTS, beginning of year	<u>986,390</u>	<u>1,543,563</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,110,848</u>	<u>\$ 986,390</u>
Federal and state income taxes paid	<u>\$ 73,804</u>	<u>\$ 20,847</u>

The accompanying notes are an integral part of these statements.

**RUSSELL SAGE FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)**

	Program Activities							
	Visiting Scholars Program	Research Projects Program	Publications	Communica- tions	Management and General	Investment Administration	2023 Total	2022 Total
Direct project costs								
Research projects	\$ -	\$ 6,336,174	\$ -	\$ -	\$ -	\$ -	\$ 6,336,174	\$ 4,693,529
Co-funded research projects	-	763,492	-	-	-	-	763,492	1,180,560
Awards	1,301,499	-	-	-	-	-	1,301,499	1,509,357
Direct costs of publications sold	-	-	483,062	-	-	-	483,062	395,172
Salaries and benefits	1,426,396	1,982,434	787,684	653,556	1,576,178	176,548	6,602,795	5,091,435
Professional services and program consultants	49,938	245,749	1,246	402,307	141,699	43,338	884,277	677,456
Building and condominium expenses (net of condominium revenue of \$296,450 in 2023 and \$305,700 in 2022)	190,275	55,480	23,777	21,135	34,345	2,642	327,654	281,673
Depreciation	378,209	80,644	34,562	30,721	49,922	3,840	577,898	553,088
Meetings and conferences	41,757	327,500	2,488	241	3,414	1,830	377,230	205,821
Office expenses	248,384	111,553	55,122	48,740	97,154	32,626	593,580	585,005
Board of trustees	-	-	-	-	173,074	-	173,074	171,070
Books and research materials	15,167	-	-	-	-	-	15,167	30,118
Taxes	-	-	-	-	-	97,694	97,694	42,420
	<u>\$ 3,651,625</u>	<u>\$ 9,903,026</u>	<u>\$ 1,387,941</u>	<u>\$ 1,156,700</u>	<u>\$ 2,075,786</u>	<u>\$ 358,518</u>	<u>\$ 18,533,596</u>	<u>\$ 15,416,704</u>

The accompanying notes are an integral part of these statements.



**RUSSELL SAGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023**

**1. ORGANIZATION**

The Russell Sage Foundation (the “Foundation”) is a nonprofit, private operating foundation established by Margaret Olivia Sage in 1907 for “the improvement of social and living conditions in the United States.” It dedicates itself to strengthening the methods, data, and theoretical core of the social sciences in order to better understand societal problems and develop informed responses.

Major Activities Include:

1. Funding innovative social science research projects undertaken by researchers at other institutions. The research must align closely with the Foundation’s funding priorities across its core programs and special initiatives. The Foundation currently has four active core programs—Behavioral Science and Decision Making in Context; Future of Work; Race, Ethnicity, and Immigration; Social, Political, and Economic Inequality—and one special initiative, Immigration and Immigrant Integration.
2. Supporting early-career scholars and developing new, diverse generations of social scientists. The Foundation funds innovative social science research projects related to its core programs and special initiatives undertaken by early-career scholars at other institutions, and summer institutes on various topics.
3. A residential fellowship program for scholars, researchers and journalists who typically work on projects related to the Foundation’s core programs and special initiatives. The program fosters the exchange of ideas in an interdisciplinary environment and promotes collaborations between members of the visiting class and the Foundation’s staff.
4. Publishing and disseminating the work of the Foundation’s grantees and visiting scholars and researchers. Under its own imprint, it publishes books and a peer-reviewed, open-access academic journal, *RSF: The Russell Sage Foundation Journal of the Social Sciences*, that brings together original empirical research articles by both established and emerging scholars.

More detailed information regarding the Foundation’s charitable activities can be obtained from the Foundation’s website at [www.russellsage.org](http://www.russellsage.org).

While the Foundation remains open to initiatives outside its current programs, most external awards are made to projects that are relevant to the Foundation’s ongoing objectives.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America. Revenue is recorded when earned and expenses are recorded when incurred.

**RUSSELL SAGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Net Assets**

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

*Net Assets without Donor Restrictions* – Net assets available for support in carrying out the Foundation's purpose and not subject to donor restrictions. The Board of the Foundation has appropriated net assets from the accumulated earnings on the perpetual endowment for unexpended research projects. The Board of the Foundation has also designated net assets towards a capital reserve fund.

*Net Assets with Donor Restrictions* – Net assets subject to donor-imposed restrictions either perpetual or temporary in nature. Temporary restrictions are those that will expire with the passage of time or actions of the Foundation. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Accumulated earnings on perpetual endowments are deemed restricted until appropriated by the Board. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction is released, net assets with donor-imposed restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Net assets with donor restrictions includes an endowment with an original principal of \$10,000,000 which is required to be maintained in perpetuity in accordance with the wishes of the donor. In accordance with the Foundation's interpretation of New York State law, a continuing resolution has been adopted to maintain the endowment at its original principal balance with all future income and gains to be credited to net assets with donor restrictions until appropriated for use in support of the Foundation's programs.

**Tax Status**

The Foundation is exempt from federal income taxes in accordance with Internal Revenue Code Section 501(c)(3) and is classified as a private foundation. In addition, the Foundation is further classified as an exempt operating foundation, and is therefore exempt from federal excise taxes.

The Foundation is subject to income taxes at corporate tax rates on unrelated business income derived from private equity partnership investments.

Management has determined that the Foundation had no uncertain tax positions that would require financial statement recognition. The Foundation is no longer subject to audits by the applicable taxing jurisdictions for the periods prior to August 31, 2020.



**RUSSELL SAGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Fair Value Measurement

The Foundation invests using a total return approach with the primary objective being to preserve and, if possible, enhance its real (inflation-adjusted) value while providing a relatively stable (in real terms) stream of earnings for program activities and operating expenses.

Investments in fixed income mutual funds, domestic equities fund and the commingled international equity funds are carried at fair value, which is generally based on the closing sales price on the last trading date in each year. The fair value of the interests in the private equity partnerships ordinarily are recorded at the value determined by the fund and agents based upon the valuation reported by the Fund Administrators in accordance with policies established by the funds. As a general matter, the fair value of the Foundation's interests in the private equity partnerships will represent the amount that the Foundation could reasonably expect to receive from the funds if the Foundation's interests were redeemed at the time of valuation, based upon information reasonably available at the time the valuation was made.

Valuations provided to the Foundation by a fund may be based upon estimated or unaudited reports, and may be subject to later adjustment or revision. Any such adjustment or revision will either increase or decrease the net asset value of the Foundation at the time the Foundation is provided with information regarding the adjustment. The Foundation does not expect to restate its previous net asset values.

Investments in real estate are valued based upon market comparisons of similar properties within the area. This valuation is subject to real estate market conditions within New York City.

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

The fair value of the funds has been estimated using the Net Asset Value ("NAV") as reported by the management of the funds. FASB guidance provides for the use of the NAV as a "practical expedient" for estimating the fair value of alternative investments. NAV reported by each alternative investment fund is used as a practical expedient to estimate the fair value of the Foundation's interest in the fund.

The cost of securities sold is determined using the average cost method.

Subsequent Events

In connection with the preparation of the financial statements, the Foundation evaluated subsequent events after the statement of financial position date of August 31, 2023 through January 12, 2024, which was the date the financial statements were available to be issued.

**RUSSELL SAGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets and Depreciation

Fixed assets are capitalized at cost and are included within net assets without donor restrictions.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets (building and improvements – 40 years; office furniture and equipment other than computer equipment – 7 years; computer equipment – 3 years).

Research Projects

The full funding of research projects awarded to universities is expensed upon approval by the Board. The funding received and any subsequent payments are subject to satisfactory review of the projects by the Foundation.

Awards

Awards are recorded as an expense when approved by the Board and any conditions have been met.

Cash

Cash in excess of federally insured limits is potentially exposed to concentrations of credit risk. However, the Foundation only maintains accounts with quality financial institutions with high credit standings, so as a consequence, such risks are limited.

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and demand deposits with banks or financial institutions.

Receivables

Receivables from co-funders are recognized when the grantor makes the pledge to the Foundation that is in substance unconditional. Based on management's assessment, all receivables are expected to be collected, thus no allowance is provided. Long-term receivables are discounted at the 10-year treasury yield if deemed material.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting functions of the Foundation on the basis of head count and time and effort by specific employees within the respective functional areas.

**RUSSELL SAGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. LIQUIDITY AND AVAILABILITY

The following reflects the Foundation's liquid financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

	2023	2022
Cash and cash equivalents	\$ 1,110,848	\$ 986,390
Investments, at fair value	408,777,664	378,154,363
Co-funding receivables	308,000	62,500
Other assets - other receivables	44,233	52,748
Total financial assets	410,240,745	379,256,001
Less: Assets unavailable for general expenditures due to contractual or donor imposed restrictions		
Unexpended co-funding	1,051,832	739,049
Restricted by donor with perpetual restrictions	394,020,421	363,635,850
Capital reserve fund	603,311	1,790,976
	395,675,564	366,165,875
Financial assets available to meet cash needs within one year	\$ 14,565,181	\$ 13,090,126

The Foundation primarily relies on its endowment for cash needs. Though most of the investments are restricted by purpose as mentioned in Note 1, the purpose of the endowment is to support the programs and the operations of the Foundation in perpetuity. The Foundation's spending policy is to annually appropriate approximately 5.00% of the five-year moving average value of its investment portfolio to cover the expenses of the Foundation.

4. CO-FUNDING RECEIVABLES

Co-funding receivables are expected to be collected during fiscal year 2024.

**RUSSELL SAGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023**

**5. FIXED ASSETS**

Fixed assets at August 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Foundation's Office		
Land	\$ 2,077,550	2,077,550
Building and improvements	<u>14,949,950</u>	<u>12,931,707</u>
sub-total	17,027,500	15,009,257
Office furniture and equipment	87,466	419,200
Condominiums for scholars, including		
improvements and furniture & fixtures	7,470,303	7,557,235
Construction in process	<u>8,000</u>	<u>809,024</u>
	24,593,269	23,794,716
Less: Accumulated depreciation	<u>11,831,995</u>	<u>11,672,763</u>
	<u>\$12,761,274</u>	<u>\$ 12,121,953</u>

**6. INVESTMENTS**

Investments are presented in the financial statements at amounts which approximate fair market value. Investments at August 31, 2023 and 2022, consisted of the following:

	2023			
	Total	Level 1	Level 3	Valued at NAV
Fixed Income				
Mutual funds	\$ 93,829,582	\$ -	\$ -	\$ 93,829,582
Equity investments				
Domesitc Equities Fund	88,794,042	88,794,042	-	-
Commingled International Equity				
Trust Funds	148,900,059	-	-	148,900,059
Private Equity Partnerships	26,188,234	-	-	26,188,234
	263,882,335	88,794,042	-	175,088,293
Real estate	2,256,600	-	2,256,600	-
	359,968,517	\$ 88,794,042	\$ 2,256,600	\$ 268,917,875
Cash and money market funds	48,809,147			
Total	\$ 408,777,664			

**RUSSELL SAGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023**

6. INVESTMENTS (Continued)

	2022			
	Total	Level 1	Level 3	Valued at NAV
Fixed Income				
Mutual funds	\$ 49,976,483	\$ -	\$ -	\$ 49,976,483
Equity investments				
Domesitc Equities Fund	151,967,441	151,967,441	-	-
International Equities Fund	21,491,982	21,491,982	-	-
Commingled International Equity Trust Funds	120,407,512	-	-	120,407,512
Private Equity Partnerships	29,748,897	-	-	29,748,897
	323,615,832	173,459,423	-	150,156,409
Real estate	2,250,000	-	2,250,000	-
	375,842,315	\$ 173,459,423	\$ 2,250,000	\$ 200,132,892
Cash and money market funds	2,312,048			
Total	\$ 378,154,363			

The Foundation has committed \$35,000,000 to five private equity partnerships of which \$31,645,000 has already been invested. The remaining uncalled capital commitments at August 31, 2023 were \$3,355,000.

The Foundation's private equity investments are in funds that are long-term in nature and do not provide for liquidity or redemptions until the fund sells its investments. The term of each private equity investment could be in excess of ten years.

The Foundation's real estate rental properties are condominiums that are not presently a part of the Foundation's purpose and are privately rented. Various factors are used to determine the fair value of the apartments including but not limited to recent sales of similar units within the building as well as the fluctuations of the New York City real estate market and conditions.

All of the Foundation's other investments have immediate or monthly liquidity.

Level 3 investments consist of two condos at a fair value of \$2,256,600 at August 31, 2023 and \$2,250,000 at August 31, 2022.

**RUSSELL SAGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023**

**7. GRANTS PAYABLE**

Unconditional grants payable recorded at August 31, 2023 are expected to be paid as follows:

2024	\$4,623,153
2025	<u>335,608</u>
	<u>\$4,958,761</u>

Long-term grants payable is discounted at the 10-year Treasury yield if deemed material.

**8. PENSION PLAN**

The Foundation has a non-contributory defined contribution pension plan which covers substantially all of its employees. The contribution rate is 12%. Plan contributions are made for all eligible employees beginning on the first day of the month following the date of employment. However, eligible new hires are not vested until they complete two years of service with the Foundation, at which time they become fully vested. Total pension cost charged to expense was \$483,175 in fiscal 2023 and \$472,258 in fiscal 2022. The Foundation's policy is to fund costs as incurred.

**9. ENDOWMENT**

The Foundation's endowment activity for the year ended August 31, 2023 and 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, September 1, 2021	\$ 15,427,659	\$ 422,382,122	\$ 437,809,781
Net investment return	-	(45,494,132)	(45,494,132)
Appropriations	-	(13,252,140)	(13,252,140)
Transfers	<u>(909,146)</u>	<u>-</u>	<u>(909,146)</u>
Balance, September 1, 2022	\$ 14,518,513	\$ 363,635,850	\$ 378,154,363
Net investment return	-	46,929,955	46,929,955
Appropriations	-	(16,545,384)	(16,545,384)
Transfers	<u>238,730</u>	<u>-</u>	<u>238,730</u>
Balance, August 31, 2023	<u>\$ 14,757,243</u>	<u>\$ 394,020,421</u>	<u>\$ 408,777,664</u>

At August 31, 2023, net assets with donor restrictions consisted of \$10,000,000 of endowment principal and \$384,020,421 of accumulated earnings on the endowment to be spent in accordance with donor intent and the spending policy of the Foundation as described in Note 2. The Foundation also holds some unrestricted appropriated funds within its endowment until spent.

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**10. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS**

The Foundation provides postretirement benefits consisting of major medical, dental and vision to substantially all active employees, their spouse/domestic partner and eligible dependent(s). Employees are eligible for coverage when they retire at age 60 or over with at least ten years of service. Employees whose date of employment is after September 1, 2018, are eligible for coverage when they retire at age 60 or over with at least fifteen years of service. Employees who perform manual labor can retire at age 55 with at least fifteen years of service. The Plan is unfunded. The Foundation bears the entire cost of the plan.

Effective March 1, 2014, all retirees who qualify for post-retirement benefits receive reimbursement for their basic Medicare Part B and D premiums, and for those whose date of employment was prior to January 1, 2004, the Foundation also reimburses any income-related adjustment to their Medicare Part D premium.

The following table reconciles the plan's status to the accrued postretirement benefits cost as of August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Retirees	\$ 1,302,606	\$ 1,404,299
Other active participants	<u>3,829,568</u>	<u>3,264,580</u>
Accrued postretirement benefit costs	<u>\$ 5,132,174</u>	<u>\$ 4,668,879</u>

Employer payments to provide postretirement benefits were \$86,167 in fiscal 2023 and \$75,978 in fiscal 2022.

The following assumptions were used in calculating the liability:

	<u>2023</u>	<u>2022</u>
Health care cost trend	7.00%	7.00%
Discount rate	5.20%	4.40%

The expected payments to be made over the next ten years are as follows:

2024	\$ 123,671
2025	146,265
2026	156,513
2027	223,300
2028	281,589
2029 to 2033	<u>1,713,226</u>
	<u>\$ 2,644,564</u>



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11. NET ASSETS WITH DONOR RESTRICTION – PURPOSE

The purpose restricted net assets of \$1,051,832 as of August 31, 2023, consist of co-funding received to support various projects relevant to the ongoing objectives and programs run by the Foundation. During the year, \$1,084,946 of donor purpose restricted funds had been spent and released from net assets with donor restrictions.