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Independent Auditor's Report

The Board of Directors of
The Teagle Foundation, Incorporated

We have audited the accompanying financial statements of The Teagle Foundation, Incorporated (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020 and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Teagle Foundation, Incorporated as of June 30, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Owen J. Flanagan & Co.

New York, NY
November 18, 2021

THE TEAGLE FOUNDATION, INCORPORATED

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Investments, at fair value		
Cash and short-term investments	\$ 11,925,236	\$ 3,155,213
Global equity	68,906,118	60,033,006
Hedge funds	32,443,952	25,622,881
Private equity	47,813,000	32,131,019
Fixed income	9,893,108	13,895,232
	<u>170,981,414</u>	<u>134,837,351</u>
<u>Total Investments</u>	170,981,414	134,837,351
Operating cash	617,950	424,580
Prepaid expenses and other assets	117,202	332,784
Receivables	506,073	433,883
Leasehold improvements, furniture and equipment, net	156,710	188,051
	<u>1,798,935</u>	<u>1,383,298</u>
<u>Total Assets</u>	<u>\$ 172,379,349</u>	<u>\$ 136,216,649</u>
<u>LIABILITIES AND NET ASSETS</u>		
Grants payable	\$ 3,518,737	\$ 3,222,029
Accounts payable and accrued expenses	55,012	62,266
Deferred Federal excise tax payable	698,246	244,813
	<u>4,271,995</u>	<u>3,529,108</u>
<u>Total Liabilities</u>	4,271,995	3,529,108
Net Assets	<u>168,107,354</u>	<u>132,687,541</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 172,379,349</u>	<u>\$ 136,216,649</u>

See accompanying notes to financial statements.

THE TEAGLE FOUNDATION, INCORPORATED
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>Revenue</u>		
Net investment return	\$ 43,331,878	\$ 1,842,084
Less:		
Federal excise and unrelated business income tax	154,400	34,369
Deferred federal excise tax expense (recovery)	<u>453,433</u>	<u>(142,926)</u>
<u>Investment return net of taxes</u>	<u>42,724,045</u>	<u>1,950,641</u>
Contributions	<u>130,000</u>	<u>2,500</u>
<u>Total Revenue</u>	<u>42,854,045</u>	<u>1,953,141</u>
<u>Expenses</u>		
Grants	5,091,890	4,556,491
Program management	1,465,606	1,238,200
Management and governance	542,099	462,253
Investment oversight	<u>334,637</u>	<u>308,058</u>
<u>Total Expenses</u>	<u>7,434,232</u>	<u>6,565,002</u>
Change in Net Assets	35,419,813	(4,611,861)
Net Assets		
Beginning of year	<u>132,687,541</u>	<u>137,299,402</u>
End of year	<u>\$ 168,107,354</u>	<u>\$ 132,687,541</u>

See accompanying notes to financial statements.

THE TEAGLE FOUNDATION, INCORPORATED

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets for year	\$ 35,419,813	\$ (4,611,861)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	31,341	31,341
Net realized and unrealized (gain) on investments	(42,441,653)	(667,150)
Decrease (increase) in assets:		
Prepaid expenses and other assets	215,582	(102,484)
Receivables	(72,190)	(18,568)
Increase (decrease) in liabilities:		
Grants payable	296,708	(254,812)
Accounts payable and accrued expenses	(7,254)	8,914
Deferred federal excise tax	453,433	(142,926)
Net cash used in operating activities	<u>(6,104,220)</u>	<u>(5,757,546)</u>
Cash flows from investing activities:		
Purchases of investments	(11,781,876)	(25,790,218)
Proceeds from sales of investments	26,849,489	22,212,896
Net change in short-term investments	<u>(8,770,023)</u>	<u>9,335,838</u>
Net cash provided by investing activities	<u>6,297,590</u>	<u>5,758,516</u>
Change in operating cash	193,370	970
Operating cash		
Beginning of year	<u>424,580</u>	<u>423,610</u>
End of year	<u>\$ 617,950</u>	<u>\$ 424,580</u>
Supplemental Information		
Unrelated business income taxes paid	\$ 250	\$ 250
Excise taxes paid	\$ 55,000	\$ -

See accompanying notes to financial statements.

THE TEAGLE FOUNDATION, INCORPORATED
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

	Grants and Program Management	Management and Governance	Investment Oversight	2021 Total
Grants	\$ 5,091,890	\$ -	\$ -	\$ 5,091,890
Salaries	604,157	200,328	190,475	994,960
Payroll taxes and benefits	165,383	117,125	41,978	324,486
Occupancy	190,907	63,203	60,077	314,187
Communicatons and grantee convenings	217,877	-	-	217,877
Consulting and professional fees	179,951	88,717	8,416	277,084
Travel, conferences and meetings	47	7,649	-	7,696
Office expenses	15,794	34,943	4,744	55,481
Systems and technology support	72,447	23,985	22,798	119,230
Depreciation	19,043	6,149	6,149	31,341
	<u>1,465,606</u>	<u>542,099</u>	<u>334,637</u>	<u>2,342,342</u>
Total	<u>\$ 6,557,496</u>	<u>\$ 542,099</u>	<u>\$ 334,637</u>	<u>\$ 7,434,232</u>
	Grants and Program Management	Management and Governance	Investment Oversight	2020 Total
Grants	\$ 4,556,491	\$ -	\$ -	\$ 4,556,491
Salaries	507,110	182,139	177,088	866,337
Payroll taxes and benefits	148,647	75,751	41,448	265,846
Occupancy	176,172	61,765	59,933	297,870
Communicatons and grantee convenings	201,421	-	-	201,421
Consulting and professional fees	117,589	74,974	2,965	195,528
Travel, conferences and meetings	13,890	12,456	1,663	28,009
Office expenses	8,089	32,280	2,752	43,121
Systems and technology support	46,746	16,389	15,903	79,038
Depreciation	18,536	6,499	6,306	31,341
	<u>1,238,200</u>	<u>462,253</u>	<u>308,058</u>	<u>2,008,511</u>
Total	<u>\$ 5,794,691</u>	<u>\$ 462,253</u>	<u>\$ 308,058</u>	<u>\$ 6,565,002</u>

See accompanying notes to financial statements.

THE TEAGLE FOUNDATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. Organization and Tax Status

The Teagle Foundation, Incorporated (the "Foundation") was established in 1944 by Walter C. Teagle, longtime President and later Chairman of the Board of Standard Oil Company (New Jersey), now Exxon Mobil Corporation ("Exxon"). Its assets are derived from bequests from Mr. Teagle, his wife, Rowena Lee Teagle and their son, Walter C. Teagle, Jr. The Foundation is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. It has been classified as a private foundation as defined in Section 509(a) of the Internal Revenue Code. The Foundation's primary source of support is investment income.

The Teagle Foundation works to support and strengthen liberal arts education, which we see as fundamental to meaningful work, effective citizenship, and a fulfilling life. Our aim is to serve as a catalyst for the improvement of teaching and learning in the arts and sciences while addressing issues of financial sustainability and accountability in higher education.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

The Foundation reports information regarding its financial position and activities based upon the existence or absence of donor restrictions on its net assets. Gifts received with donor stipulations that limit the use of the donated assets are reported as net assets with donor restrictions. Contributions with donor restrictions, received and expended in the same period are reflected as contributions without donor restrictions in the accompanying financial statements. The Foundation's net assets are all classified as net assets without donor restriction.

Change in Accounting Principle

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 provides a framework for evaluating whether grants and contributions should be accounted for as exchange or nonexchange transactions. For resource providers, the ASU was effective for fiscal years beginning after December 15, 2019. The adoption of the ASU had an immaterial impact on the Foundation's financial statements.

Leasehold Improvements, Furniture and Equipment

Leasehold improvements, furniture and equipment are stated at cost. Depreciation of furniture and equipment is computed using the straight-line method over the estimated useful lives of the assets which range from three to seven years. Leasehold improvements are amortized over the life of the lease.

THE TEAGLE FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

2. Summary of Significant Accounting Policies (continued)

Grants

Unconditional grants are recognized as expense upon approval by the Board of Directors. Reporting requirements are not considered conditions by the Foundation. Conditional grants are recognized as expense when the conditions have been satisfied by the grantees.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Functional Allocation of Expenses

The financial statements report certain categories of expenses, such as occupancy, travel, meetings and conferences, and office expense that are attributable to one or more program or supporting function of the Foundation. These expenses are allocated based on estimated time and use. In addition, salary and related benefit costs are allocated based on time and effort of staff.

Investments

Investments in marketable securities are valued at quoted market prices. Investments in alternative investment funds are ordinarily valued at the most recent estimate determined by the investment manager or agents based upon the valuation reported by the fund administrators in accordance with the policies established by the relevant funds. As a general matter, the fair value of the Foundation's investment in these funds will represent the amount that the Foundation could reasonably expect to receive from the fund if the Foundation's interest was redeemed at the time of valuation, based upon the information reasonably available at the time the valuation was made.

Valuations provided by these funds may be based upon estimated or unaudited reports, and may be subject to later adjustment or revision. Any such adjustments or revision will either increase or decrease the net asset value of the Foundation at the time the Foundation is provided with the information regarding the adjustment.

The Foundation's portfolio of investments is diversified. Investments purchased by the Foundation are recorded at cost. Realized gains and losses from the sale of securities are determined by comparison of cost to proceeds and are determined under the specific identification method on a trade date basis. Net income (interest, dividends, realized gains and management fees) from alternative investments is recorded when reported by the fund, which is normally annually.

THE TEAGLE FOUNDATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurement of Investments

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

The fair value of alternative investments has been estimated using the Net Asset Value (“NAV”) or its equivalent, as reported by management of the respective alternative investment funds. U.S. GAAP guidance provides for the use of NAV or its equivalent as a “Practical Expedient” for estimating fair value of alternative investments. When the practical expedient is used, the investment is excluded from the fair value hierarchy.

Cash

For purposes of cash flow, the Foundation defines operating cash as checking accounts and petty cash.

Subsequent Events

In connection with the preparation of the financial statements the Foundation evaluated subsequent events after the statement of financial position date of June 30, 2021 through November 18, 2021 which was the date the financial statements were available to be issued.

Uncertain Tax Positions

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Foundation has no uncertain tax positions that would require financial statement disclosure and/or recognition. The Foundation is no longer subject to examinations by the applicable taxing jurisdictions prior to fiscal year 2018.

THE TEAGLE FOUNDATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

3. Net Investment Return

Net investment return for the years ended June 30, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Interest, dividends and partnership earnings	\$ 2,705,099	\$ 2,932,814
Realized gains	9,820,575	2,441,674
Unrealized gains (losses)	<u>32,621,078</u>	<u>(1,774,524)</u>
	45,146,752	3,599,964
Direct investment expenses	<u>(1,814,874)</u>	<u>(1,757,880)</u>
	<u>\$ 43,331,878</u>	<u>\$ 1,842,084</u>

4. Investments

Investments as of June 30, 2021 and 2020 consist of the following:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and short-term investments	\$ 11,925,152	\$ 11,925,236	\$ 3,155,085	\$ 3,155,213
Global equity	39,994,500	68,906,118	46,757,279	60,033,006
Hedge funds	27,809,611	32,443,952	22,907,683	25,622,881
Private equity	30,293,332	47,813,000	29,708,035	32,131,019
Fixed income	<u>10,725,305</u>	<u>9,893,108</u>	<u>14,696,833</u>	<u>13,895,232</u>
	<u>\$ 120,747,900</u>	<u>\$ 170,981,414</u>	<u>\$ 117,224,915</u>	<u>\$ 134,837,351</u>

THE TEAGLE FOUNDATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

4. **Investments** (Continued)

The following are major categories of investments measured at estimated fair value as of June 30:

	2021		
	Total	Level 1	Valued at NAV
Global equity			
Common stocks			
Oil and gas	\$ 9,845,211	\$ 9,845,211	\$ -
Other	524,238	524,238	-
ETF global equity	13,692,021	13,692,021	-
Developed market funds			
Global equity	18,195,825	-	18,195,825
European equity	8,393,408	-	8,393,408
Japan equity	4,272,221	-	4,272,221
US healthcare	9,969,881	-	9,969,881
Emerging market funds	4,013,313	-	4,013,313
Hedge funds			
Long/short	20,840,848	-	20,840,848
Specialized credit	7,006,097	-	7,006,097
Special situations	4,597,007	-	4,597,007
Private equity	47,813,000	-	47,813,000
Fixed income			
ETF treasuries	9,661,286	9,661,286	-
Other fixed income funds	231,822	-	231,822
	159,056,178	<u>\$ 33,722,756</u>	<u>\$ 125,333,422</u>
Cash and short-term investments	<u>11,925,236</u>		
	<u>\$ 170,981,414</u>		

THE TEAGLE FOUNDATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

4. Investments (Continued)

	2020		
	Total	Level 1	Valued at NAV
Global equity			
Common stocks			
Oil and gas	\$ 8,052,954	\$ 8,052,954	\$ -
ETF global equity	12,767,095	12,767,095	-
Developed market funds			
Global equity	17,729,797	-	17,729,797
European equity	6,611,388	-	6,611,388
Japan equity	2,167,580	-	2,167,580
US healthcare	7,086,120	-	7,086,120
Emerging market funds	5,618,072	-	5,618,072
Hedge funds			
Long/short	15,732,494	-	15,732,494
Specialized credit	5,867,855	-	5,867,855
Special situations	4,022,532	-	4,022,532
Private equity	32,131,019	-	32,131,019
Fixed income			
ETF treasuries	13,686,882	13,686,882	-
Other fixed income funds	208,350	-	208,350
	<u>131,682,138</u>	<u>\$ 34,506,931</u>	<u>\$ 97,175,207</u>
Cash and short-term investments	<u>3,155,213</u>		
	<u>\$ 134,837,351</u>		

Included in common stock is the Foundation's holding in Exxon Mobil Corporation common stock. This investment's fair value was \$9,845,211 and \$8,052,954 as of June 30, 2021 and 2020, respectively, which represents approximately six percent of the total assets of the Foundation in 2021 and 2020, respectively.

THE TEAGLE FOUNDATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

4. Investments (Continued)

Information about the investments valued at NAV is as follows:

	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Notice Requirement</u>
Global equity funds (a)	\$ 3,372,981	\$ -	Monthly	6-10 days
Global equity funds (a)	19,576,188		Quarterly	30-90 days
Global equity funds (a)	4,272,221		1 year full redemption	30-60 days
Global equity funds (a)	9,229,850		2-3 years for full redemption	45-90 days
Global equity funds (a)	8,393,408		Lock-up through Nov. 2021	90 days
Hedge funds (b)	6,948,460		Quarterly	45-60 days
Hedge funds (b)	12,532,226		2-3 years for full redemption	60-65 days
Hedge funds (b)	2,880,850		Lock-up through Oct. 2021	90 days
Hedge funds (b)	4,028,573		Lock-up through Mar. 2022	75 days
Hedge funds (b)	3,193,292		Lock-up through Feb. 2024	30 days
Hedge funds (b)	765,442		Lock-up through June 2024	30 days
Hedge funds (b)	1,803,282	258,918	Lock-up through Mar. 2026	30 days
Hedge funds (b)	291,827	2,700,000	Lock-up through Apr. 2028	30 days
Private equity (c)	47,813,000	11,466,600	Illiquid	
Fixed income (d)	231,822	90,961	Illiquid	
	<u>\$ 125,333,422</u>	<u>\$ 14,516,479</u>		

- (a) Global equity funds consist of thirteen funds valued at NAV, three using the global equity strategy, four using an emerging markets strategy, one using the European equity strategy, two Japan equity funds, and three US healthcare funds.
- (b) Hedge funds consist of fourteen investments valued at NAV. Seven funds employ the long/short strategy, five employ a specialized credit strategy, and two use a special situations strategy.
- (c) Private equity consists of forty-eight funds valued at NAV. They use various strategies including real estate, buy-out and energy.
- (d) Fixed income funds valued at NAV consist of two funds following specialized credit strategies.

THE TEAGLE FOUNDATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

5. Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general use within one year of that date due to contractual or donor-imposed restrictions:

	<u>2021</u>	<u>2020</u>
Investments, at fair value	\$ 170,981,414	\$ 134,837,351
Operating cash	617,950	424,580
Other receivables	<u>506,073</u>	<u>433,883</u>
	172,105,437	135,695,814
Less:		
Illiquid investments	(75,860,741)	(53,563,445)
Interest in split-term life insurance policy	<u>(424,278)</u>	<u>(433,706)</u>
	<u>\$ 95,820,418</u>	<u>\$ 81,698,663</u>

Annually the Foundation determines its budget for grants, programs and supporting services in accordance with its spending guidelines. The Foundation determines which assets to redeem to meet cash needs.

6. Leasehold Improvements, Furniture and Equipment

Leasehold improvements, furniture and equipment as of June 30, 2021 and 2020 are comprised of the following:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 234,447	\$ 234,447
Furniture and equipment	234,011	234,011
Paintings	<u>30,480</u>	<u>30,480</u>
	498,938	498,938
Less: accumulated depreciation and amortization	<u>(342,228)</u>	<u>(310,887)</u>
	<u>\$ 156,710</u>	<u>\$ 188,051</u>

THE TEAGLE FOUNDATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

7. Concentration of Risk

During the fiscal year, the Foundation had cash in the bank exceeding federally insured limits. The Foundation manages this risk by only using a well-established bank.

8. Federal Excise Tax

In accordance with the applicable provisions of the Internal Revenue Code (the "Code"), the Foundation is subject to a Federal excise tax. Prior to the amendment to section 4940(a) of the Internal Revenue Code, the Foundation was subject to excise tax of either 1% or 2%. On December 20, 2019, the Further Consolidated Appropriations Act of 2020 (the "Act") was signed into law, simplifying the federal excise tax on private foundations. The Act eliminated the two-tiered system of excise tax and replaced it with a flat excise tax rate of 1.39%. The flat rate was effective July 1, 2020 for the Foundation. The Foundation's excise tax rate was 1.39% and 1% for 2021 and 2020, respectively. For the year ended June 30, 2021, excise tax expense was approximately \$143,100. The comparable amount for 2020 was \$34,000.

Some of the Foundation's investments generated unrelated business income. This income is subject to tax at the corporate tax rates. For the year ended June 30, 2021, the unrelated business excise tax was approximately \$7,100 on the Federal level and \$4,200 on the New York State level. For the year ended June 30, 2020, these investments generated losses which can be carried back or forward.

The deferred tax liability is calculated at 1.39% of unrealized appreciation at June 30 2021 and 2020, respectively. Changes to the liability for deferred tax on the unrealized appreciation amounted to an increase of approximately \$453,000 for the year ended June 30, 2021 and a decrease of approximately \$143,000 for the year ended June 30, 2020, respectively.

9. Retirement Plans

The Foundation maintains a defined contribution profit sharing plan and a 403(b)-retirement plan. During the year ended June 30, 2021, the Foundation terminated the defined contribution profit sharing plan and moved the assets to the 403(b)-retirement plan.

The defined contribution profit sharing plan, was established effective September 1, 2004 and covers all full-time employees. The plan provides for a contribution of ten percent of compensation and is fully vested. The cost of this plan for the years ended June 30, 2021 and 2020 was \$92,701 and \$82,133, respectively.

The Foundation also maintains a 403(b) plan for all employees. The Foundation will match employee contributions to the plan up to five percent of each employee's salary. The cost of this plan for the years ended June 30, 2021 and 2020 was \$46,351 and \$41,067, respectively.

THE TEAGLE FOUNDATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

10. Grants Payable

The Foundation's Scholarship Program provides grants to the children of employees of Exxon Mobil Corporation and its affiliates. Awards based on financial need are renewable to the completion of the degree up to a maximum of \$10,000 a year for undergraduate study. Conditional commitments to scholarship recipients, which have not been recognized as an expense, totaled approximately \$720,000 as of June 30, 2021.

In addition to the commitments above, the Foundation also has \$770,500 in conditional commitments towards the *Cornerstone: Learning for Living* initiative as of June 30, 2021. These commitments are in addition to the commitments listed under Note 11.

Unconditional grants are recognized when approved by the Directors of the Foundation. Grants payable represents amounts authorized but scheduled for future payment. Grants to be paid in more than one year are discounted to present value using the treasury bill rate. The commitments outstanding at June 30, 2021, net of the discount to present value, are scheduled for payment as follows:

Year Ending June 30:	2022	\$ 2,587,013
	2023	893,101
	2024	28,000
	2025	<u>16,000</u>
		3,524,114
Less: Discount to present value		<u>(5,377)</u>
		<u>\$ 3,518,737</u>

11. National Endowment for the Humanities

On September 25, 2020, the Foundation received notification it has been awarded a \$3,000,000 grant from the National Endowment for the Humanities (NEH) to run *Cornerstone: Learning for Living*, an initiative to revitalize the role of the humanities in general education. It is anticipated that this grant will be used over a five-year period.

During the year ended June 30, 2021, the Foundation recognized \$130,000 in contributions from this grant and incurred \$130,000 of expenses related to this grant. As of June 30, 2021, conditional grant commitments under this agreement totaled \$630,250. The remaining balance under this agreement as of June 30, 2021 is \$2,239,750, which will be spent or committed in future years.

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12. Commitments and Contingencies

Leases

The Foundation has a fifteen year and four-month lease for space in New York City that commenced June 1, 2010. During the first year and two months of the lease, the Foundation received six months free rent. The minimum lease payments are as follows:

Year ending June 30:	2022	281,563
	2023	285,082
	2024	288,646
	2025	292,254
	2026	<u>48,809</u>
		<u>\$ 1,196,354</u>

Rent expense was \$288,949 and \$269,048 for the years ended June 30, 2021 and 2020, respectively.

13. COVID-19

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