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MEMBERS OF AMERICAN
INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

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, 2024 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, 2024 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.

Independent Auditor's Report
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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, 2023 financial statements, and we have expressed an unmodified opinion on those audited financial statements in our report dated January 12, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.



February 11, 2025
White Plains, NY

RUSSELL SAGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 2,781,861	\$ 1,110,848
Other assets	253,820	202,172
Co-funding receivables	1,039,052	308,000
Investments, at fair value	449,991,764	408,777,664
Fixed assets, at cost, net of accumulated depreciation of \$12,172,884 in 2024 and \$11,831,995 in 2023	<u>12,840,164</u>	<u>12,761,274</u>
Total Assets	<u>\$ 466,906,661</u>	<u>\$ 423,159,958</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 411,159	\$ 393,062
Grants payable	4,672,640	4,958,761
Accrued postretirement benefits obligation	<u>5,579,613</u>	<u>5,132,174</u>
Total Liabilities	<u>10,663,412</u>	<u>10,483,997</u>
NET ASSETS		
Without donor restrictions		
Capital reserve fund	1,678,924	603,311
Unexpended project appropriations	6,016,154	4,239,123
Net investment in fixed assets	<u>12,840,164</u>	<u>12,761,274</u>
	20,535,242	17,603,708
With donor restrictions		
Purpose	2,745,161	1,051,832
Perpetual in nature	<u>432,962,846</u>	<u>394,020,421</u>
Total Net Assets	<u>456,243,249</u>	<u>412,675,961</u>
Total Liabilities and Net Assets	<u>\$ 466,906,661</u>	<u>\$ 423,159,958</u>

The accompanying notes are an integral part of these statements.

**RUSSELL SAGE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)**

	Without Donor Restrictions	With Donor Restrictions		2024 Total	2023 Total
		Purpose	Perpetual in Nature		
REVENUES					
Interest, dividends and other investment income	\$ -	\$ -	\$ 6,655,221	\$ 6,655,221	6,327,962
Realized gain and change in unrealized appreciation	-	-	53,625,225	53,625,225	41,458,111
Less: Direct investment expenses	-	-	(1,076,649)	(1,076,649)	(856,118)
Net investment return	-	-	59,203,797	59,203,797	46,929,955
Publication revenues	339,704	-	-	339,704	520,582
Grant revenue	-	2,861,000	-	2,861,000	1,397,729
Miscellaneous income	4,538	-	-	4,538	1,500
Net assets released from restrictions	21,429,043	(1,167,671)	(20,261,372)	-	-
Total Revenues	21,773,285	1,693,329	38,942,425	62,409,039	48,849,766
EXPENSES					
Program activities					
Visiting Scholars Program	4,166,635			4,166,635	3,651,625
Research Projects Program	9,491,303			9,491,303	9,903,026
Publications	1,385,233			1,385,233	1,387,941
Communications	923,248			923,248	1,156,700
Total program activities	15,966,419			15,966,419	16,099,292
Management and General	2,469,098			2,469,098	2,075,786
Investment Administration	406,234			406,234	358,518
Total Expenses	18,841,751			18,841,751	18,533,596
Change in Net Assets	2,931,534	1,693,329	38,942,425	43,567,288	30,316,170
NET ASSETS, beginning of year	17,603,708	1,051,832	394,020,421	412,675,961	382,359,791
NET ASSETS, end of year	\$ 20,535,242	\$ 2,745,161	\$ 432,962,846	\$ 456,243,249	\$ 412,675,961

The accompanying notes are an integral part of these statements.

**RUSSELL SAGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 43,567,288	\$ 30,316,170
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation expense	545,928	577,898
Realized gain on sales of securities	(1,280,987)	(33,980,492)
Change in unrealized appreciation on investments	(52,344,237)	(7,477,619)
(Increase) decrease in assets:		
Other assets	(51,648)	(23,737)
Co-funding receivables	(731,052)	(245,500)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	18,097	235,170
Grants payable	(286,121)	641,682
Accrued postretirement benefits obligation	<u>447,439</u>	<u>463,295</u>
CASH USED FOR OPERATING ACTIVITIES	<u>(10,115,293)</u>	<u>(9,493,133)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net sales (purchases) of short-term cash investments	1,843,459	(52,590,427)
Purchases of fixed assets	(624,818)	(1,217,219)
Proceeds from sale of investments	38,206,397	148,943,475
Purchases of investments	<u>(27,638,732)</u>	<u>(85,518,238)</u>
CASH PROVIDED BY INVESTING ACTIVITIES	<u>11,786,306</u>	<u>9,617,591</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,671,013	124,458
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,110,848</u>	<u>986,390</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,781,861</u>	<u>\$ 1,110,848</u>
 Federal and state income taxes paid	 <u>\$ 104,000</u>	 <u>\$ 73,804</u>

The accompanying notes are an integral part of these statements.

RUSSELL SAGE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	Program Activities						
	Visiting Scholars Program	Research Projects Program	Publications	Communica- tions	Management and General	Investment Administration	2023 Total
Direct project costs							
Research projects	\$ -	\$ 5,751,161	\$ -	\$ -	\$ -	\$ -	\$ 6,336,174
Co-funded research projects	-	1,022,793	-	-	-	-	763,492
Awards	1,570,850	-	-	-	-	-	1,301,499
Direct costs of publications sold	-	-	469,733	-	-	-	483,062
Salaries and benefits	1,628,485	2,077,010	805,695	679,292	1,133,946	190,457	6,139,500
Postretirement benefits	-	-	-	-	447,439	-	463,295
Professional services and program consultants	61,032	230,919	159	151,341	214,748	41,518	884,277
Presidential search fees and related expenses	-	-	-	-	311,684	-	-
Building and condominium expenses (net of condominium revenue of \$377,600 in 2024 and \$296,450 in 2023)							
Depreciation	175,339	35,797	16,109	14,319	19,689	1,790	327,654
Meetings and conferences	374,103	70,132	31,560	28,053	38,573	3,507	577,898
Office expenses	49,529	146,289	2,857	165	3,824	21	377,230
Board of trustees	290,876	157,202	59,120	50,078	113,573	40,206	593,580
Books and research materials	-	-	-	-	185,622	-	173,074
Taxes	16,421	-	-	-	-	-	15,167
	-	-	-	-	-	128,735	97,694
	<u>\$ 4,166,635</u>	<u>\$ 9,491,303</u>	<u>\$ 1,385,233</u>	<u>\$ 923,248</u>	<u>\$ 2,469,098</u>	<u>\$ 406,234</u>	<u>\$ 18,533,596</u>
						<u>\$ 18,841,751</u>	

The accompanying notes are an integral part of these statements.

RUSSELL SAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

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 theories 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 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 two special initiatives, Immigration and Immigrant Integration, and Promoting Educational Attainment and Economic Mobility among Racially, Ethnically, and Economically Diverse Groups after the 2023 Supreme Court Decision to Ban Race-Conscious Admissions at Colleges and Universities.
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. It occasionally supports training workshops as well.
3. A residential fellowship program for scholars 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 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.

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, 2024

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 Capital Reserve Fund (a Board designated fund) was created by the Board to hold funds in a separate money market fund to cover major renovation projects of the office. From time to time the Board transfers money from the investment portfolio to replenish the Capital Reserve Fund. Management annual reports to the Board spending from the 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, 2021.

RUSSELL SAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

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, 2024 through February 11, 2025, which was the date the financial statements were available to be issued.

**RUSSELL SAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024**

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, 2024**

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.

	2024	2023
Cash and cash equivalents	\$ 2,781,861	\$ 1,110,848
Investments, at fair value	449,991,764	408,777,664
Co-funding receivables	1,039,052	308,000
Other assets - other receivables	78,815	44,233
Total financial assets	453,891,492	410,240,745
Less: Assets unavailable for general expenditures due to contractual or donor imposed restrictions		
Unexpended co-funding	2,745,161	1,051,832
Restricted by donor with perpetual restrictions	432,962,846	394,020,421
Capital reserve fund	1,678,924	603,311
	437,386,931	395,675,564
Financial assets available to meet cash needs within one year	\$ 16,504,561	\$ 14,565,181

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 2025.

RUSSELL SAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

5. FIXED ASSETS

Fixed assets at August 31, 2024 and 2023 consisted of the following:

	2024	2023
Foundation's Office		
Land	\$ 2,077,550	2,077,550
Building and improvements	14,852,240	14,949,950
sub-total	16,929,790	17,027,500
Office furniture and equipment	18,695	87,466
Condominiums for scholars, including improvements and furniture & fixtures	7,431,746	7,470,303
Construction in process	632,817	8,000
	25,013,048	24,593,269
Less: Accumulated depreciation	12,172,884	11,831,995
	<u>\$12,840,164</u>	<u>\$ 12,761,274</u>

6. INVESTMENTS

Investments are presented in the financial statements at amounts which approximate fair market value. Investments at August 31, 2024 and 2023, consisted of the following:

	2024			
	Total	Level 1	Level 3	Valued at NAV
Fixed Income				
Mutual funds	\$ 62,705,311	\$ -	\$ -	\$ 62,705,311
Equity investments				
Domesitc Equities Fund	112,062,820	112,062,820	-	-
Commingled International Equity Trust Funds	200,031,862	-	-	200,031,862
Private Equity Partnerships	22,282,566	-	-	22,282,566
	334,377,248	112,062,820	-	222,314,428
Real estate	2,256,600	-	2,256,600	-
	399,339,159	\$ 112,062,820	\$ 2,256,600	\$ 285,019,739
Cash and money market funds	50,652,605			
Total	\$ 449,991,764			

RUSSELL SAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

6. INVESTMENTS (Continued)

	2023			
	Total	Level 1	Level 3	Valued at NAV
Fixed Income				
Mutual funds	<u>\$ 93,829,582</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,829,582</u>
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	<u>26,188,234</u>	<u>-</u>	<u>-</u>	<u>26,188,234</u>
	263,882,335	88,794,042	-	175,088,293
Real estate	<u>2,256,600</u>	<u>-</u>	<u>2,256,600</u>	<u>-</u>
	359,968,517	<u>\$ 88,794,042</u>	<u>\$ 2,256,600</u>	<u>\$ 268,917,875</u>
Cash and money market funds	<u>48,809,147</u>			
Total	<u>\$ 408,777,664</u>			

The Foundation has committed \$35,000,000 to five private equity partnerships of which \$31,770,000 has already been invested. The remaining uncalled capital commitments at August 31, 2024 were \$3,230,000.

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, 2024 and 2023.

RUSSELL SAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

7. GRANTS PAYABLE

Unconditional grants payable recorded at August 31, 2024 are expected to be paid as follows:

2025	\$3,770,185
2026	<u>902,455</u>
	<u>\$4,672,640</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 \$506,471 in fiscal 2024 and \$483,175 in fiscal 2023. The Foundation's policy is to fund costs as incurred.

9. ENDOWMENT

The Foundation's endowment activity for the year ended August 31, 2024 and 2023 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</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>(909,146)</u>	<u>-</u>	<u>(909,146)</u>
Balance, September 1, 2023	\$ 14,757,243	\$ 394,020,421	\$ 408,777,664
Net investment return	-	59,203,797	59,203,797
Appropriations	-	(20,261,372)	(20,261,372)
Transfers	<u>2,271,675</u>	<u>-</u>	<u>2,271,675</u>
Balance, August 31, 2024	<u>\$ 17,028,918</u>	<u>\$ 432,962,846</u>	<u>\$ 449,991,764</u>

At August 31, 2024, net assets with donor restrictions consisted of \$10,000,000 of endowment principal and \$422,962,846 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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Retirees	\$1,712,522	\$1,302,606
Other active participants	<u>3,867,091</u>	<u>3,829,568</u>
Accrued postretirement benefit costs	<u>\$5,579,613</u>	<u>\$5,132,174</u>

Employer payments to provide postretirement benefits were \$113,998 in fiscal 2024 and \$86,167 in fiscal 2023.

The following assumptions were used in calculating the liability:

	<u>2024</u>	<u>2023</u>
Health care cost trend	7.00%	7.00%
Discount rate	5.00%	5.20%

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

2025	\$ 144,837
2026	169,740
2027	181,631
2028	228,150
2029	289,344
2030 to 2034	<u>1,819,907</u>
	<u>\$2,833,609</u>

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11. NET ASSETS WITH DONOR RESTRICTION – PURPOSE

The purpose restricted net assets of \$2,745,161 as of August 31, 2024, consists of co-funding received to support various projects relevant to the ongoing objectives and programs run by the Foundation. During the year, \$1,167,671 of donor purpose restricted funds had been spent and released from net assets with donor restrictions.