Financial Statements and Report of Independent Certified Public Accountants

The Ford Foundation

December 31, 2019 and 2018

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
The Ford Foundation:

We have audited the accompanying financial statements of The Ford Foundation (the "Foundation"), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows 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 from 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 Foundation'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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of The Ford Foundation as of December 31, 2019, 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.

Other matter

The financial statements of The Ford Foundation as of and for the year ended December 31, 2018 were audited by other auditors. Those auditors expressed an unmodified opinion on those financial statements in their report dated June 13, 2019.

Grant Thornton LLP

New York, New York
May 27, 2020

The Ford Foundation

STATEMENTS OF FINANCIAL POSITION

December 31,

(in thousands)	2019	2018
ASSETS		
Investments, at fair value	$ 13,617,114	$ 12,450,770
Redemption proceeds receivable	112,672	153,352
Accrued interest and dividends receivable	4,896	4,082
	13,734,682	12,608,204
Cash	32,084	62,485
Federal excise tax receivable	2,600	1,724
Investment related receivables	74,333	9,623
Other receivables and assets	6,100	5,947
Program-related investments (net of allowances for possible losses of $21,139 and $26,892 at December 31, 2019 and 2018, respectively)	126,186	136,765
Fixed assets (net of accumulated depreciation of $41,781 and $44,390 at December 31, 2019 and 2018, respectively)	254,488	228,530
Total assets	$ 14,230,473	$ 13,053,278
LIABILITIES AND NET ASSETS		
Unpaid grants	$ 401,935	$ 457,417
Payables and other liabilities	162,328	80,412
Investment related payables	72,753	3,257
Federal deferred excise taxes	62,795	64,392
Bond payable, (net of unamortized cost of $1,913 and $1,983 at December 31, 2019 and 2018, respectively)	271,087	271,017
Total liabilities	970,898	876,495
Contingencies, commitments and guarantees (Note I)		
NET ASSETS		
Appropriated	525,876	674,343
Unappropriated	12,733,699	11,502,440
Total net assets without donor restrictions	13,259,575	12,176,783
Total liabilities and net assets	$ 14,230,473	$ 13,053,278

The accompanying notes are an integral part of these financial statements.

The Ford Foundation

STATEMENTS OF ACTIVITIES

Years ended December 31,

(in thousands)	**2019**	**2018**
Operating activities		
Net investment return	$ 1,703,197	$ 25,439
Expenditures		
Program activities		
Grants approved	463,369	515,518
Provision (recovery) for possible losses on program-related investments	(1,757)	3,169
Direct conduct of charitable activities	22,293	17,718
Program management	53,833	53,022
Total program activities	537,738	589,427
Operational support	49,735	50,320
Depreciation	9,661	9,154
Interest expense	9,654	10,114
Total expenditures	606,788	659,015
Change in net assets from operating activities	1,096,409	(633,576)
Non-operating activities		
Net periodic pension costs other than service costs	(2,952)	(2,563)
Post-retirement changes	(10,665)	1,485
Change in net assets without donor restrictions	1,082,792	(634,654)
Beginning of period	12,176,783	12,811,437
End of year	$ 13,259,575	$ 12,176,783

The accompanying notes are an integral part of these financial statements.

The Ford Foundation

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2019

(in thousands)	Program management activities and grants	Direct conduct of charitable activities (DCAs)	Operational support	2019 Total expenses
Grants approved	$ 463,369	$ -	$ -	$ 463,369
Salaries, wages and benefits	41,215	2,012	29,665	72,892
Services and professional fees	4,727	17,104	7,835	29,666
Travel, conferences and meetings	2,710	3,123	959	6,792
Facility and occupancy	2,419	-	7,188	9,607
Other operating costs	1,005	54	4,088	5,147
Depreciation	3,888	157	5,616	9,661
Interest expense	3,671	195	5,788	9,654
Subtotal	$ 523,004	$ 22,645	$ 61,139	606,788
Net periodic pension costs other than service costs				2,952
Total expenses				$ 609,740

The accompanying notes are an integral part of this financial statement.

The Ford Foundation

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2018

(in thousands)	Program management activities and grants	Direct conduct of charitable activities (DCAs)	Operational support	2018 Total expenses
Grants approved	$ 515,518	$ -	$ -	$ 515,518
Salaries, wages and benefits	37,959	1,512	27,861	67,332
Services and professional fees	7,148	14,730	8,619	30,497
Travel, conferences and meetings	4,037	1,020	885	5,942
Facility and occupancy	2,627	-	9,738	12,365
Other operating costs	4,420	456	3,217	8,093
Depreciation	1,794	155	7,205	9,154
Interest expense	481	15	9,618	10,114
Subtotal	$ 573,984	$ 17,888	$ 67,143	659,015
Net periodic pension costs other than service costs				2,563
Total expenses				$ 661,578

The accompanying notes are an integral part of this financial statement.

The Ford Foundation

STATEMENTS OF CASH FLOWS

Years ended December 31,

(in thousands)	**2019**	**2018**
Cash flows from operating activities:		
Change in net assets	$ 1,082,792	$ (634,654)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized appreciation on investments, net	(421,212)	(99,344)
Unrealized (appreciation) depreciation on investments, net	(1,298,346)	63,254
Depreciation	11,221	10,256
Post-retirement changes and net periodic pension costs other than service cost	13,617	1,078
Provision (recovery) for possible losses on program-related investments	(1,757)	3,169
Decrease in deferred federal excise tax liability	(1,597)	(1,266)
Increase in federal excise tax receivable	(876)	(124)
(Increase) decrease in other receivables and assets	(153)	1,279
Grant approvals	463,369	515,518
Grant payments	(518,851)	(531,805)
Increase (decrease) in payables and other liabilities	68,369	(4,120)
Net cash used in operating activities	(603,424)	(676,759)
Cash flows from investing activities:		
Proceeds from sale of investments	3,042,906	1,913,244
Purchase of investments	(2,487,070)	(1,255,747)
Change in redemption proceeds receivable	40,680	11,735
Change in accrued interest and dividends receivable	(815)	(428)
Change in investment related receivables	(64,710)	19,774
Change in investment related payables	66,875	297
Loans disbursed for program-related investments	(8,899)	(15,857)
Repayments of program-related investments	21,235	18,832
Purchase of fixed assets	(37,179)	(89,228)
Net cash provided by investing activities	573,023	602,622
Net decrease in cash	(30,401)	(74,137)
CASH		
Beginning of period	62,485	136,622
End of period	$ 32,084	$ 62,485

The accompanying notes are an integral part of this financial statement.

The Ford Foundation ("the Foundation") is a not-for-profit corporation organized under the laws of the State of Michigan, with its headquarters located in New York, New York. The Foundation was established in 1936 to make grants in furtherance of scientific, educational and charitable purposes. The Foundation currently pursues its charitable objectives primarily by making grants intended to reduce inequality in its many forms – economic, political, social and cultural.

The Foundation's goals for more than half a century have been to:

- Reduce poverty and injustice
- Strengthen democratic values
- Promote international cooperation
- Advance human achievement

While the specifics of how the Foundation works to advance its goals have evolved over the years, investments in the following three areas have remained the touchstones of everything the Foundation does:

- Investing in individual leaders
- Building institutions
- Supporting new ideas

The Foundation focuses its resources on supporting visionary leaders and organizations working on key social justice issues: Civic Engagement and Government; Gender, Ethnic and Racial Justice; Technology and Society; Natural Resources and Climate Change; Future of Workers; Creativity and Free Enterprise; and Cities and States.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Foundation's financial statements are prepared on the accrual basis in conformity with accounting principles generally accepted in the United States of America ("GAAP").

The significant accounting policies followed are set forth below:

Investments, at Fair Value

The Foundation makes investments by either directly purchasing various financial positions, or purchasing a portion of an investment fund's partnership capital or shares representing a net asset value ("NAV") investment. Directly owned positions are classified for financial reporting purposes as equities, fixed-income or short-term investments. NAV investments in funds are classified for financial reporting as either commingled or limited marketability funds.

Equity investments are directly held securities, primarily publicly traded. Equities are generally valued based upon the final sale price as quoted on the primary exchange or at the bid price if the final sale price is not quoted. Private equities are valued using market transactions when available. If such transactions do not exist, private securities are valued as determined by the Foundation. Fixed income investments are generally valued based upon quoted market or bid prices from brokers and dealers, as an approximate of fair value. Short-term investments generally include cash and cash equivalents as well as credit or debt securities with maturities of less than one year. These credit or debt securities may include U.S. government and agency obligations, repurchase agreements, commercial paper, and similar short-term securities. Short-term investments for which market prices are not available are valued at amortized cost, which approximates fair value.

Commingled funds are NAV investments in partnerships or investment funds where the Foundation has significant transparency into the underlying positions in the funds and that have no significant restrictions on redemption rights. For commingled funds, the NAV is determined by either an exchange or the respective general partners or investment managers. The underlying positions, owned by the commingled funds, include such investments as exchange-traded and over-the-counter securities. The Foundation generally has the ability to redeem capital from commingled funds monthly or more frequently.

Limited marketability funds are NAV investments in private equity, venture capital, global equity and hedge funds, and other private investment entities. For private equity, venture capital, and similar funds, the Foundation generally commits to invest capital upon demand of the general partner or investment manager. For limited marketability funds other than private equity, venture capital, and similar funds, the Foundation generally has restricted periodic redemption rights. The Foundation has significant transparency into the underlying positions of the private equity and venture capital funds although the Foundation cannot generally independently assess the value of these underlying positions through a public exchange or over the-counter market.

The Foundation follows the concept of the “practical expedient” under GAAP. The practical expedient is an acceptable method under GAAP to determine the fair value of certain NAV investments that (a) do not have a readily determinable fair value predicated upon a public market and (b) either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company as defined by GAAP. As such, NAV investments are presented in the accompanying financial statements at fair value, as determined by the Foundation. Such fair value generally represents the Foundation’s proportionate share of the net assets of the NAV investment as reported by the underlying investment managers or general partners. Accordingly, the fair value NAV investments is generally increased by additional contributions and the Foundation's share of net earnings from the NAV investments and decreased by distributions and the Foundation’s share of net losses from the NAV investments.

The Foundation believes that the carrying amount of its NAV investments is a reasonable estimate of fair value as of December 31, 2019 and 2018. Because these investments are not readily marketable, the estimated value is subject to uncertainty, therefore, results may differ from the value that would have been used had a ready market for these investments existed and such differences could be material.

Investment Transactions and Income and Expenses

For directly owned positions, transactions are recorded on a trade date basis. Realized and unrealized appreciation (depreciation) on investments is determined by comparison of specific costs of acquisition (identified lot basis) to proceeds at the time of disposal, or market values at the last day of the period, respectively, and includes the effects of currency translation with respect to transactions and holdings of foreign securities. Dividend income is recorded on ex-dividend date and interest income is recorded on an accrual basis. For unsettled sales or purchases as of the reporting period date, the sales proceeds or purchase price are recorded as investment related receivables or payables, respectively, and are included on the statements of financial position.

Dividend income, interest income, and realized and unrealized gains or losses on investments are included in net investment return on the statement of activities which is presented net of external and internal investment management expenses, and the provision for federal excise tax.

Purchases and sales of securities include “in-kind” distributions from underlying private equity funds for the years ended December 31, 2019 and 2018 and totaled $335.3 million and $113.6 million, respectively. Realized gains on disposition of distributed securities for the years ended December 31, 2019 and 2018 totaled $262.3 million and $80.9 million, respectively.

For NAV investments, transactions are recorded on a trade date basis. For unsettled sales or purchases as of the reporting period date, the sales proceeds or purchase price are recorded as subscription paid in advance or redemption proceeds receivable, respectively, and are included on the statements of financial position. Unrealized appreciation (depreciation) is determined by comparison of cost basis to fair value at the last day of the period. For NAV investments in which the Foundation owns shares or units of an investment fund, realized appreciation (depreciation) on investments is determined by comparison of specific costs of acquisition (identified lot basis) to proceeds at the time of disposal. For NAV investments in which the Foundation owns a portion of an investment fund's partnership capital, realized appreciation (depreciation) is recognized on redemption of partnership interests in excess of cost basis. Realized and unrealized appreciation (depreciation) includes the effects of currency translation with respect to transactions and holdings of foreign currency denominated holdings. The amount of realized and unrealized appreciation (depreciation) associated with these investments is reflected in the statements of activities.

Fair Value Measurements

In accordance with GAAP, the Foundation discloses its assets and liabilities, recorded at fair value into the "fair value hierarchy." GAAP defines fair value as 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. GAAP also established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date;

Level 2: Inputs other than quoted prices which are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active; and

Level 3: Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and refer to the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Foundation considers observable data to be market data which is readily available and reliable and provided by independent sources. The categorization of a financial instrument within the fair value hierarchy is therefore based upon the pricing transparency of the instrument and does not necessarily correspond to the Foundation's perceived risk of that instrument.

Investments whose values are based on quoted market prices in active markets are classified as Level 1 and generally include cash equivalents and exchange-traded investment instruments. The Foundation does not adjust the quoted price for such instruments, even in situations where the Foundation holds a large position and a sale of all its holdings could reasonably impact the quoted price.

Investments that trade in markets that are not considered to be active under the accounting definition, but are valued based on quoted market prices, dealer quotations, or alternative pricing sources supported by observable inputs are classified as Level 2. Such inputs may include model-based valuation techniques. These investments include certain U.S. government and sovereign obligations, government agency obligations, asset-backed securities, derivatives, and other investments with observable pricing inputs.

Investments classified as Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The inputs into the determination of fair value are based upon the best information in the circumstance and may require significant management judgment. Investments classified as Level 3 generally include securities for which no active market or dealer quote exists.

Investments for which the fair value is determined using the "practical expedient" are presented separately in the valuation hierarchy table.

Derivative Instruments

The Foundation records all derivative instruments and hedging activities at fair value. The fair value adjustment is recorded directly to the invested asset and recognized as unrealized appreciation (depreciation) in the statements of activities.

The Foundation utilizes a variety of derivative instruments and contracts including futures, forwards, swaps, and options for trading and hedging purposes with each instrument's primary risk exposure being interest rate, credit, foreign exchange, commodity, or equity risk, as well as a combination of secondary risk factors. Such contracts involve, to varying degrees, risks of loss from the possible inability of counterparties to meet the terms of their contracts.

The Foundation enters into forward foreign currency contracts whereby it agrees to exchange one currency for another on an agreed-upon date at an agreed-upon exchange rate to minimize the exposure of certain of its investments to adverse fluctuations in currency markets.

The Foundation enters into futures contracts whereby it is obligated to deliver or receive (although the contracts are generally settled in cash) various U.S. government debt instruments at a specified future date. The Foundation engages in futures to increase or decrease its exposure to interest rate movements and spreads.

The Foundation enters into interest rate forwards, contracts, and swaps whereby it is obligated to either pay or receive a fixed interest rate on a specified notional amount and receive or pay a floating interest rate on the same notional amount. The floating rate is generally calculated as a spread amount added to or subtracted from a specified London Inter-Bank Offering Rate (LIBOR) indexed interest rate or other benchmark rate. The Foundation enters into such contracts to manage its interest rate exposure and to profit from potential movements in interest rate spreads. The market value and unrealized gains or losses on interest rate swaps are affected by actual movements of and market expectations of changes in current market interest rates.

The Foundation enters into credit default swaps as either a buyer or a seller. The buyer of a credit default swap is generally considered to be "receiving protection" in the event of an adverse credit event affecting the underlying reference obligation, and the seller of a credit default swap is generally considered to be "providing protection" in the event of such credit event. The buyer is generally obligated to pay the seller a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation. If a credit event occurs, the buyer will receive full notional value for a reference obligation that may have little or no value. The seller generally receives a fixed rate of income throughout the term of the contract, provided that no credit event occurs. If a credit event occurs, the seller will be obligated to pay the full notional value of the reference obligation. In addition to general market risks, credit default swaps are subject to liquidity risk and counterparty credit risk. Credit default swaps are carried at their estimated fair value, as determined in good faith by the Foundation and its investment advisors.

The Foundation enters into resale agreements in which the Foundation purchases financial instruments from a seller in exchange for cash, and simultaneously enters into an agreement to resell the same or substantially the same financial instruments to the seller at a stated price plus accrued interest at a future date. Even though resale agreements involve the legal transfer of ownership of financial instruments, they are accounted for as collateralized financing transactions as opposed to purchases because they require the financial instruments to be resold at the maturity of the agreement. They are recorded at their contracted resell amounts.

The Foundation receives financial instruments, typically U.S. government securities, purchased under resale agreements and monitors the market value of these financial instruments on a daily basis. The

Foundation obtains additional collateral due to changes in the market value of the financial instruments, as appropriate.

Cash

Cash consists of cash on hand and held in bank and money market accounts. At times, such deposits may be in excess of federally insured amounts.

Program-Related Investments

The Foundation invests in projects that advance philanthropic purposes. These Program-Related Investments include low interest rate loans or loan guarantees as well as investments in partnerships and investment funds with proceeds to be expended by the recipients in furtherance of the Foundation's charitable purpose. Program Related Investments are treated as qualifying distributions for tax reporting purposes in the year in which the funds are disbursed. Recoveries of invested amounts increase the Foundation's distributable amount for tax reporting purposes in the year in which the recoveries are received. Investments are monitored to determine net realizable value based on an evaluation of recoverability that utilizes experience and may reflect periodic adjustments to terms as deemed appropriate. Program Related Investments are recorded when disbursed.

Mission Related Investments

The Foundation makes certain investments to further its charitable purpose. Those investments include loans, equities, real assets, investment in private equity and venture capital funds, and other investments. Investments are made with an objective of achieving a social impact or otherwise advancing the Foundation's charitable purpose in addition to earning an investment return. Mission Related Investments are recorded at fair value and included within investments in the statements of financial position, statements of activities, and statements of cash flows and accompanying notes. As of December 31, 2019 and 2018, the fair value of Mission Related Investments, as included within the statements of financial position totaled $66.7 million and $28.4 million, respectively.

Fixed Assets

Land, buildings, furniture, equipment and leasehold improvements owned by the Foundation are recorded at cost. Depreciation is charged using the straight-line method based on estimated useful lives of the particular assets generally estimated as follows: buildings, principally 39 years, furniture and equipment 5 to 8 years, and leasehold improvements over the lesser of the term of the lease or the life of the asset.

Expenditures and Appropriations

Committed grant expenditures are considered incurred at the time of approval provided the grant has no specified conditions to be met in a future period. Note E provides additional details about the liability for the unpaid grants. For conditional grants, the grant expenditure and liability are recognized and recorded in the accounting period when the Foundation determines that the specified conditions are met. Uncommitted appropriations that have been approved by the Board of Trustees are included in appropriated net assets without donor restrictions.

Taxes

The Foundation follows guidance in Accounting Standards Codification 740, *Income Taxes*, that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and, accordingly, is not subject to federal income taxes. However, the Foundation is subject to federal excise tax and unrelated business income tax because it is a private Foundation in accordance with Internal Revenue Service regulations. The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in its financial statements for the years ended December 31, 2019 and 2018, respectively.

Risks and Uncertainties

The Foundation uses estimates in preparing its financial statements which require management to make estimates and assumptions. These estimates affect the reported amounts of assets and liabilities at the date of the statements of financial position and the reported amounts of income and expenditures during the reporting period. Actual results may differ from these estimates and such differences could be material. The most significant estimates and assumptions relate to the valuation of investments, allowances for possible losses on program-related investments, assumptions used for employee benefit plans and fixed assets useful lives.

Measure of Operations

The Foundation includes in its measure of operations (operating income over expenditures) all income that is an integral part of its programs and supporting activities. Non-operating activities include post-retirement changes which arose during the period and net periodic pension costs other than service costs.

Related Party Transactions

For the years ended December 31, 2019 and 2018, the Foundation approved grants totaling $14.0 million and $15.3 million, respectively, to other not-for-profit organizations, whereby certain trustees jointly serve on the Board of Trustees of the Foundation and these other recipient organizations.

Functional Expenses

The Foundation uses the direct method in charging expenses to each functional category based on direct usage or charge. However, certain expenses are allocated to more than one function on a reasonable and consistently applied basis; a portion of operational support is allocated to investment expense, which is reported as part of the income section, using the indirect method for allocation of expenses based on square footage, salary percentage or headcount. In addition, for the Mission Related Investment department which engages in three activities: Mission Related Investments, Program-Related Investments and grant making expenses are allocated between investment expense and program management based on staff time spent on each activity. Other expenses such as depreciation and bond interest are allocated based on square footage and/or headcount.

New Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2016-13, *Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* which (1) significantly changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model, and (2) provides for recording credit losses on available for sale debt securities through an allowance account. The update requires credit losses on most financial assets measured at amortized cost and certain other instruments to be measured using an expected credit loss model. The guidance will be effective for the Foundation beginning in fiscal year 2022. Early adoption is permitted. The Foundation is currently assessing the impact this standard will have on its financial statements.

In June 2018, the FASB issued 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which amends the accounting guidance related to (1) evaluating whether transactions should be accounted for as contributions or exchange transactions, and (2) determining whether a contribution is conditional. For resource providers, the ASU is effective for annual periods beginning after December 15, 2019, with early adoption permissible. The Foundation adopted this new guidance for the year ended December 31, 2019.

In March 2020, the FASB issued 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides an optional practical expedient and exceptions for a limited time to ease the potential burden in accounting for reference rate reform on financial reporting. This guidance is effective for all entities as of March 12, 2020 through December 31, 2022 for all existing hedging and contract modifications.

Reclassifications

Certain information in the fiscal 2018 financial statements has been reclassified to conform to the fiscal 2019 presentation. There were no changes in assets, liabilities, revenues, expenses or changes in net assets as reflected in the 2018 financial statements.

NOTE B - INVESTMENTS

Investments held consisted of the following as of:

(in thousands)	As of December 31, 2019 Fair Value	As of December 31, 2019 Cost	As of December 31, 2018 Fair Value	As of December 31, 2018 Cost
Short-term	$ 332,701	$ 332,130	$ 620,950	$ 623,582
Equities	314,227	163,300	157,697	99,405
Fixed income				
U.S. government debt	940,415	934,392	503,278	506,539
Asset-backed	68,050	72,259	78,058	83,367
Corporate bonds	62,008	61,409	70,524	71,183
Commingled funds				
Equity-related	132,728	115,105	282,428	259,147
Natural resources related	-	-	28,907	34,156
Limited marketability funds				
Credit	36,317	119,524	36,447	115,086
Global equity	7,259,051	3,687,966	6,193,383	3,688,333
Natural resources	886,108	965,531	947,686	1,023,250
Real assets	373,682	285,365	271,501	180,547
Private equity	842,891	811,048	1,002,332	1,006,439
Venture capital	2,368,936	1,548,591	2,257,579	1,540,105
Investments, at fair value	13,617,114	9,096,620	12,450,770	9,231,139
Redemption proceeds receivable	112,672	112,672	153,352	153,352
Accrued interest and dividends receivable	4,896	4,896	4,082	4,082
Total investments	13,734,682	9,214,188	12,608,204	9,388,573
Investment related receivables	74,333	74,333	9,623	9,623
Investment related payables	(72,681)	(70,129)	(3,257)	(3,253)
Derivative liabilities	(72)	(104)	-	-
Total investment related assets and liabilities, net	$ 13,736,262	$ 9,218,288	$ 12,614,570	$ 9,394,943

As of December 31, 2019, short-term investments consist of cash and cash equivalents of $265.2 million, resale agreements of $11.0 million, collateral due from broker of $0.5 million, and maturing corporate bonds of $56.0 million.

As of December 31, 2018, short-term investments consist of cash and cash equivalents of $83.3 million, resale agreements of $51.0 million, collateral due from broker of $0.1 million, commercial paper of $30.8 million, maturing corporate bonds of $24.1 million and maturing U.S. Treasury notes of $431.6 million.

The classification of investments by level within the valuation hierarchy as of December 31, 2019 was as follows:

(in thousands)	Quoted Prices (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments at NAV (Practical Expedient)	Total
Short-term	$ 265,233	$ 67,468	$ -	$ -	$ 332,701
Equities	313,144	-	1,083	-	314,227
Fixed income					
U.S. government debt	-	940,415	-	-	940,415
Asset-backed	-	68,043	7	-	68,050
Corporate bonds	-	62,008	-	-	62,008
Commingled funds					
Equity-related	-	-	-	132,728	132,728
Limited marketability funds					
Credit	-	-	-	36,317	36,317
Global equity	-	-	-	7,259,051	7,259,051
Natural resources	-	-	-	886,108	886,108
Real assets	-	-	-	373,682	373,682
Private equity	-	-	-	842,891	842,891
Venture capital	-	-	-	2,368,936	2,368,936
Investments, at fair value	$ 578,377	$ 1,137,934	$ 1,090	$ 11,899,713	13,617,114
Redemption proceeds receivable					112,672
Accrued interest and dividends receivable					4,896
Total investments					$ 13,734,682

The classification of investments by level within the valuation hierarchy as of December 31, 2018 was as follows:

(in thousands)	Quoted prices (Level 1)	Significant observable Inputs (Level 2)	Significant unobservable inputs (Level 3)	Investments at NAV (practical expedient)	Total
Short-term	$ 83,252	$ 537,698	$ -	$ -	$ 620,950
Equities	157,630	-	67	-	157,697
Fixed income					
U.S. government debt	-	503,278	-	-	503,278
Asset-backed	-	76,682	1,376	-	78,058
Corporate bonds	-	70,524	-	-	70,524
Commingled funds					
Equity-related	-	-	-	282,428	282,428
Natural resources related	-	-	-	28,907	28,907
Limited marketability funds					
Credit	-	-	-	36,447	36,447
Global equity	-	-	-	6,193,383	6,193,383
Natural resources	-	-	-	947,686	947,686
Real assets	-	-	-	271,501	271,501
Private equity	-	-	-	1,002,332	1,002,332
Venture capital	-	-	-	2,257,579	2,257,579
Investments, at fair value	$ 240,882	$ 1,188,182	$ 1,443	$ 11,020,263	12,450,770
Redemption proceeds receivable					153,352
Accrued interest and dividends receivable					4,082
Total investments					$ 12,608,204

The following table summarizes Level 3 activity for the years ended December 31, 2019 and 2018.

(in thousands)	Balances at December 31, 2018	Purchases and Other Acquisitions	Net Transfers in/(out) of Level 3	Sales and Other Dispositions	Net Realized Depreciation	Net Unrealized Appreciation (Depreciation)	Balances at December 31, 2019
Equities	$ 67	$ 6,293	$ -	$ (6,293)	$ (374)	$ 1,390	$ 1,083
Asset-backed	1,376	-	-	-	-	(1,369)	7
	$ 1,443	$ 6,293	$ -	$ (6,293)	$ (374)	$ 21	$ 1,090

(in thousands)	Balances at December 31, 2017	Purchases and Other Acquisitions	Net Transfers in/(out) of Level 3	Sales and Other Dispositions	Net Realized Appreciation	Net Unrealized Depreciation	Balances at December 31, 2018
Equities	$ 126	$ -	$ -	$ -	$ -	$ (59)	$ 67
Asset-backed	2,102	-	-	-	-	(726)	1,376
	$ 2,228	$ -	$ -	$ -	$ -	$ (785)	$ 1,443

All net realized and unrealized appreciation (depreciation) in the table above is reflected in the accompanying financial statements.

The Foundation's policy is to recognize transfers between Level 1, 2, or 3 as if they occurred as of the beginning of the reporting period.

For the years ended December 31, 2019 and 2018, there were no transfers between Levels 1, 2 and 3.

Based on the information made available to the Foundation, there are no concentrations in any underlying individual security or issuer in amounts greater than 5% of the Foundation’s net assets as of December 31, 2019 and 2018.

The following table lists investments in investment funds (or similar entities) as of December 31, 2019 that have been valued using the NAV as a practical expedient, classified by major investment category:

Category of Investment[1]	Investment Strategy and Structure[1]	Number of Investments[2] Fair Value[3] (in thousands) Unfunded Commitments (in thousands)	Remaining Life[1]	Redemption Terms[1]	Redemption Restrictions and Terms[1]	Redemption Restrictions and Terms in Place at Year End[1]
(Private Equity and Venture Capital) [4]	Investments in the equity and credit of primarily private companies through private partnerships and holding companies	213 $ 3,211,827 $ 951,684	Generally up to 15 years but dependent upon investment circumstances.	Redemption not permitted during the life of the fund. Distributions may be made at the discretion of the general partners.	Not applicable – no redemption ability.	Not applicable – no redemption rights
(Alternative Investment Funds) [5]	Investments in hedge funds, global equity, credit, real assets, natural resources, and other investments through private partnerships and holding companies	130 $ 8,555,158 $ 1,070,740	Generally Open Ended	Ranges between monthly redemption with 5 days notice, to rolling 5-years redemption with 180 days notice. Certain funds have no redemption rights until dissolution of the funds.	Initial Lockups: 1 year or less: 44% 1-2 years: 16% Over 2 years: 19% No redemption rights: 21% Redemption Frequency: Monthly: 9% Quarterly: 34% 1 year or less: 26% Over 1 Year: 10% No redemption rights: 21%	Current Redemption Ability: 6 months or less: 59% 6 months to 1 year: 2% Over 1 years: 17% No redemption rights: 22% Total side pockets or restricted assets across the funds are less than 5% of the total investment amount.
Commingled Funds [6]	Investment in global equity, real assets, natural, resources, and other investments through commingled fund structures	2 $ 132,728 $ -	Open Ended	Daily to monthly redemption with 1 to 30 days notice period.	Subject to the ability to withdraw capital from the underlying funds. This is dependent upon the liquidity of the underlying assets and is subject to the discretion of the Fund Manager.	Subject to the ability to withdraw capital from the underlying funds.

The following table lists investments in investment funds (or similar entities) as of December 31, 2018 that have been valued using the NAV as a practical expedient, classified by major investment category:

Category of Investment[1]	Investment Strategy and Structure [1]	Number of Investments [2] Fair Value (in thousands) Unfunded Commitments (in thousands)	Remaining Life [1]	Redemption Terms [1]	Redemption Restrictions and Terms [1]	Redemption Restrictions and Terms in Place at Year End [1]
(Private Equity and Venture Capital) [4]	Investment in the equity and credit of primarily private companies through private partnerships and holding companies.	223 $ 3,259,911 $ 908,702	Generally up to 15 years but dependent upon investment circumstances	Redemption not permitted during the life of the fund. Distributions may be made at the discretion of the general partners.	Non applicable - no redemption ability.	Non applicable - no redemption rights.
(Alternative investment Funds) [5]	Investments in hedge funds global equity, credit, real assets, natural resources, and other investments through private partnership and holding companies	126 $ 7,449,017 $ 1,120,940	Open ended	Ranges between monthly redemption with 5 days notice to rolling 5-years redemption with 180 days notice. Certain funds have no redemption rights until dissolution of the funds.	**Initial lockups:** 1 year or less: 44% 1-2 years: 15% Over 2 years: 18% No redemption rights: 23% **Redemption Frequency:** Monthly 9% Quarterly: 32% 1 year or less: 27% Over 1 year 9% No redemption rights: 23%	**Current Redemption Ability:** 6 months or less: 58% 6 months to 1 year: 8% Over 1 year: 11% No redemption rights: 23%
Commingled funds [6]	Investment in global equity, real assets, natural resources, and other investments through commingled fund structures	3 $ 311,335 $ -	Open ended	Daily to monthly redemption with 1 to 30 days notice period.	Subject to the ability to withdraw capital from the underlying funds. This is dependent upon the liquidity of the underlying assets and is subject to the discretion' of the Fund Manager.	Subject to the ability to withdraw capital from the underlying funds.

(1) Information reflects a range of various terms from multiple investments.

(2) The approximate number of outstanding investments including investments with unfunded commitments, but no current balance as of December 31, 2019 and 2018.

(3) The total fair value of these investments valued using the NAV as a practical expedient.

(4) Generally refers to investments in private partnerships or investment funds focusing on equity or credit investments in private companies. The partnerships or funds generally have no redemption rights; the general partners of the respective funds issue capital calls and distributions. These funds generally provide the NAV or capital balances and changes quarterly or less frequently. Performance fees are generally collected by the general partner or investment manager only upon a distribution of profits to investors.

(5) Generally refers to investments in private partnerships or investment funds focusing on a broad range of investment activities including Credit, Global Equity, Natural Resource, and Real Asset investments. These funds generally have periodic limited redemption rights, asset and performance based fee structures. They provide the NAV or capital balances and changes monthly or less frequently.

(6) Generally refers to investments in private partnerships or investment funds focusing on a broad range of investment activities including Equity and Natural Resources related investments. These funds generally have short-term redemption and investment ability. They provide the NAV or capital balances and changes monthly or more frequently. Commingled funds generally do not have performance based fee structures.

Derivative Instruments

As of December 31, 2019 and 2018, the Foundation had swaptions on interest rate contracts with a notional value of $1.0 Billion. The premium paid was $5.1 million which represents the maximum exposure associated with these contracts. As of December 31, 2019 and 2018, the derivative asset associated with swaptions on interest rate futures contracts totaled $7 thousand and $1.4 million which is included within asset-backed securities.

As of December 31, 2019 and 2018, the Foundation was the seller (providing protection) of credit default swaps on a total notional amount of $2.3 million and $2.0 million, respectively. The notional amounts of the swaps are not recorded in the financial statements. However, the notional amount does approximate the maximum potential amount of future payments that the Foundation could be required to make (receive) if the Foundation were the seller (buyer) of protection and a credit event were to occur.

At December 31, 2019 and 2018, the Foundation's resale agreements relate to contracts with counterparties that expire in less than 30 days. At December 31, 2019 and 2018, the Foundation obtained U.S. government securities with a fair value of $11.2 million and $52.0 million as collateral received under resale agreements. As of December 31, 2019 and 2018, cash loaned by the Foundation in the amount of $11.0 million and $51.0 million is included within "Investments" on the statement of financial position. Accrued interest related to resale agreements is included within "Accrued interest and dividends receivable" on the accompanying statements of financial position. Interest income earned on these transactions is included in the statements of activities.

The following table lists fair value of derivatives by contract type as included within investments in the statements of financial position as of December 31, 2019.

(in thousands)	**Notional/ Contractual Amount**	**Gross Derivative Assets**	**Gross Derivative Liabilities**
Derivative type			
Interest rate contracts	$ 2,440	$ -	$ -
Foreign currency contracts	69,279	-	(976)
Index swaptions	1,000,000	7	-
Equity options	121,878	5,112	(4,039)
Credit default swaps	2,300	-	(72)
Carrying value of derivatives on the statements of financial position		$ 5,119	$ (5,087)

The following table lists fair value of derivatives by contract type as included within investments in the statements of financial position as of December 31, 2018.

(in thousands)	**Notional/ contractual amount**	**Gross derivative assets**	**Gross derivative liabilities**
Derivative type			
Rights and warrants	$ 51	$ 24	$ -
Index swaptions	1,000,000	1,376	-
Credit default swaps	3,270	208	-
		1,608	-
Carrying value of derivatives on the statements of financial position		$ 1,608	-

The notional amounts reflected in the above tables, are indicative of the volume of derivative transactions for the years ended December 31, 2019 and 2018.

The depreciation on derivatives is ($5.7) million and ($0.6) million and is included in the net investment return in the statements of activities for the years ended December 31, 2019 and 2018, respectively.

Credit-Risk Contingent Features

The Foundation's derivative contracts generally contain provisions whereby if the Foundation were to default on its obligations under the contract, or if the Foundation were to terminate the management agreement of the investment manager who entered into the contract on the Foundation's behalf, or if the assets of the Foundation were to fall below certain levels, the counterparty could require full or partial termination, or replacement of the derivative instruments.

Counterparty Credit Risk

By using derivative instruments, the Foundation is exposed to the counterparty's credit risk - the risk that derivative counterparties may not perform in accordance with the contractual provisions offset by the value of any collateral received. The Foundation's exposure to credit risk associated with counterparty nonperformance is limited to the unrealized appreciation inherent in such transactions that are recognized in the statements of financial position as well as the value of the Foundation's collateral assets held by the counterparty. The Foundation minimizes counterparty credit risk through rigorous review of potential counterparties, appropriate credit limits and approvals, credit monitoring procedures, executing master netting arrangements and managing margin and collateral requirements, as appropriate. The Foundation records counterparty credit risk valuation adjustments, if material, on certain derivative assets in order to appropriately reflect the credit quality of the counterparty. These adjustments are also recorded on the market quotes received from counterparties or other market participants since these quotes may not fully reflect the credit risk of the counterparties to the derivative instruments.

Credit Default Swaps

The credit default swaps for which the Foundation is providing protection as of December 31, 2019 and 2018 are summarized as follows:

	Credit Default Index Asset-Backed Securities	
(in thousands)	As of December 31, 2019	As of December 31, 2018
Written credit derivative contracts		
Fair value of written credit derivatives	$ 72	$ 43
Maximum potential amount of future payments (notional amount)	2,300	1,950
Collateral held by the Foundation or other third-parties which the Foundation can obtain upon occurrence of a triggering event	22	43

NOTE C - FIXED ASSETS

As of December 31, 2019 and 2018, fixed assets are comprised of:

(in thousands)		**December 31, 2019**		**December 31, 2018**
Land	$	4,440	$	4,440
Buildings, net of accumulated depreciation of $28,587 and $23,525 at December 31, 2019 and 2018, respectively		205,023		191,807
Furniture, equipment and leasehold improvements, net of accumulated depreciation of $13,194 and $20,865 at December 31, 2019 and 2018, respectively		45,025		32,283
	$	254,488	$	228,530

NOTE D - PROVISION FOR TAXES

The IRC imposes an excise tax on private Foundations equal to 2 percent of net investment income, which is defined as interest, dividends and net realized gains less expenses incurred in the production of income. The tax is reduced to 1 percent for Foundations that meet certain distribution requirements under Section 4940(e) of the IRC.

The excise taxes on private Foundations were simplified by the 2020 Appropriation Act. The dual tax rate is now eliminated and the excise tax on net investment income is changed to a single rate of 1.39% This change is effective for the tax years beginning after the date of the Act's enactment December 20, 2019

The current provision for federal excise tax is based on net investment income using a 2.0 percent rate for the years ended December 31, 2019 and 2018. The deferred provision is based on a 1.39 percent rate on cumulative net unrealized gains for the year ended December 31, 2019 and on a 2.0 percent rate for the year ended December 31, 2018. The current tax provision for federal excise tax on net investment income is $17.2 million and $6.6 million for the years ended December 31, 2019 and 2018, respectively. The Foundation had a cumulative unrealized gain that resulted in a $62.8 million deferred tax liability for the year ended December 31, 2019 based on the change in net unrealized appreciation of investments applying the single rate of 1.39 percent. Estimated excise taxes of $19.8 million were paid during the year ended December 31, 2019.

Certain income defined as unrelated business taxable income by the code may be subject to tax at ordinary corporate rates. There was no tax provision on unrelated business taxable income for the years ended December 31, 2019 and 2018. The state taxes on unrelated business income are immaterial for the years ended December 31, 2019 and 2018. The current and deferred excise taxes provisions are included in the net investment return in the accompanying statement of activities.

NOTE E - GRANT LIABILITY

The Foundation has a grant liability of $401,935 million for grants approved as of December 31, 2019 but will be paid in 2020 through 2024. The table below shows the amount due to be paid in the specified period as follows:

(in thousands)	Amounts
Year ending December 31,	
2020	$ 257,321
2021	97,015
2022	44,427
2023	2,694
2024	478
Total	$ 401,935

NOTE F - RETIREMENT PLANS

The Foundation's defined contribution plans covered substantially all New York appointed employees. Employees who were locally appointed by overseas offices were covered by other retirement arrangements.

The Savings Plan is a defined contribution plan, as defined under IRC Section 403(b)7 is established by the Foundation to provide retirement benefits to eligible employees. The Retirement Plan, another defined contribution plan, consisting primarily of employer contributions was amended so effective November 2, 2011, any newly hired employees will not be eligible to become participants of the plan.

The expense recorded by the Foundation related to contributions to the defined contribution plans aggregated $7.3 million and $7.5 million for the years ended December 31, 2019 and 2018, respectively.

In addition, the Foundation provides retirees with at least five years of service and who are at least age 55 with other postretirement benefits which include medical, dental and life insurance. Employees hired on or after June 1, 2009 will be eligible for postretirement medical and dental benefits when they retire with at least 10 years of service and who are at least age 65. No employee hired on or after January 1, 2013 shall be considered a retiree under the plan. The other postretirement benefits are partially funded in advance through a Voluntary Employees' Beneficiary Association (VEBA). GAAP allows unrecognized amounts (e.g., net actuarial gains or losses and prior service costs or credits) to be recognized as non-operating activities and that those amounts be adjusted as they are subsequently recognized as components of net periodic pension cost.

	Other postretirement benefits	
(in thousands)	As of December 31, 2019	As of December 31, 2018
Benefit obligation	$ 112,142	$ 94,683
Fair value of plan assets	43,603	40,694
Funded (unfunded) status and amounts recognized in the statements of financial position	(68,539)	(53,989)
Accumulated benefit obligation	112,142	94,683
Accumulated non-operating activities consist of		
Net actuarial loss	33,981	23,317
Total amount recognized	33,981	23,317
Benefits paid	4,812	4,570
Net periodic benefit cost (service cost) recognized in operating activities	933	745
Net periodic benefit cost recognized other than service cost		
Interest cost	4,180	3,779
Expected return on plan assets	(2,695)	(3,238)
Amortization of net loss (gain)	1,467	2,022
Total net periodic benefit cost recognized in non-operating activities	2,952	2,563
Other changes in plan assets and benefit obligations recognized in non-operating activities		
Net actuarial loss	12,025	421
Amortization of (loss) gain	(1,467)	(2,022)
Administrative expenses	107	116
Total other changes in plan assets and benefit obligation	10,665	(1,485)
Total recognized in non-operating activities	13,617	1,078
Total recognized in net periodic benefit cost and non-operating activities	$ 14,550	$ 1,823
Weighted average assumptions (used to determine benefit obligations and net periodic costs)		
Discount rate (benefit obligation)	3.44%	4.52%
Discount rate (net periodic costs)	4.52	3.84
Expected rate of return on plan assets (net periodic costs)	7.00	7.00

For measurement purposes, a healthcare cost initial trend rate of 4.70% was used to measure the other postretirement benefit obligation for the years ended December 31, 2019 and 2018. As of December 31, 2019 and 2018, this trend rate is assumed to decline gradually to 4.04% by the year 2075 and beyond. As of December 31, 2019, the dental obligations reflect an initial trend rate for 2019 of 5.0%. A 1% point change in assumed healthcare cost trend rates would have the following effects:

	1% Decrease	1% Increase
Effect on total of service and interest cost components	$ 584	$ 751
Effect on other postretirement benefit obligation	10,822	13,479

The following table presents investments in the defined benefit pension plans and post-retirement plan at fair value by caption and by level within the valuation hierarchy as of December 31, 2019. The table also includes the combined weighted-average asset allocation for the Foundation's defined benefit pension plans and post-retirement plan as of December 31, 2019 as follows:

	As of December 31, 2019 Assets at Fair Value				
(in thousands)	Level 1	Level 2	Level 3	Totals	Percent
Post retirement plan					
Equity funds					
Vanguard total stock market index	$ 14,048	$ -	$ -	$ 14,048	32%
Vanguard FTSE all world EX-US index	17,295	-	-	17,295	39%
Fixed income funds					
Vanguard total bond market index	7,410			7,410	17%
Short-term invest grade fund	5,295			5,295	12%
Total investments in post-retirement plan	$ 44,048	$ -	$ -	$ 44,048	100%

The following table presents investments in the defined benefit pension plans and post-retirement plan at fair value by caption and by level within the valuation hierarchy as of December 31, 2018. The table also includes the combined weighted-average asset allocation for the Foundation's defined benefit pension plans and post-retirement plan as of December 31, 2018 as follows:

	As of December 31, 2018 Assets at Fair Value				
(in thousands)	Level 1	Level 2	Level 3	Totals	Percent
Post retirement plan					
Equity funds					
Vanguard total stock market index	$ 12,497	$ -	$ -	$ 12,497	30%
Vanguard FTSE all world EX-US index	15,608	-	-	15,608	38%
Fixed income funds					
Vanguard total bond market index	7,606	-	-	7,606	18%
Short-term invest grade fund	5,435	-	-	5,435	13%
Total investments in post-retirement plan	$ 41,146	$ -	$ -	$ 41,146	100%

The investment strategy is to manage investment risk through prudent asset allocations that will produce a rate of return commensurate with the plans' obligations. The Foundation expects to continue the investment allocations as noted above. The Foundation's overall expected long-term rate of return on plan assets is based upon historical long-term returns of the investment performance adjusted to reflect expectations of future long-term returns by asset class.

Estimated future benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

(in thousands)	Part D subsidy	Part D subsidy*	Net cash flows
2020	$ 5,297	$ 321	$ 4,975
2021	5,296	336	4,960
2022	5,308	346	4,962
2023	5,383	355	5,028
2024	5,413	367	5,046
2025-2028	34,269	7,826	26,443

* The Foundation applies for the federal drug subsidy under the Medicare Modernization Act (the "Act") for retirees who are Medicare eligible. The Act includes a provision that allows plan sponsors to receive a federal drug subsidy for a portion of the drug expenses of covered Medicare-eligible retirees, if they do not participate in the new Medicare drug benefit and the benefits provided by the plan are actuarially equivalent.

NOTE G - BOND PAYABLE

On March 23, 2017, the Foundation issued $273 million of Taxable Bonds, Series 2017. The Foundation intends to use the proceeds for any lawful corporate purpose, including, but not limited to financing current or future capital projects such as the renovation and improvement of the Foundation's headquarters building in New York City as well as costs related to the issuance of the bond. The bonds were sold at par with a coupon rate of 3.859% payable semiannually and a balloon payment of principal at maturity date of June 1, 2047. Net proceeds after underwriters' discount totaled $271.2 million.

Note H - LINES OF CREDIT

During 2019, the Foundation established three lines of credit totaling $500 million to provide bridge funding of grants and to finance short-term working capital needs of the Foundation. As of December 31, 2019, the Foundation drew down on one of the lines of credit and had an outstanding balance of $70 million. For the year ended December 31, 2019, interest expense and commitment fees on the lines of credit totaled $127 thousand and $4 thousand, respectively.

NOTE I - CONTINGENCIES, COMMITMENTS AND GUARANTEES

In the normal course of business, the Foundation enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Foundation's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Foundation that have not yet occurred. However, based on experience, the Foundation expects the risk of loss to be remote.

As part of its program-related investment activities, as of December 31, 2019, the Foundation is committed to provide $29.7 million of loans and investments to not-for-profit organizations once certain conditions are met. As of December 31, 2018, this commitment was $35.0 million. Further, as part of its investment management activity, as of December 31, 2019, the Foundation is committed to additional funding of approximately $2.0 billion in private equity and other investment commitments inclusive of $103 million of commitments to Mission Related Investments. As of December 31, 2018, these commitments were $2.0 billion inclusive of $64 million of commitments to Mission Related Investments.

The Foundation is committed to pay $79.7 million over the next 9 years, if the specified terms for a conditional grant are met.

NOTE J - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation manages its financial assets to provide sufficient liquidity for operations and to provide operating income through investments while safeguarding principal. The Investment Policy details the composition, objective and types of investments for liquidity. The Liquidity Policy requires that the Foundation structure its financial assets to be available to meet general expenditures and obligations as they come due. Although the Foundation does not intend to spend from its net assets other than amounts appropriated for expenditure as part of its annual budget approval process, amounts from its unappropriated net assets could be made available if necessary.

The Foundation's financial assets and resources available to meet general expenditures within one year of December 31, 2019 include:

(in thousands)	2019 Financial assets	2018 Financial assets
Cash	$ 32,084	62,485
Other receivables	1,913	1,230
Excise tax refund	2,600	1,724
Commingled funds	132,729	311,335
Investment related receivables	191,901	167,056
Equities	314,227	157,698
Short-term investment	332,702	620,950
Fixed income	1,070,474	651,861
Alternative investments	5,223,088	4,914,732
	$ 7,301,718	**$ 6,889,071**

NOTE K- SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through May 27, 2020, the date the financial statements were issued, and notes that the COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The extent of the impact of COVID-19 on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on our investment portfolio, grantees, employees and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Foundation's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic. As of May 27, 2020, the Foundation is not aware of any other subsequent events that would require recognition or disclosure in the financial statements.