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**Independent Auditor's Report**

**The Board of Directors of  
The Teagle Foundation, Incorporated**

***Opinion***

We have audited the accompanying financial statements of the The Teagle Foundation, Incorporated (the "Foundation"), which comprise the statements of financial position as of June 30, 2022 and 2021 and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the The Teagle Foundation as of June 30, 2022 and 2021 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards (GAAS) will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

*Owen J. Flanagan & Co.*

December 21, 2022

THE TEAGLE FOUNDATION, INCORPORATED  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Investments, at fair value		
Cash and short-term investments	\$ 6,277,549	\$ 11,925,236
Global equity	59,521,037	68,906,118
Hedge funds	24,147,294	32,443,952
Private equity	45,607,219	47,813,000
Fixed income	11,892,639	9,893,108
<u>Total Investments</u>	<u>147,445,738</u>	<u>170,981,414</u>
Operating cash	554,330	617,950
Prepaid expenses and other assets	121,811	117,202
Receivables	520,692	506,073
Leasehold improvements, furniture and equipment, net	125,369	156,710
<u>Total Assets</u>	<u>\$ 148,767,940</u>	<u>\$ 172,379,349</u>
<u>LIABILITIES AND NET ASSETS</u>		
Grants payable	\$ 4,848,831	\$ 3,518,737
Accounts payable and accrued expenses	92,364	55,012
Deferred Federal excise tax payable	289,459	698,246
<u>Total Liabilities</u>	<u>5,230,654</u>	<u>4,271,995</u>
Net Assets	<u>143,537,286</u>	<u>168,107,354</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 148,767,940</u>	<u>\$ 172,379,349</u>

See accompanying notes to financial statements.

THE TEAGLE FOUNDATION, INCORPORATED  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>Revenue</u>		
Net investment return	\$ (16,239,208)	\$ 43,331,878
Less:		
Federal excise and unrelated business income tax	171,299	154,400
Deferred federal excise tax (recovery) expense	<u>(408,787)</u>	<u>453,433</u>
<u>Investment return net of taxes</u>	<u>(16,001,720)</u>	<u>42,724,045</u>
Contributions	<u>559,147</u>	<u>130,000</u>
<u>Total Revenue</u>	<u>(15,442,573)</u>	<u>42,854,045</u>
<u>Expenses</u>		
Grants	6,567,467	5,091,890
Program management	1,620,645	1,465,606
Management and governance	600,033	542,099
Investment oversight	<u>339,350</u>	<u>334,637</u>
<u>Total Expenses</u>	<u>9,127,495</u>	<u>7,434,232</u>
Change in Net Assets	(24,570,068)	35,419,813
Net Assets		
Beginning of year	<u>168,107,354</u>	<u>132,687,541</u>
End of year	<u>\$ 143,537,286</u>	<u>\$ 168,107,354</u>

See accompanying notes to financial statements.

THE TEAGLE FOUNDATION, INCORPORATED

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets for year	\$ (24,570,068)	\$ 35,419,813
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 loss (gain) on investments	16,333,560	(42,441,653)
Decrease (increase) in assets:		
Prepaid expenses and other assets	(4,609)	215,582
Receivables	(14,619)	(72,190)
Increase (decrease) in liabilities:		
Grants payable	1,330,094	296,708
Accounts payable and accrued expenses	37,352	(7,254)
Deferred federal excise tax	(408,787)	453,433
Net cash used in operating activities	<u>(7,265,736)</u>	<u>(6,104,220)</u>
Cash flows from investing activities:		
Purchases of investments	(21,761,396)	(11,781,876)
Proceeds from sales of investments	23,315,825	26,849,489
Net change in short-term investments	<u>5,647,687</u>	<u>(8,770,023)</u>
Net cash provided by investing activities	<u>7,202,116</u>	<u>6,297,590</u>
Change in operating cash	(63,620)	193,370
Operating cash		
Beginning of year	<u>617,950</u>	<u>424,580</u>
End of year	<u>\$ 554,330</u>	<u>\$ 617,950</u>
Supplemental Information		
Unrelated business income taxes paid	\$ 10,250	\$ 250
Excise taxes paid	\$ 145,000	\$ 55,000

See accompanying notes to financial statements.

THE TEAGLE FOUNDATION, INCORPORATED  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>Grants and Program Management</u>	<u>Management and Governance</u>	<u>Investment Oversight</u>	<u>2022 Total</u>
Grants	<u>\$ 6,567,467</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,567,467</u>
Salaries	706,100	205,200	201,288	1,112,588
Payroll taxes and benefits	186,872	138,436	45,159	370,467
Occupancy	196,254	57,034	55,946	309,234
Communicatons and grantee convenings	228,048	-	-	228,048
Consulting and professional fees	192,448	113,832	6,503	312,783
Travel, conferences and meetings	2,107	22,783	-	24,890
Office expenses	17,755	36,340	4,441	58,536
Systems and technology support	71,170	20,683	20,288	112,141
Depreciation	19,891	5,725	5,725	31,341
	<u>1,620,645</u>	<u>600,033</u>	<u>339,350</u>	<u>2,560,028</u>
Total	<u>\$ 8,188,112</u>	<u>\$ 600,033</u>	<u>\$ 339,350</u>	<u>\$ 9,127,495</u>
	<u>Grants and Program Management</u>	<u>Management and Governance</u>	<u>Investment Oversight</u>	<u>2021 Total</u>
Grants	<u>\$ 5,091,890</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,091,890</u>
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>

See accompanying notes to financial statements.

THE TEAGLE FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

**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 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.

The Foundation's primary source of financial support for its operations is from the investment portfolio.

**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.

***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.

***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.

THE TEAGLE FOUNDATION, INCORPORATED  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

**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.

***Cash***

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

***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 2019.

***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, 2022 AND 2021

**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.

***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, 2022 through December 31, 2022 which was the date the financial statements were available to be issued.

**3. Investments**

Investments as of June 30, 2022 and 2021 consist of the following:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and short-term investments	\$ 6,277,556	\$ 6,277,549	\$ 11,925,152	\$ 11,925,236
Global equity	51,595,830	59,521,037	39,994,500	68,906,118
Hedge funds	26,620,579	24,147,294	27,809,611	32,443,952
Private equity	28,981,035	45,607,219	30,293,332	47,813,000
Fixed income	<u>13,146,386</u>	<u>11,892,639</u>	<u>10,725,305</u>	<u>9,893,108</u>
	<u>\$ 126,621,386</u>	<u>\$ 147,445,738</u>	<u>\$ 120,747,900</u>	<u>\$ 170,981,414</u>

THE TEAGLE FOUNDATION, INCORPORATED  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

3. **Investments** (Continued)

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

	<u>2022</u>		
	<u>Total</u>	<u>Level 1</u>	<u>Valued at NAV</u>
Global equity			
Common stocks			
Oil and gas	\$ 9,084,263	\$ 9,084,263	\$ -
ETF global equity	17,277,553	17,277,553	-
Developed market funds			
Global equity	11,289,890	-	11,289,890
European equity	7,813,457	-	7,813,457
Asian equity	2,666,777	-	2,666,777
US healthcare	11,389,097	-	11,389,097
Hedge funds			
Long/short	12,977,795	-	12,977,795
Specialized credit	6,708,509	-	6,708,509
US healthcare	1,939,033	-	1,939,033
Special situations	2,521,957	-	2,521,957
Private equity	45,607,219	-	45,607,219
Fixed income			
ETF treasuries	11,710,034	11,710,034	-
Other fixed income funds	182,605	-	182,605
	<u>141,168,189</u>	<u>\$ 38,071,850</u>	<u>\$ 103,096,339</u>
Cash and short-term investments	<u>6,277,549</u>		
	<u>\$ 147,445,738</u>		

THE TEAGLE FOUNDATION, INCORPORATED  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

3. **Investments** (Continued)

	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
Asian 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	11,925,236		
	<u>\$ 170,981,414</u>		

Included in common stock is the Foundation's holding in Exxon Mobil Corporation common stock. This investment's fair value was \$9,084,263 and \$9,845,211 as of June 30, 2022 and 2021, respectively, which represents approximately six percent of the total assets of the Foundation in 2022 and 2021, respectively.

THE TEAGLE FOUNDATION, INCORPORATED  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

**3. Investments** (Continued)

Information about the investments valued at NAV is as follows:

	Fair Value	Unfunded Commitment	Redemption Frequency	Notice Requirement
Global equity funds (a)	\$ 2,726,417	\$ -	Monthly	45 days
Global equity funds (a)	9,919,827		- Quarterly	30-60 days
Global equity funds (a)	12,699,520		- 2-3 years for full redemption	45-90 days
Global equity funds (a)	2,622,767		- Lock-up through Nov. 2023	90 days
Global equity funds (a)	2,588,813		Lock-up through Nov. 2024	90 days
Global equity funds (a)	2,601,877		Lock-up through Nov. 2025	90 days
Hedge funds (b)	4,514,759		- Quarterly	45-90 days
Hedge funds (b)	6,718,438		- Annual	60-75 days
Hedge funds (b)	4,633,071		- 2-3 years for full redemption	60-65 days
Hedge funds (b)	2,238,444		- Lock-up through Feb. 2024	30 days
Hedge funds (b)	2,312,375	720,000	Lock-up through Apr. 2028	30 days
Hedge funds (b)	1,972,216		- Lock-up through Feb. 2024	30 days
Hedge funds (b)	1,757,991	8,264	Lock-up through Mar. 2026	30 days
Private equity (c)	45,607,219	10,582,106	Illiquid	
Fixed income (d)	182,605	91,241	Illiquid	
	<u>\$ 103,096,339</u>	<u>\$ 11,401,611</u>		

- (a) Global equity funds consist of nine funds valued at NAV, four using a global equity strategy, three US healthcare funds, one using a European equity strategy, and one Asian equity fund.
- (b) Hedge funds consist of twelve investments valued at NAV. Six funds employ a long/short strategy, four employ a specialized credit strategy, one special situations strategy, and one US healthcare fund.
- (c) Private equity consists of fifty-three funds valued at NAV. They use various strategies including real estate, buy-out, venture capital, technology, hospitality, and energy.
- (d) Fixed income funds valued at NAV consist of two funds with specialized credit strategies.

THE TEAGLE FOUNDATION, INCORPORATED  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

**4. Net Investment Return**

Net investment return for the years ended June 30, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Interest, dividends and partnership earnings	\$ 1,973,614	\$ 2,705,099
Realized gains	13,075,602	9,820,575
Unrealized gains (losses)	<u>(29,409,162)</u>	<u>32,621,078</u>
	(14,359,946)	45,146,752
Direct investment expenses	<u>(1,879,262)</u>	<u>(1,814,874)</u>
	<u>\$ (16,239,208)</u>	<u>\$ 43,331,878</u>

**5. Liquidity and Availability of Financial Assets**

The following reflects the Foundation's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general use within one year of that date due to contractual or donor-imposed restrictions:

	<u>2022</u>	<u>2021</u>
Investments, at fair value	\$ 147,445,738	\$ 170,981,414
Operating cash	554,330	617,950
Other receivables	<u>520,692</u>	<u>506,073</u>
	148,520,760	172,105,437
Less:		
Illiquid investments	(79,216,898)	(75,860,741)
Interest in split-term life insurance policy	<u>(396,822)</u>	<u>(424,278)</u>
	<u>\$ 68,907,040</u>	<u>\$ 95,820,418</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. 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.

THE TEAGLE FOUNDATION, INCORPORATED  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

**7. Leasehold Improvements, Furniture and Equipment**

Leasehold improvements, furniture and equipment as of June 30, 2022 and 2021 are comprised of the following:

	2022	2021
Leasehold improvements	\$234,447	\$234,447
Furniture and equipment	234,011	234,011
Paintings	30,480	30,480
	498,938	498,938
Less: accumulated depreciation and amortization	(373,569)	(342,228)
	<u>\$125,369</u>	<u>\$156,710</u>

**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 of 1.39% on its net investment income, as defined, for tax purposes. For the year ended June 30, 2022, excise tax expense was approximately \$164,900. The comparable amount for 2021 was \$143,100.

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, 2022, the unrelated business excise tax was approximately \$4,000 on the Federal level and \$2,400 on the New York State level. For the year ended June 30, 2021, the unrelated business taxable income was netted to zero due to net operating losses from the prior year on the Federal level and there was a \$250 tax on the New York State level.

The deferred tax liability is calculated at 1.39% of unrealized appreciation at June 30, 2022 and 2021, respectively. Changes to the liability for deferred tax on the unrealized appreciation amounted to a decrease of approximately \$409,000 for the year ended June 30, 2022 and an increase of approximately \$453,000 for the year ended June 30, 2021, respectively.

**9. Retirement Plans**

The Foundation maintains a defined contribution profit sharing plan and a 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, 2022 and 2021 was \$97,650 and \$92,701, respectively.

THE TEAGLE FOUNDATION, INCORPORATED  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

**9. Retirement Plans** (Continued)

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, 2022 and 2021 was \$51,450 and \$46,351, respectively.

**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 \$710,000 as of June 30, 2022.

In addition to the commitments above, the Foundation also has \$2,861,000 in conditional commitments towards the *Cornerstone: Learning for Living* initiative as of June 30, 2022. 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, 2022, net of the discount to present value, are scheduled for payment as follows:

Year Ending June 30:	2023	\$ 2,865,417
	2024	1,545,425
	2025	<u>572,900</u>
		4,983,742
Less: Discount to present value		<u>(134,911)</u>
		<u>\$ 4,848,831</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, 2022, the Foundation recognized \$554,147 in contributions from this grant and incurred \$554,147 of expenses related to this grant. As of June 30, 2022, conditional grant commitments under this agreement totaled \$1,707,500. The remaining balance under this agreement as of June 30, 2022 is \$608,353 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:	2023	285,082
	2024	288,646
	2025	292,254
	2026	<u>48,809</u>
		<u>\$ 914,791</u>

Rent expense was \$282,557 and \$288,949 for the years ended June 30, 2022 and 2021, 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.