

The Annie E. Casey Foundation, Inc. and Subsidiaries

Consolidated Financial Statements as of and for the Years
Ended December 31, 2020 and 2019, and
Independent Auditors' Report

THE ANNIE E. CASEY FOUNDATION, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
The Annie E. Casey Foundation, Inc.
Baltimore, MD

We have audited the accompanying consolidated financial statements of The Annie E. Casey Foundation, Inc. and its subsidiaries (the "Foundation"), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Annie E. Casey Foundation, Inc. and its subsidiaries as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte + Touche LLP

May 24, 2021

THE ANNIE E. CASEY FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2020 AND 2019

| | 2020 | 2019 |
|--|-------------------------|-------------------------|
| ASSETS | | |
| CASH | \$ 3,460,262 | \$ 3,294,275 |
| RESTRICTED CASH | 3,050,439 | 6,051,471 |
| INVESTMENTS | 3,464,072,705 | 2,738,083,704 |
| PROGRAM RELATED INVESTMENTS, net | 56,852,913 | 49,289,382 |
| OTHER ASSETS: | | |
| Collateral under securities lending program | 15,738,573 | 11,043,399 |
| Security sales receivable | 10,503,522 | 18,152,850 |
| Interest and dividends receivable | 2,289,781 | 2,366,216 |
| Note receivable | 17,886,950 | 17,886,950 |
| Property and equipment, net | 38,847,374 | 36,979,334 |
| Beneficial interest in charitable remainder trusts | 18,218,693 | 23,184,691 |
| Other assets | 4,053,783 | 6,024,081 |
| Total other assets | <u>107,538,676</u> | <u>115,637,521</u> |
| TOTAL ASSETS | <u>\$ 3,634,974,995</u> | <u>\$ 2,912,356,353</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES: | | |
| Accounts payable and other current liabilities | \$ 6,882,198 | \$ 6,231,778 |
| Debt | 43,432,226 | 44,399,426 |
| Payable under securities lending program | 15,738,573 | 11,043,399 |
| Security purchases payable | 221,085 | 5,053,099 |
| Deferred federal excise tax | 20,801,055 | 12,661,487 |
| Postretirement benefit obligation | 46,564,282 | 95,494,000 |
| Total liabilities | <u>133,639,419</u> | <u>174,883,189</u> |
| NET ASSETS: | | |
| Without donor restrictions | 3,483,116,883 | 2,714,288,473 |
| With donor restrictions | <u>18,218,693</u> | <u>23,184,691</u> |
| Total net assets | <u>3,501,335,576</u> | <u>2,737,473,164</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 3,634,974,995</u> | <u>\$ 2,912,356,353</u> |

See notes to consolidated financial statements.

THE ANNIE E. CASEY FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

| | 2020 | 2019 |
|--|-------------------------|-------------------------|
| CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS: | | |
| REVENUE AND SUPPORT: | | |
| Donations, grants and other income | \$ 3,228 | \$ 1,584,677 |
| Charitable remainder trusts released from restrictions | 9,469,355 | 16,098,889 |
| Investment return, net | 864,815,013 | 420,933,711 |
| Total revenue and support | <u>874,287,596</u> | <u>438,617,277</u> |
| GRANTS AND OTHER EXPENSES: | | |
| Grants and direct charitable activities | 103,607,954 | 101,600,194 |
| Administrative and grants management expenses: | | |
| General | 46,509,654 | 48,057,994 |
| Postretirement benefit service cost | 2,077,000 | 1,796,000 |
| Total administrative and grants management expenses | <u>48,586,654</u> | <u>49,853,994</u> |
| Other expenses (income): | | |
| Other components of net periodic postretirement benefit cost | 5,449,000 | 7,074,000 |
| Postretirement changes other than net periodic benefit cost | (53,614,166) | (12,934,811) |
| Unrealized loss on swap | 417,198 | 417,268 |
| Interest and swap expense | 1,012,546 | 703,837 |
| Total grants and other expenses | <u>105,459,186</u> | <u>146,714,482</u> |
| CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS | <u>768,828,410</u> | <u>291,902,795</u> |
| CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS: | | |
| Change in value of charitable remainder trusts | 4,503,357 | 6,448,384 |
| Charitable remainder trusts released from restrictions | <u>(9,469,355)</u> | <u>(16,098,889)</u> |
| CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS: | <u>(4,965,998)</u> | <u>(9,650,505)</u> |
| CHANGES IN NET ASSETS | 763,862,412 | 282,252,290 |
| NET ASSETS—Beginning of year | <u>2,737,473,164</u> | <u>2,455,220,874</u> |
| NET ASSETS—End of year | <u>\$ 3,501,335,576</u> | <u>\$ 2,737,473,164</u> |

See notes to consolidated financial statements.

THE ANNIE E. CASEY FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

| | 2020 | 2019 |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Changes in net assets | \$ 763,862,412 | \$ 282,252,290 |
| Adjustments to reconcile changes in net assets to net cash used in operating activities: | | |
| Depreciation and amortization of fixed assets | 3,051,834 | 2,951,120 |
| Gain on disposal of assets | (209,352) | - |
| Net realized and unrealized gain on investments | (769,188,738) | (325,872,287) |
| Change in allowance for losses on program related investments | 763,736 | (741,468) |
| Decrease (increase) in interest and dividends receivable | 76,435 | (40,166) |
| Decrease in charitable remainder trusts | 4,965,998 | 9,650,505 |
| Decrease in other assets | 1,970,298 | 1,131,150 |
| Increase (decrease) in payables and other liabilities | 650,420 | (2,056,730) |
| Increase in deferred federal excise tax | 8,139,568 | 157,986 |
| Decrease in postretirement benefit obligation | (48,929,718) | (7,057,000) |
| Net cash used in operating activities | <u>(34,847,107)</u> | <u>(39,624,600)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from sales of investments and cash distributions | 790,246,821 | 440,329,570 |
| Purchases of investments | (749,228,688) | (377,185,216) |
| Loans disbursed for program related investments | (6,070,165) | (8,263,255) |
| Repayments of program related investments | 3,095,456 | 2,592,818 |
| Capital expenditures | <u>(5,064,162)</u> | <u>(11,434,135)</u> |
| Net cash provided by investing activities | <u>32,979,262</u> | <u>46,039,782</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Debt proceeds | 80,000,000 | - |
| Repayment of debt | <u>(80,967,200)</u> | <u>(25,967,200)</u> |
| Net cash used in financing activities | <u>(967,200)</u> | <u>(25,967,200)</u> |
| NET DECREASE IN CASH AND RESTRICTED CASH | (2,835,045) | (19,552,018) |
| CASH AND RESTRICTED CASH—Beginning of year | <u>9,345,746</u> | <u>28,897,764</u> |
| CASH AND RESTRICTED CASH—End of year | <u>\$ 6,510,701</u> | <u>\$ 9,345,746</u> |

See notes to consolidated financial statements.

THE ANNIE E. CASEY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

1. ORGANIZATION OF THE FOUNDATION

The Annie E. Casey Foundation, Inc. and subsidiaries' (the "Foundation") work focuses on strengthening families, building stronger communities and ensuring access to opportunity, because children need all three to succeed.

The Annie E. Casey Foundation, Inc. is a not-for-profit organization founded in 1948 devoted to developing a brighter future for children at risk of poor educational, economic, social and health outcomes across the country.

AECF Atlanta Realty LLC ("Atlanta Realty") is a limited liability company organized under the laws of the State of Georgia. Atlanta Realty was formed on November 12, 2005 and the Foundation is its sole member. Atlanta Realty maintains 31 acres of undeveloped real property in the Neighborhood Planning Unit V ("NPU-V") in the City of Atlanta, Georgia. On December 15, 2015, Atlanta Realty established a wholly owned nonprofit subsidiary, 352 University Avenue Associates LLC ("Atlanta 352"), a limited liability company organized under the laws of the State of Georgia. Atlanta 352 works to address the unemployment and underemployment within NPU-V. During 2017, Atlanta Realty established a wholly owned nonprofit subsidiary, UA Associates I LLC ("UA"). UA's purpose is to develop 13.2 acres of the land transferred to it by Atlanta Realty. This development is financed with a New Market Tax Credit ("NMTC") transaction.

AECF Atlanta Homes LLC ("Atlanta Homes") is a limited liability company organized under the laws of the State of Georgia. Atlanta Homes was formed on December 6, 2012 and the Foundation is its sole member. Atlanta Homes was formed to own, hold and manage real property in NPU-V in the City of Atlanta, Georgia.

In 2017, AECF-ECLF Leverage Lender I LLC ("Leverage Lender") was established as a joint venture through total capital contributions of \$10,000. The entity is owned 95% by the Foundation and 5% by Enterprise Community Loan Fund, a nonprofit organization. Leverage Lender's sole purpose is to provide a leveraged loan in the NMTC transaction. The joint venture is consolidated in the Foundation's consolidated financial statements. The non-controlling interest of \$1,845 is not considered significant and is included in net assets without donor restrictions on the Consolidated Statements of Financial Position.

The Annie E. Casey Foundation's subsidiaries are included in the accompanying consolidated financial statements. These subsidiaries are engaged primarily to support program activities.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — The Foundation's consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Principles of Consolidation — The accompanying consolidated financial statements include the accounts of the Foundation and its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Cash — Cash consists of funds held in commercial interest-bearing accounts for operating purposes.

Restricted Cash — Restricted cash consists of amounts set aside by contractual agreements as it relates to the NMTC transaction (as described in Note 7).

Investments — Investments are stated at fair value where a readily determinable fair value exists. Fair value is determined using the closing prices for investments traded on any global stock exchange. The Foundation utilizes a practical expedient for the estimation of the fair value of investments in limited partnerships and similar interests, with no readily determinable fair value. The practical expedient used by the Foundation to value private investments is the net asset value (“NAV”) per share, or its equivalent. In using this practical expedient, the recorded fair value could differ from the fair value that would have been used had a readily available market existed for such investments.

Realized gains and losses on sales of investments in United Parcel Service, Inc. (“UPS”) common stock, if any, are calculated based on the specific identification method. The realized gains and losses for other investments are calculated based on the first-in, first-out method.

Realized gains or losses, unrealized gains or losses and interest income and dividends are reported in the Consolidated Statements of Activities within investment return, net.

Program Related Investments — The Foundation makes program related investments (“PRIs”) that advance philanthropic purposes. These investments consist of various partnerships, bonds and loans. The partnerships, loans and bonds are stated at estimated fair value. At December 31, 2020 and 2019, the partnerships were valued at \$18,475,368 and \$13,122,810 with unfunded commitments totaling \$12,108,733 and \$7,450,712, respectively. The total par value of bonds outstanding was \$23,595,000, with a fair value of \$5,898,750 at December 31, 2020 and 2019, respectively. The interest rate for the bonds is 9% and principal is scheduled to be paid in full to the Foundation at the maturity date of September 2039. The total amount of loans outstanding was \$34,972,864 and \$31,998,155 with unfunded commitments of \$4,351,314 and \$4,151,478 as of December 31, 2020 and 2019, respectively. Interest rates range from 1% to 4.25% and principal is scheduled to be paid in full to the Foundation at maturity dates ranging from April 2021 through April 2030. The Foundation records a reserve for potentially uncollectible loans based on an analysis of its historical experience, quarterly and annual financial reports received, and the borrower’s ability to meet financial covenants. Management has reviewed all program related investments and for the years ended December 31, 2020 and 2019, has recorded a reserve for potentially uncollectible loans in the amount of \$2,494,069 and \$1,730,333, respectively.

Charitable Remainder Trusts — The Foundation is the beneficiary of charitable remainder trusts that are administered by third parties and are donor restricted until the termination of the trust. At December 31, 2020 and 2019, the Foundation recognized these trusts at their net present value based upon actuarially determined calculations using a discount rate of 6%. The discount rate used is commensurate with the risks involved. As of December 31, 2020 and 2019, the Foundation recorded a beneficial interest in charitable remainder trusts of \$18,218,693 and \$23,184,691, respectively, on the Consolidated Statements of Position. These amounts also comprise the net assets with donor restrictions on the Consolidated Statements of Position.

Under the terms of these trusts, payments of income are made from the trusts to the donees or other specified parties over the terms of the trusts. Upon termination of the trusts, the remaining net assets will be transferred to the Foundation for its unrestricted use. For the years ended December 31, 2020 and 2019, \$9,469,355 and \$16,098,889 was transferred to the Foundation, respectively.

Property and Equipment — Property and equipment, which consists primarily of buildings and building improvements, is recorded at cost. Depreciation of property is calculated using straight-line methods over 10 to 25 years for buildings and improvements, 5 years for furniture and fixtures, and 3 years for computer and equipment. Leasehold improvements are depreciated over the shorter of their estimated useful lives or lease terms. Repairs and maintenance costs are expensed as incurred. Property and equipment is assessed annually for impairment. Gains and losses on disposals of property and equipment are recorded in the period incurred and are included in general administrative expenses.

Derivatives — The Foundation uses derivative instruments to manage its exposure to market risks and to rebalance asset categories within the portfolio. The Foundation’s management believes the use of such instruments in its investment management program is appropriate to provide for the long- and short-term financial needs of the Foundation. Though use of these instruments reduces certain investment risks and

generally adds value to the portfolio, the instruments themselves do involve some investment and counterparty risk.

At December 31, 2020, the Foundation was a counterparty to an interest rate swap to manage interest cost and risk. As a not-for-profit organization, the Foundation is not permitted to use cash flow hedge accounting. In accordance with authoritative guidance, the interest rate swap agreement was recorded in the Consolidated Statements of Financial Position at fair value with the related gains and losses reflected in the Consolidated Statements of Activities in the period of change.

The Foundation could be exposed to losses in the future in the event of nonperformance by the counterparty in the interest rate swap agreement. The Foundation monitors the financial condition of the firm used for this contract in order to minimize the risk of loss. The Foundation does not expect to record any losses as a result of counterparty default.

The Foundation may also enter into futures contracts to manage exposure to financial markets. Futures contracts are standardized contracts traded on an exchange to buy or sell a particular financial instrument at a predetermined price in the future. During the period futures contracts are open, changes in the values of the contracts are recognized as unrealized gains and losses. When the futures contracts are closed, the Foundation records a realized gain or loss equal to the difference between the proceeds from, or the cost of, the closeout and the original contract price. The futures contracts are recorded in the Consolidated Statements of Financial Position at fair value. At December 31, 2020 and 2019, the Foundation had futures contracts with notional amounts of \$135,311,036 and \$0, respectively. Such contracts involve centralized, third-party counterparties.

Use of Estimates — The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Management made significant estimates and assumptions in the valuation of certain investments, postretirement benefit costs and valuation allowances. Actual results could differ from those estimates.

Recent Accounting Pronouncements — In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires a lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its statement of financial position. The guidance also expands the required quantitative and qualitative disclosures surrounding leases. The new guidance is effective for the Foundation beginning January 1, 2022. The Foundation is currently evaluating the impact the new guidance will have on the financial statements.

In March 2020, the FASB issued ASU No. 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which eases the potential burden in accounting for reference rate reform. The amendments in ASU 2020-04 are elective and apply to all entities that have contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform. The new guidance provides various optional expedients that reduce costs and complexity of accounting for reference rate reform. The new guidance is effective for the Foundation as of March 12, 2020. The Foundation may elect to apply the amendments prospectively through December 31, 2022. The adoption of this standard is not expected to have a material effect on the Foundation's financial statements.

3. INVESTMENTS

The investment goal of the Foundation is to maintain or grow its assets to support the Foundation's grant-making and operations. In order to achieve this goal, the Foundation's assets are invested in accordance with a long-term asset allocation policy with a level of risk that is appropriate to the Foundation's spending objectives. The Foundation's investments are diversified across multiple asset classes and investment strategies, with the majority of assets managed by external investment management firms selected by the Foundation. All

investments are held in custody at BNY Mellon, except for assets invested with partnerships, LLCs and commingled funds, which have separate arrangements related to their legal structure.

The Foundation's custodian maintains a securities lending program on behalf of the Foundation and maintains collateral at all times in excess of the value of securities on loan. Under the terms of its securities lending agreement, the Foundation requires collateral of a value at least equal to 102% of the fair value of loaned investments. Securities lending is not subject to a master netting arrangement. Loaned investments consist of equity and exchange traded securities. Securities loaned are fully collateralized. Investment of this collateral is in accordance with specified guidelines and is part of a collateral pool that invests in high quality debt securities with a managed short-term duration. The Foundation maintains effective control of the loaned securities during the term of the arrangement wherein they may be recalled at any time. As of December 31, 2020 and 2019, the Foundation had loaned securities with a total market value of approximately \$15,336,292 and \$10,789,702, respectively and received related collateral of \$15,738,573 and \$11,043,399, respectively. In accordance with authoritative guidance, the collateral amount is shown as both an asset and a liability on the consolidated statements of financial position.

Concentration of Risk — The Foundation is a holder of Class A and B UPS stock. The price per share of the Class A stock is equal to Class B stock. As of December 31, 2020, the market value of UPS Class B common stock was \$168.40 per share. UPS stock represented approximately 12.9% and 14.5% of the market value of the Foundation's investment portfolio at December 31, 2020 and 2019, respectively.

4. FAIR VALUE MEASUREMENTS

The Foundation accounts for assets and liabilities measured at fair value using Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosures*. Under ASC Topic 820, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Investments with readily available actively quoted prices, or for which fair value can be measured from actively quoted prices, generally, will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. In the absence of actively quoted prices and observable inputs, the Foundation estimates prices based on available historical data and near-term future pricing information that reflects its market assumptions. The guidance requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Quoted market prices in active markets for identical assets and liabilities.

Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 – Unobservable inputs that are not corroborated by market data.

Level 1 investments include equities and UPS common stock. The value is based on quoted market prices in active markets.

Level 2 investments include short-term investments such as certificates of deposits, fixed income securities, and repurchase agreements. The fair value is estimated using third-party quotations. Level 2 investments also include interest rate swaps that are valued by referencing yield curves derived from observable interest rates and spreads to project and discount swap cash flows to present value.

Level 3 investments include bonds for which quoted market prices are not readily available.

For investments with little or no market data available, the determination of fair value is based on the best information available in the circumstances and incorporates management's own assumptions, including appropriate risk adjustments. Due to the fact that a quoted market exchange does not exist for the Level 2 and

Level 3 investments, the fair value is generally based on management's estimate of fair value in the most advantageous exit market.

ASC Topic 820 permits the estimation of the fair value of an investment using NAV per share (or its equivalent) for certain investments that do not have readily determinable fair values. The inputs to value these investments may include the Foundation's capital accounts for its partnership interests in various alternative investments, including hedge funds, public equity, private equity, real estate and commodities. The various partnerships are investment companies, which record their underlying investments at fair value based on fair value policies established by management of the underlying fund. Fair value policies at the underlying fund generally require the fund to utilize pricing/valuation information from third-party sources, including independent appraisals. However, in some instances, current valuation information for illiquid securities or securities in markets that are not active may not be available from any third-party source or fund management may conclude that the valuations that are available from third-party sources are not reliable. In these instances, fund management may perform model-based analytical valuation that may be used as an input to value these investments. As disclosed in Note 2, *Significant Accounting Policies*, these investments are measured at fair value using NAV (or its equivalent) as a practical expedient and are not included in the fair value hierarchy.

At December 31, 2020, the redemption frequency for hedge funds is: quarterly (65%), semiannually (10%), annually (21%) and other (4%). With redemption notice periods ranging from 30 to 90 days, the Foundation has the ability to redeem 91% of these funds through the end of 2021, 4% through the end of 2022 and 1% through the end of 2023. An additional 4% are held in side pockets or restricted assets with no redemption rights. The hedge funds had additional unfunded capital commitments to various partnerships of \$22,036,277 as of December 31, 2020.

At December 31, 2019, the redemption frequency for hedge funds is: quarterly (62%), semiannually (8%), annually (25%) and other (5%). With redemption notice periods ranging from 30 to 90 days, the Foundation has the ability to redeem 90% of these funds through the end of 2020, 2% through the end of 2021 and 3% through the end of 2022. An additional 5% are held in side pockets or restricted assets with no redemption rights. The hedge funds had additional unfunded capital commitments to various partnerships of \$42,159,959 as of December 31, 2019.

At December 31, 2020, the redemption frequency for public securities measured at NAV is: monthly (23%), quarterly (48%), annually (14%) and other (15%). With redemption notice periods ranging from 1 to 150 days, the Foundation has the ability to redeem 81% of these funds through the end of 2021, 10% through the end of 2022 and 9% through the end of 2023 and beyond.

At December 31, 2019, the redemption frequency for public securities measured at NAV is: daily (7%), monthly (39%), quarterly (36%), annually (2%) and other (16%). With redemption notice periods ranging from 1 to 120 days, the Foundation has the ability to redeem 90% of these funds through the end of 2020, 7% through the end of 2021 and 4% through the end of 2022.

The private securities are not subject to redemption, however certain funds may be sold or transferred with general partner approval. Due to the nature of these investments, the fund values are reduced through distributions that are received from liquidation of the underlying assets. For the years ended December 31, 2020 and 2019, it is estimated that the underlying assets of these funds will be liquidated over a period of approximately 14 years. As of December 31, 2020 and 2019, the private securities had unfunded capital commitments to various partnerships of \$332,144,156 and \$293,756,168, respectively.

The following tables present the fair value of the Foundation's financial instruments for each level at December 31, 2020 and 2019:

Fair Value Measurement at December 31, 2020

| | Level 1 | Level 2 | Level 3 | Investments Measured at NAV ¹ | Total |
|------------------------------|-----------------------|-----------------------|---------------------|--|-------------------------|
| ASSETS: | | | | | |
| Public Securities: | | | | | |
| U.S. Securities: | | | | | |
| Large Cap | \$ 453,925,568 | \$ - | \$ - | \$ 200,186,686 | \$ 654,112,254 |
| Fixed Income Fund | - | 167,301,977 | - | - | 167,301,977 |
| Small Cap | 97,271,057 | - | - | - | 97,271,057 |
| Foreign Securities: | | | | | |
| Emerging Markets | - | - | - | 152,711,043 | 152,711,043 |
| Developed Countries | 129,073,489 | - | - | 13,157,000 | 142,230,489 |
| Global Securities: | | | | | |
| Developed Countries | - | - | - | 191,747,768 | 191,747,768 |
| | <u>680,270,114</u> | <u>167,301,977</u> | <u>-</u> | <u>557,802,497</u> | <u>1,405,374,588</u> |
| Private Securities: | | | | | |
| Venture | - | - | - | 968,868,485 | 968,868,485 |
| Real Estate | - | - | - | 46,957,668 | 46,957,668 |
| Buyout | - | - | - | 125,659,147 | 125,659,147 |
| Natural Resources | - | - | - | 59,307,142 | 59,307,142 |
| Private Credit | - | - | - | 53,993,225 | 53,993,225 |
| Opportunistic | - | - | - | 22,474,740 | 22,474,740 |
| Secondary | - | - | - | 726,116 | 726,116 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,277,986,523</u> | <u>1,277,986,523</u> |
| Hedge Funds: | | | | | |
| Long/Short | - | - | - | 339,043,461 | 339,043,461 |
| Opportunistic | - | - | - | 52,932,061 | 52,932,061 |
| Diversified Arbitrage | - | - | - | 56,945,764 | 56,945,764 |
| Tactical Trading | - | - | - | 41,815,469 | 41,815,469 |
| Distressed/Credit | - | - | - | 44,422,945 | 44,422,945 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>535,159,700</u> | <u>535,159,700</u> |
| Short-Term Investments | <u>-</u> | <u>245,551,894</u> | <u>-</u> | <u>-</u> | <u>245,551,894</u> |
| Total Investments | <u>680,270,114</u> | <u>412,853,871</u> | <u>-</u> | <u>2,370,948,720</u> | <u>3,464,072,705</u> |
| Program Related Investments: | | | | | |
| Bonds | - | - | 5,898,750 | - | 5,898,750 |
| Private Securities: | | | | | |
| Venture Cap | - | - | - | 16,392,309 | 16,392,309 |
| Private Credit | - | - | - | 2,083,059 | 2,083,059 |
| | <u>-</u> | <u>-</u> | <u>5,898,750</u> | <u>18,475,368</u> | <u>24,374,118</u> |
| TOTAL ASSETS | <u>\$ 680,270,114</u> | <u>\$ 412,853,871</u> | <u>\$ 5,898,750</u> | <u>\$ 2,389,424,088</u> | <u>\$ 3,488,446,823</u> |
| LIABILITIES: | | | | | |
| Notes Payable | \$ - | \$ 43,432,226 | \$ - | \$ - | \$ 43,432,226 |
| Interest Rate Swap | - | 733,707 | - | - | 733,707 |
| TOTAL LIABILITIES | <u>\$ -</u> | <u>\$ 44,165,933</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 44,165,933</u> |

¹ Amounts are comprised of certain investments measured at fair value using NAV (or its equivalent) as a practical expedient. These investments have not been classified in the fair value hierarchy.

Fair Value Measurement at December 31, 2019

| | Level 1 | Level 2 | Level 3 | Investments Measured at NAV ¹ | Total |
|------------------------------|-----------------------|-----------------------|---------------------|--|-------------------------|
| ASSETS: | | | | | |
| Public Securities: | | | | | |
| U.S. Securities: | | | | | |
| Large Cap | \$ 405,088,471 | \$ - | \$ - | \$ 168,151,603 | \$ 573,240,074 |
| Fixed Income Fund | - | 151,569,996 | - | - | 151,569,996 |
| Small Cap | 84,452,512 | - | - | - | 84,452,512 |
| Natural Resources | - | - | - | 39,695,179 | 39,695,179 |
| Foreign Securities: | | | | | |
| Emerging Markets | - | - | - | 251,187,509 | 251,187,509 |
| Developed Countries | 113,707,481 | - | - | 37,693,410 | 151,400,891 |
| Global Securities: | | | | | |
| Developed Countries | - | - | - | 109,994,716 | 109,994,716 |
| | <u>603,248,464</u> | <u>151,569,996</u> | <u>-</u> | <u>606,722,417</u> | <u>1,361,540,877</u> |
| Private Securities: | | | | | |
| Venture | - | - | - | 550,821,939 | 550,821,939 |
| Real Estate | - | - | - | 49,094,639 | 49,094,639 |
| Buyout | - | - | - | 111,582,549 | 111,582,549 |
| Natural Resources | - | - | - | 71,123,859 | 71,123,859 |
| Private Credit | - | - | - | 35,827,780 | 35,827,780 |
| Opportunistic | - | - | - | 23,457,106 | 23,457,106 |
| Secondary | - | - | - | 2,183,563 | 2,183,563 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>844,091,435</u> | <u>844,091,435</u> |
| Hedge Funds: | | | | | |
| Long/Short | - | - | - | 289,222,749 | 289,222,749 |
| Opportunistic | - | - | - | 37,772,796 | 37,772,796 |
| Diversified Arbitrage | - | - | - | 60,475,769 | 60,475,769 |
| Tactical Trading | - | - | - | 32,966,559 | 32,966,559 |
| Distressed/Credit | - | - | - | 44,576,064 | 44,576,064 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>465,013,937</u> | <u>465,013,937</u> |
| Short-Term Investments | <u>-</u> | <u>67,437,455</u> | <u>-</u> | <u>-</u> | <u>67,437,455</u> |
| Total Investments | <u>603,248,464</u> | <u>219,007,451</u> | <u>-</u> | <u>1,915,827,789</u> | <u>2,738,083,704</u> |
| Program Related Investments: | | | | | |
| Bonds | - | - | 5,898,750 | - | 5,898,750 |
| Private Securities: | | | | | |
| Venture Cap | - | - | - | 10,787,495 | 10,787,495 |
| Private Credit | - | - | - | 2,335,315 | 2,335,315 |
| | <u>-</u> | <u>-</u> | <u>5,898,750</u> | <u>13,122,810</u> | <u>19,021,560</u> |
| TOTAL ASSETS | <u>\$ 603,248,464</u> | <u>\$ 219,007,451</u> | <u>\$ 5,898,750</u> | <u>\$ 1,928,950,599</u> | <u>\$ 2,757,105,264</u> |
| LIABILITIES: | | | | | |
| Notes Payable | \$ - | \$ 44,399,426 | \$ - | \$ - | \$ 44,399,426 |
| Interest Rate Swap | - | 316,509 | - | - | 316,509 |
| TOTAL LIABILITIES | <u>\$ -</u> | <u>\$ 44,715,935</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 44,715,935</u> |

¹ Amounts are comprised of certain investments measured at fair value using NAV (or its equivalent) as a practical expedient. These investments have not been classified in the fair value hierarchy.

There were no transfers between levels for the years ended December 31, 2020 and 2019. There was no Level 3 activity for the years ended December 31, 2020 and 2019.

The tables above do not reflect the data associated with the securities lending program as there is no net impact on fair value. The collateral and securities on loan under this program are classified as Level 1 assets under ASC Topic 820.

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

| | 2020 | 2019 |
|--|----------------------|----------------------|
| Land | \$ 3,526,668 | \$ 3,572,697 |
| Buildings and improvements | 55,996,350 | 33,973,038 |
| Leasehold improvements | 743,178 | 248,775 |
| Furniture and fixtures | 752,657 | 752,657 |
| Computer and office equipment | 4,043,794 | 5,862,088 |
| Capital projects in process | <u>-</u> | <u>18,645,949</u> |
| | 65,062,647 | 63,055,204 |
| Less accumulated depreciation, amortization and impairment | <u>(26,215,273)</u> | <u>(26,075,870)</u> |
| Total property and equipment, net | <u>\$ 38,847,374</u> | <u>\$ 36,979,334</u> |

During 2020, the development project in Atlanta (as described in Note 1 and Note 7) was substantially completed and the buildings and land improvements were placed into service. As a result, all capital projects in process were transferred to their respective fixed asset classifications.

6. DEBT AND DERIVATIVE

On November 19, 2018, the Foundation entered into a line of credit agreement with BNY Mellon. The agreement has a credit limit of \$80 million and bases the interest payable on the highest of the federal funds effective rate, overnight LIBOR, or one-month LIBOR, plus 85 basis points (2.61% at December 31, 2019). There were \$0 in borrowings outstanding on the line of credit at December 31, 2019. On November 18, 2020, this line of credit agreement with BNY Mellon was amended to base the interest payable on the higher of the federal funds effective rate or one-month LIBOR, plus 100 basis points (1.14% at December 31, 2020). There were \$0 in borrowings outstanding on the line of credit at December 31, 2020. Interest expense related to the line of credit was \$276,335 and \$236,371 at December 31, 2020 and 2019, respectively.

On June 1, 2017, the Foundation entered into a note payable agreement (the “note”) with Compass Mortgage Corporation. The note proceeds were used solely to finance the renovation of the Foundation’s two office buildings in Baltimore, Maryland. The note had a principal balance of \$11,042,226 and \$12,009,426 at December 31, 2020 and 2019, respectively, and matures on June 1, 2032. Interest is payable based on 1.12% plus 65% of the one-month LIBOR (1.21% and 2.26% at December 31, 2020 and 2019, respectively).

As of December 31, 2020, scheduled annual principal payments on the note are as follows:

| | <u>Amount</u> |
|------------|----------------------|
| 2021 | 967,202 |
| 2022 | 967,202 |
| 2023 | 967,202 |
| 2024 | 967,202 |
| 2025 | 967,202 |
| Thereafter | <u>6,206,216</u> |
| | <u>\$ 11,042,226</u> |

The Foundation manages its interest rate exposure on the note with an interest rate swap agreement (the “swap”). The Foundation’s swap with BBVA Compass Bank exchanges the one-month LIBOR for the fixed rate of 2.66% and expires June 1, 2032. Interest and swap expense related to this note was \$313,162 and \$342,621 at December 31, 2020 and 2019, respectively.

For the years ended December 31, 2020 and 2019, the outstanding notional amount of the swap was \$11,122,821 and \$12,090,023, respectively. As of December 31, 2020 and 2019, the Foundation recorded a swap liability of \$733,707 and \$316,509, respectively. This liability was included in accounts payable and other liabilities in the Consolidated Statements of Financial Position. The Foundation’s two buildings located in Baltimore, MD are pledged as collateral for the note payable and related swap.

On July 24, 2018, the Foundation entered into two note payable agreements (“Northern notes”) with The Northern Trust Company for \$4,000,000 (“Northern A”) and \$3,000,000 (“Northern B”), respectively. The note proceeds were used solely to assist in financing UA’s development in Atlanta (as described in Note 1). There are no scheduled principal payments due on the Northern notes until the scheduled maturity date of June 30, 2025. Interest on the Northern A note is payable based on 5.16%. Interest on the Northern B note is payable based on 0.5%. Interest expense related to the Northern notes was \$317,257 and \$124,845 at December 31, 2020 and 2019, respectively.

7. NEW MARKET TAX CREDIT TRANSACTION

During 2017, the Foundation entered into a debt transaction to make additional funds available to it through the NMTC Program. As part of this transaction, the Foundation created a new entity named UA Associates I LLC (as described in Note 1). The NMTC Program permits taxpayers to claim a credit against federal incomes taxes for Qualified Equity Investments (“QEIs”) in designated Community Development Entities (“CDEs”). These designated CDEs must use substantially all (85%) of the proceeds to make Qualified Low-Income Community Investments (“QLICIs”). The investor is provided with a tax credit, which is claimed over a seven-year period. The credit is equal to 5% of the total amount paid for the capital investment over the first three years and 6% annually for the final four years.

On December 21, 2017, the Foundation loaned \$17,876,950 to AECF-ECLF Leverage Lender I LLC (the “Fund”)(as described in Note 1). The Fund then made QEIs, totaling \$17,886,950, in ENMP 73 LP (“Enterprise”), Brownfield Revitalization 50 (“Brownfield”), LLC and AEMI Fund XVIII, LLC (“AEMI”)(collectively, “CDEs”). Finally, the CDEs made loans in the form of notes payable to UA Associates I LLC in the amount of \$25,390,000.

Notes payable balances as December 31, 2020 and 2019, consisted of the following:

| | 2020 | 2019 |
|---------------------|---------------------|---------------------|
| AEMI Note A | \$ 4,474,550 | \$ 4,474,550 |
| AEMI Note B | 1,895,450 | 1,895,450 |
| Brownfield Note A | 7,464,369 | 7,464,369 |
| Brownfield Note B | 2,825,631 | 2,825,631 |
| Enterprise Note A | 5,948,031 | 5,948,031 |
| Enterprise Note B | <u>2,781,969</u> | <u>2,781,969</u> |
| | | |
| Total notes payable | <u>\$25,390,000</u> | <u>\$25,390,000</u> |

The loans between UA Associates I LLC and the CDEs require interest to be paid at the rate of 1% per annum, commencing on December 22, 2017. The full amount of the unpaid principal is required to be paid on December 1, 2047. There are no scheduled principal payments due on the notes payable balances until December 1, 2025. The Foundation is the guarantor of these debt obligations.

Capitalized interest on the loans was included in fixed assets for the years ended December 31, 2020 and 2019 and totaled \$148,108 and \$253,900, respectively. Total interest income on the loan totaled \$248,875 for both years ended December 31, 2020 and 2019, respectively, and was classified in investment income.

The Foundation has recorded the above loans receivable and payable in the consolidated financial statements of the Foundation at the face value of the notes, which is the amount of cash that was exchanged. The Foundation is recording interest income and capitalized interest as incurred.

As a part of the loan agreements, the Foundation is required to obtain approval from the CDEs prior to the payment of any costs, fees and other expenses. In 2020 and 2019, the Foundation obtained approval to expend a portion of the debt proceeds for related project costs. The remaining debt proceeds of \$3,050,439 and \$6,051,471 comprise the restricted cash presented on the Consolidated Statements of Financial Position as of December 31, 2020 and 2019, respectively.

8. FEDERAL EXCISE TAX

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. However, the Foundation is classified as a private foundation and is subject to a federal excise tax on investment income less investment expenses, and on net realized taxable gains on capital transactions. In December 2019, the Further Consolidated Appropriations Act (“FCAA”) was enacted. FCAA created a flat net investment income excise tax rate of 1.39% for private foundations with tax years beginning after December 20, 2019. At December 31, 2020 and 2019, deferred federal excise tax was calculated based upon a rate of 1.39%.

The total amount of cash paid for excise taxes was \$2,330,000 and \$2,280,000 for the years ended December 31, 2020 and 2019, respectively. In addition, during 2020 and 2019, the Foundation paid taxes on unrelated business income incurred through certain partnership investments. These taxes were not material to the consolidated financial statements as a whole.

Deferred federal excise tax arises from timing differences between consolidated financial statement and tax reporting related to investment income and the difference between the cost basis and market value of investments. Current income tax expense was \$3,258,975 and \$2,463,395, respectively, for the years ended December 31, 2020 and 2019. The deferred income tax expense was \$8,139,568 and \$157,986 for the years ended December 31, 2020 and 2019, respectively. Income tax expense is included in investment return, net on the Consolidated Statements of Activities.

9. DEFINED CONTRIBUTION AND OTHER POSTRETIREMENT PLANS

The Foundation maintains defined contribution plans for its employees. The Foundation recorded \$2,960,863 and \$3,049,800 in expense for the years ended December 31, 2020 and 2019, respectively.

In addition, the Foundation provides postretirement medical and dental benefits to all eligible employees. The benefit obligation for 2020 and 2019 is summarized as follows:

| | 2020 | 2019 |
|---|------------------------|------------------------|
| Benefit obligation at December 31 | \$ 46,564,282 | \$ 95,494,000 |
| Fair value of plan assets at December 31 | <u>-</u> | <u>-</u> |
| Funded status and accrued benefit cost recognized in the consolidated statements of financial position | <u>\$ (46,564,282)</u> | <u>\$ (95,494,000)</u> |

The Foundation amended the postretirement health plan with an effective date of January 1, 2021. The amendments included changes to eligibility requirements for retirees with access to another employers' health coverage. In addition, retirees aged 65 and over were removed from the self-insured health plan and provided a Health Reimbursement Account ("HRA") to purchase health coverage and related expenses. These amendments resulted in a reduction to the benefit obligation of \$37.7 million at December 31, 2020. The remaining changes to the benefit obligation were the result of normal adjustments such as the change in discount rate and current year service cost expenses.

The following amounts not yet reflected in net periodic benefit cost are included in net assets as of December 31, 2020 and 2019:

| | 2020 | 2019 |
|------------------------|------------------------|------------------------|
| Net prior service cost | \$ (37,410,514) | \$ (2,750,894) |
| Accumulated loss | <u>(3,467,561)</u> | <u>(9,938,002)</u> |
| Change in net assets | <u>\$ (40,878,075)</u> | <u>\$ (12,688,896)</u> |

Assumptions used to determine the postretirement benefit obligation as of December 31, 2020 and 2019, are as follows:

| | 2020 | 2019 |
|---|-------------|-------------|
| Weighted-average assumptions | | |
| Discount rate (benefit obligation) | 2.4 % | 3.1 % |
| Discount rate (net periodic costs) | 3.5 % | 4.1 % |
| Expected return on plan assets | N/A | N/A |
| Health care cost trend rate assumptions | | |
| Initial trend rate | 4.9 % | 8.0 % |
| Ultimate trend rate | 3.5 % | 5.0 % |
| Year ultimate trend rate is reached | 2075 | 2030 |

The initial trend rate gradually grades down to the ultimate trend rate.

Benefit information for the years ended December 31, 2020 and 2019, is summarized as follows:

| | 2020 | 2019 |
|----------------------------------|---------------------|---------------------|
| Benefit cost | <u>\$ 7,526,000</u> | <u>\$ 8,870,000</u> |
| Employer contributions | \$ 3,075,781 | \$ 3,186,630 |
| Plan participants' contributions | <u>(187,124)</u> | <u>(215,022)</u> |
| Total benefits paid | <u>\$ 2,888,657</u> | <u>\$ 2,971,608</u> |

The Foundation expects to make the following benefit disbursements:

| | |
|-------------|--------------|
| 2021 | \$ 2,074,096 |
| 2022 | 2,061,757 |
| 2023 | 2,091,014 |
| 2024 | 2,082,896 |
| 2025 | 2,139,545 |
| 2026 - 2030 | 10,904,107 |

10. LEASES

The Foundation leases office facilities at various locations. As of December 31, 2020, future minimum annual lease payments required are as follows:

December 31

| | |
|------------|---------------------|
| 2021 | 179,568 |
| 2022 | 184,057 |
| 2023 | 188,658 |
| 2024 | 193,375 |
| 2025 | 198,209 |
| Thereafter | <u>935,741</u> |
| | <u>\$ 1,879,608</u> |

Rent expense for 2020 and 2019 was \$115,105 and \$385,488, respectively.

11. GRANT ALLOCATIONS

As of December 31, 2020, the Foundation has approved grant funds for payments to various organizations and projects of up to approximately \$97 million, contingent upon the organizations' performance of obligations specified in the grant agreements. Accordingly, grant expense is recorded when the obligations are substantially met and the resulting payments made. These grant funds are not considered board-designated and are a part of the normal business operations of the Foundation. Such payments are expected to be made during the period January 1 through December 31, 2021.

12. ANALYSIS OF EXPENSES

The Foundation allocates its expenses on a functional basis among grants awarded, program-related expenses, direct charitable activities and general & administrative expenses. Expenditures which can be identified with a specific function are allocated directly, according to their natural expenditure. Costs that are common to several functions are allocated among program-related expenses and general & administrative expenses on the basis of overall number of staff in the various functional categories, space utilized and estimates made by the Foundation's management. Program-related expenses pertain to the general grant-making activities of the Foundation, such as monitoring and evaluating grants. Direct charitable activities pertain to charitable activities for the benefit of others initiated and conducted in whole or in part by the Foundation. General & administrative expenses include costs related to overhead and managing the Foundation and are not directly identifiable with other categories. The Foundation's functional expenses, displayed by natural expense classification, for the years ended December 31, 2020 and 2019 were as follows:

| Analysis of Expenses at December 31, 2020 | | | | | |
|---|-----------------------|---------------------------------|-------------------------------------|--|-----------------------|
| | Grants awarded | Program-related expenses | Direct charitable activities | General & administrative expenses | Total |
| Grants awarded | \$ 93,887,261 | \$ - | \$ - | \$ - | \$ 93,887,261 |
| Salaries and benefits | - | 23,307,820 | - | 12,268,627 | 35,576,447 |
| Office and occupancy | - | 3,136,037 | - | 2,099,197 | 5,235,234 |
| Services and professional fees | - | - | 8,948,375 | 3,205,396 | 12,153,771 |
| Travel, conferences and meetings | - | 405,590 | 772,318 | 275,989 | 1,453,897 |
| Depreciation | - | 1,840,274 | - | 1,211,558 | 3,051,832 |
| Other expenses | - | 507,912 | - | 328,254 | 836,166 |
| Interest and swap expense | - | - | - | 1,012,546 | 1,012,546 |
| Postretirement benefit cost - interest and amortization | - | 3,309,870 | - | 2,139,130 | 5,449,000 |
| | <u>\$ 93,887,261</u> | <u>\$ 32,507,503</u> | <u>\$ 9,720,693</u> | <u>\$ 22,540,697</u> | <u>\$ 158,656,154</u> |

| Analysis of Expenses at December 31, 2019 | | | | | |
|---|-----------------------|---------------------------------|-------------------------------------|--|-----------------------|
| | Grants awarded | Program-related expenses | Direct charitable activities | General & administrative expenses | Total |
| Grants awarded | \$ 87,006,279 | \$ - | \$ - | \$ - | \$ 87,006,279 |
| Salaries and benefits | - | 23,517,070 | - | 11,333,449 | 34,850,519 |
| Office and occupancy | - | 2,967,338 | - | 2,003,187 | 4,970,525 |
| Services and professional fees | - | - | 10,706,159 | 3,790,493 | 14,496,652 |
| Travel, conferences and meetings | - | 1,475,034 | 3,887,756 | 804,827 | 6,167,617 |
| Depreciation | - | 1,798,989 | - | 1,152,131 | 2,951,120 |
| Other expenses | - | 609,862 | - | 401,614 | 1,011,476 |
| Interest and swap expense | - | - | - | 703,837 | 703,837 |
| Postretirement benefit cost - interest and amortization | - | 4,270,394 | - | 2,803,606 | 7,074,000 |
| | <u>\$ 87,006,279</u> | <u>\$ 34,638,687</u> | <u>\$ 14,593,915</u> | <u>\$ 22,993,144</u> | <u>\$ 159,232,025</u> |

13. LIQUIDITY

The Foundation's financial assets available within one year of December 31, 2020 to meet general expenditures include:

| | |
|-----------------------------------|-------------------------|
| Cash | \$ 3,460,262 |
| Restricted cash | 3,050,439 |
| Interest and dividends receivable | 2,289,781 |
| Security sales receivable | 10,503,522 |
| Short-term investments | 245,551,894 |
| Public market equities | 680,270,114 |
| Fixed income securities | <u>167,301,977</u> |
| Available financial assets | <u>\$ 1,112,427,989</u> |

The Foundation endeavors to structure its financial assets to be available and liquid as its general expenditures, liabilities and other obligations become due. The restricted cash (as described in Note 7) is restricted for the purposes of construction costs incurred in UA Associates I LLC. These constructions costs are considered to be the general expenditures for UA Associates I LLC and are available and liquid to meet those obligations in the next year. In addition to the available financial assets listed above, the Foundation has a line of credit of \$80 million (as described in Note 6) which can be drawn upon to reinforce liquidity and cash position. Furthermore, there are likely to be additional components of the Foundation's investments that may be available and liquid within one year. These components include return of capital, income and realized gains from certain portions of the Foundation's alternative investment holdings.

14. SUBSEQUENT EVENTS

The Foundation has evaluated the impact of significant subsequent events through May 24, 2021, the date that the Foundation's consolidated financial statements were available to be issued. There have been no subsequent events that require recognition or disclosure.

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