

OWEN J. FLANAGAN & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS
60 EAST 42ND STREET, SUITE 2810
NEW YORK, NEW YORK 10165

OWEN J. FLANAGAN, CPA
(1925-1996)

KEVIN C. SUNKEL, CPA
JOHN L. CORCORAN, CPA
LAUREN A. REALE, CPA

(212) 682-2783
FAX (212) 697-5843
WWW.OJFLANAGAN.COM

MEMBERS OF AMERICAN
INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Trustees of
Russell Sage Foundation,

We have audited the accompanying financial statements of the Russell Sage Foundation (a nonprofit organization), which comprise the statement of financial position as of August 31, 2021 and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 financial statements.

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

Independent Auditor's Report
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Opinion

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, 2021 and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Russell Sage Foundation's August 31, 2020 financial statements, and we have expressed an unmodified opinion on those audited financial statements in our report dated December 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Owen J. Flanagan & Co.

January 19, 2022
New York, NY

**RUSSELL SAGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 1,543,563	\$ 243,589
Other assets	277,713	275,099
Co-funding receivables	593,300	995,255
Investments, at fair value	437,809,781	360,424,148
Fixed assets, at cost, net of accumulated depreciation of \$11,119,675 in 2021 and \$12,297,035 in 2020	<u>11,875,017</u>	<u>12,002,336</u>
Total Assets	<u><u>\$ 452,099,374</u></u>	<u><u>\$ 373,940,427</u></u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 204,484	\$ 147,666
Grants payable	4,329,699	3,828,311
Accrued postretirement benefits obligation	<u>5,527,372</u>	<u>5,265,679</u>
Total Liabilities	<u>10,061,555</u>	<u>9,241,656</u>
NET ASSETS		
Without donor restrictions		
Capital reserve fund	2,591,000	2,600,000
Unexpended project appropriations	3,714,669	3,033,582
Net investment in fixed assets	<u>11,875,017</u>	<u>12,002,336</u>
	18,180,686	17,635,918
With donor restrictions		
Purpose	1,475,011	1,190,447
Perpetual in nature	<u>422,382,122</u>	<u>345,872,406</u>
Total Net Assets	<u>442,037,819</u>	<u>364,698,771</u>
Total Liabilities and Net Assets	<u><u>\$ 452,099,374</u></u>	<u><u>\$ 373,940,427</u></u>

The accompanying notes are an integral part of these statements.

**RUSSELL SAGE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	Without Donor Restrictions	With Donor Restrictions		2021 Total	2020 Total
		Purpose	Perpetual in Nature		
REVENUES					
Interest, dividends and other investment income	\$ -	\$ -	\$ 8,259,380	\$ 8,259,380	6,829,113
Realized gain and change in unrealized appreciation	-	-	84,104,191	84,104,191	45,604,898
Less: Direct investment expenses	-	-	(729,576)	(729,576)	(681,785)
Net investment return	-	-	91,633,995	91,633,995	51,752,226
Publication revenues	572,595	-	-	572,595	606,889
Grant revenue	-	1,836,313	-	1,836,313	140,000
Miscellaneous income	1,001	-	-	1,001	2,427
Net assets released from restrictions	16,676,028	(1,551,749)	(15,124,279)	-	-
Total Revenues	17,249,624	284,564	76,509,716	94,043,904	52,501,542
EXPENSES					
Program activities					
Visiting Scholars Program	2,476,372			2,476,372	3,922,986
Research Projects Program	9,954,092			9,954,092	7,650,885
Publications	1,188,379			1,188,379	1,196,700
Communications	730,940			730,940	711,279
Total program activities	14,349,783			14,349,783	13,481,850
Management and General	1,927,253			1,927,253	2,325,078
Investment Administration	427,820			427,820	343,850
Total Expenses	16,704,856			16,704,856	16,150,778
Change in Net Assets	544,768	284,564	76,509,716	77,339,048	36,350,764
NET ASSETS, beginning of year	17,635,918	1,190,447	345,872,406	364,698,771	328,348,007
NET ASSETS, end of year	\$ 18,180,686	\$ 1,475,011	\$ 422,382,122	\$ 442,037,819	\$ 364,698,771

The accompanying notes are an integral part of these statements.

**RUSSELL SAGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 77,339,048	\$ 36,350,764
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation expense	626,775	798,712
Realized gain on sales of securities	(38,709,130)	(29,902,865)
Change in unrealized appreciation on investments	(45,395,061)	(15,702,033)
(Increase) decrease in assets:		
Other assets	(2,614)	392,524
Co-funding receivables	401,955	220,000
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	56,818	(27,958)
Grants payable	501,388	(362,340)
Accrued postretirement benefits obligation	<u>261,693</u>	<u>655,868</u>
CASH USED FOR OPERATING ACTIVITIES	<u>(4,919,128)</u>	<u>(7,577,328)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchases of short-term cash investments	(47,867,020)	(1,291,699)
Purchases of fixed assets	(499,456)	(558,741)
Proceeds from sale of investments	113,723,636	155,727,109
Purchases of investments	<u>(59,138,058)</u>	<u>(146,562,032)</u>
CASH PROVIDED BY INVESTING ACTIVITIES	<u>6,219,102</u>	<u>7,314,637</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,299,974	(262,691)
CASH AND CASH EQUIVALENTS, beginning of year	<u>243,589</u>	<u>506,280</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,543,563</u>	<u>\$ 243,589</u>
 Federal and state income taxes paid	 <u>\$ 39,585</u>	 <u>\$ 20,580</u>

The accompanying notes are an integral part of these statements.

**RUSSELL SAGE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	Program Activities							
	Visiting Scholars Program	Research Projects Program	Publications	Communica- tions	Management and General	Investment Administration	2021 Total	2020 Total
Direct project costs								
Research projects	\$ -	\$ 6,101,205	\$ -	\$ -	\$ -	\$ -	\$ 6,101,205	\$ 4,682,468
Co-funded research projects	-	1,528,618	-	-	-	-	1,528,618	937,379
Awards	534,594	-	-	-	-	-	534,594	1,437,080
Direct costs of publications sold	-	-	281,015	-	-	-	281,015	361,345
Salaries and benefits	1,092,163	1,786,631	767,157	490,701	1,490,729	256,393	5,883,774	6,384,935
Professional services and program consultants	47,348	235,891	2,139	146,426	76,897	50,735	559,436	422,877
Building and condominium expenses (net of condominium revenue of \$108,500 in 2021 and \$253,000 in 2020)	270,977	72,221	33,333	22,222	52,777	8,333	459,863	303,073
Depreciation	350,090	105,791	48,827	32,551	77,309	12,207	626,775	798,712
Meetings and conferences	6,773	4,915	-	-	2,041	1,591	15,320	99,833
Office expenses	144,818	118,820	55,908	39,040	113,795	35,573	507,954	460,624
Board of trustees	-	-	-	-	113,705	-	113,705	163,375
Books and research materials	29,609	-	-	-	-	-	29,609	52,536
Taxes	-	-	-	-	-	62,988	62,988	46,541
	<u>\$ 2,476,372</u>	<u>\$ 9,954,092</u>	<u>\$ 1,188,379</u>	<u>\$ 730,940</u>	<u>\$ 1,927,253</u>	<u>\$ 427,820</u>	<u>\$ 16,704,856</u>	<u>\$ 16,150,778</u>

The accompanying notes are an integral part of these statements.

RUSSELL SAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

1. ORGANIZATION

The Russell Sage Foundation (the “Foundation”) is a nonprofit, private operating foundation. The Foundation was 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. The Foundation supports visiting scholars in residence and publishes books and a journal under its own imprint. It also funds researchers at other institutions and supports programs intended to develop new generations of social scientists.

Major Programs Include:

1. A program on Behavioral Economics focused on research that uses insights and methods from psychology, economics, sociology, political science and other social sciences to examine and improve social and living conditions in the United States.
2. A program of research on the Future of Work focused on research examining the causes and consequences of the declining quality of jobs for less- and moderately-educated workers in the U.S. economy and the role of changes in employer practices, the nature of the labor market and public policies on the employment, earnings, and the quality of jobs of American workers.
3. A program of research on Race, Ethnicity, and Immigration focused on research that examines the social, economic, and political effects of the changing racial and ethnic composition of the U.S. population, including the transformation of communities and ideas about what it means to be American.
4. A program on Social, Political and Economic Inequality that examines the factors contributing to social, political and economic inequalities in the U.S., the extent to which these inequalities affect social, political, and economic institutions, and how these changes broadly shape the lives of families, including equality of opportunity, social mobility, and the intergenerational transmission of advantage/disadvantage.
5. A program on Pipeline Grants Competition supports early and mid-career tenure track scholars conducting research related to economic mobility and opportunity and promotes diversity by prioritizing applications from scholars who are underrepresented in the social sciences.

More detailed information regarding the Foundation’s charitable activities can be obtained from the Foundation’s website at 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.

RUSSELL SAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

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.

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, 2018.

RUSSELL SAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

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, the real estate debt fund, 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, 2021 through January 19, 2022, which was the date the financial statements were available to be issued.

RUSSELL SAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

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, 2021

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.

	2021	2020
Cash and cash equivalents	\$ 1,543,563	\$ 243,589
Investments, at fair value	437,809,781	360,424,148
Co-funding receivables	593,300	995,255
Other assets - other receivables	169,930	120,214
Total financial assets	440,116,574	361,783,206
Less: Assets unavailable for general expenditures due to contractual or donor imposed restrictions		
Unexpended co-funding	1,475,011	1,190,447
Restricted by donor with perpetual restrictions	422,382,122	345,872,406
Capital reserve fund	2,591,000	2,600,000
	426,448,133	349,662,853
Financial assets available to meet cash needs within one year	\$ 13,668,441	\$ 12,120,353

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 as follows:

2022	\$ 530,800
2023	62,500
	<u>\$ 593,300</u>

RUSSELL SAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

5. FIXED ASSETS

Fixed assets at August 31, 2021 and 2020 consisted of the following:

	2021	2020
Foundation's Office		
Land	\$ 2,077,550	2,077,550
Building and improvements	12,931,707	13,780,766
sub-total	15,009,257	15,858,316
Office furniture and equipment	419,200	545,106
Condominiums for scholars, including improvements and furniture & fixtures	7,557,235	7,663,629
Construction in process	9,000	232,320
	22,994,692	24,299,371
Less: Accumulated depreciation	11,119,675	12,297,035
	<u>\$11,875,017</u>	<u>\$ 12,002,336</u>

6. INVESTMENTS

Investments are presented in the financial statements at amounts which approximate fair market value. Investments at August 31, 2021 and 2020, consisted of the following:

	2021			
	Total	Level 1	Level 3	Valued at NAV
Fixed Income				
Mutual funds	<u>\$ 9,401,270</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,401,270</u>
Equity investments				
Domesitc Equities Fund	172,857,726	172,857,726	-	-
International Equities Fund	26,769,479	26,769,479	-	-
Commingled International Equity Trust Funds	140,872,709	-	-	140,872,709
Private Equity Partnerships	34,994,526	-	-	34,994,526
	375,494,440	199,627,205	-	175,867,235
Real estate	2,210,000	-	2,210,000	-
	387,105,710	<u>\$ 199,627,205</u>	<u>\$ 2,210,000</u>	<u>\$ 185,268,505</u>
Cash and money market funds	50,704,071			
Total	<u>\$ 437,809,781</u>			

RUSSELL SAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

6. INVESTMENTS (Continued)

	2020			
	Total	Level 1	Level 3	Valued at NAV
Fixed Income				
Mutual funds	\$ 9,393,746	\$ -	\$ -	\$ 9,393,746
Equity investments				
Domesitc Equities Fund	162,567,566	162,567,566	-	-
International Equities Fund	66,028,797	66,028,797		
Commingled International Equity				
Trust Funds	91,260,676	-	-	91,260,676
Private Equity Partnerships	26,366,312	-	-	26,366,312
	346,223,351	228,596,363	-	117,626,988
Real estate	1,970,000	-	1,970,000	-
	357,587,097	\$ 228,596,363	\$ 1,970,000	\$ 127,020,734
Cash and money market funds	2,837,051			
Total	\$ 360,424,148			

The Foundation has committed \$35,000,000 to five private equity partnerships of which \$31,117,500 has already been invested. The remaining uncalled capital commitments at August 31, 2021 were \$3,882,500.

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 with 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 \$2,210,000.

RUSSELL SAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

7. GRANTS PAYABLE

Unconditional grants payable recorded at August 31, 2021 are expected to be paid as follows:

2022	\$ 3,908,301
2023	<u>421,398</u>
	<u>\$4,329,699</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 \$470,518 in fiscal 2021 and \$440,656 in fiscal 2020. The Foundation's policy is to fund costs as incurred.

9. ENDOWMENT

The Foundation's endowment activity for the year ended August 31, 2021 and 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, September 1, 2019	\$ 12,378,614	\$ 310,314,014	\$ 322,692,628
Net investment return	-	51,752,226	51,752,226
Appropriations	-	(16,193,834)	(16,193,834)
Transfers	<u>2,173,128</u>	<u>-</u>	<u>2,173,128</u>
Balance, September 1, 2020	\$ 14,551,742	\$ 345,872,406	\$ 360,424,148
Net investment return	-	91,633,995	91,633,995
Appropriations	-	(15,124,279)	(15,124,279)
Transfers	<u>875,917</u>	<u>-</u>	<u>875,917</u>
Balance, August 31, 2021	<u>\$ 15,427,659</u>	<u>\$ 422,382,122</u>	<u>\$ 437,809,781</u>

At August 31, 2021, net assets with donor restrictions consisted of \$10,000,000 of endowment principal and \$412,382,122 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.

RUSSELL SAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Retirees	\$ 1,253,715	\$ 1,125,566
Other active participants	<u>4,273,657</u>	<u>4,140,113</u>
Accrued postretirement benefit costs	<u>\$ 5,527,372</u>	<u>\$ 5,265,679</u>

Employer payments to provide postretirement benefits were \$40,890 in fiscal 2021 and \$49,004 in fiscal 2020.

The following assumptions were used in calculating the liability:

	<u>2021</u>	<u>2020</u>
Health care cost trend	7.00%	7.00%
Discount rate	2.60%	2.50%

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

2022	\$ 90,000
2023	102,323
2024	109,480
2025	130,929
2026	140,087
2027 to 2031	<u>1,299,836</u>
	<u>\$ 1,872,655</u>

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11. NET ASSETS WITH DONOR RESTRICTION – PURPOSE

The purpose restricted net assets of \$1,475,011 as of August 31, 2021, consist of co-funding received to support various projects relevant to the ongoing objectives and programs run by the Foundation. During the year, \$1,551,749 of donor purpose restricted funds had been spent and released from net assets with donor restrictions.

12. COVID-19

The COVID-19 pandemic has resulted in substantial volatility in the global economy and financial markets. Because of these changing conditions, the impact of these changes to the Foundation's financial position, if any, cannot be determined at this time.