

Financial Statements and Report of
Independent Certified Public
Accountants

The Ford Foundation

December 31, 2022 and 2021

Contents

Page

Report of Independent Certified Public Accountants	3
Financial Statements	
Statements of financial position	5
Statements of activities	6
Statements of functional expenses	7
Statements of cash flows	9
Notes to financial statements	10

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
The Ford Foundation

Opinion

We have audited the financial statements of The Ford Foundation (the "Foundation"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 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 of the financial statements in accordance with auditing standards generally accepted in the United States of America (US 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 the financial statements are issued.

Auditor's responsibilities 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 is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US 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.

Grant Thornton LLP

New York, New York
June 30, 2023

The Ford Foundation

STATEMENTS OF FINANCIAL POSITION

December 31,
(in thousands)

	<u>2022</u>	<u>Consolidated 2021</u>
ASSETS		
Investments, at fair value	\$ 15,348,347	\$ 18,773,277
Subscriptions paid in advance to investment funds	337	40,000
Redemption proceeds receivable	57,897	62,043
Accrued interest and dividends receivable	5,927	871
	<u>15,412,508</u>	<u>18,876,191</u>
Cash	312,571	480,596
Investment-related receivables	295,447	291,104
Other receivables and assets	7,029	7,860
Program-related investments (net of allowances for possible losses of \$28,758 and \$25,728 at December 31, 2022 and 2021, respectively)	122,631	143,152
Fixed assets (net of accumulated depreciation of \$63,249 and \$57,415 at December 31, 2022 and 2021, respectively)	233,192	239,141
Total assets	<u>\$ 16,383,378</u>	<u>\$ 20,038,044</u>
LIABILITIES AND NET ASSETS		
Unpaid grants	\$ 715,151	\$ 766,889
Payables and other liabilities	87,362	96,878
Investment-related payables	289,378	321,686
Federal current excise tax payable	9,200	4,645
Federal deferred excise tax payable	85,255	134,158
Bonds payable (net of unamortized issuance costs of \$7,725 and \$7,948 at December 31, 2022 and 2021, respectively)	1,265,275	1,265,052
Total liabilities	<u>2,451,621</u>	<u>2,589,308</u>
Contingencies, commitments and guarantees		
NET ASSETS		
Appropriated	994,791	265,389
Unappropriated	12,936,966	17,174,665
Non-controlling interest	-	8,682
Total net assets without donor restrictions	<u>13,931,757</u>	<u>17,448,736</u>
Total liabilities and net assets	<u>\$ 16,383,378</u>	<u>\$ 20,038,044</u>

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

The Ford Foundation
STATEMENTS OF ACTIVITIES
Years ended December 31,
(in thousands)

	2022	Consolidated 2021
Operating activities		
Net investment (loss) return	\$ (2,614,663)	\$ 2,957,482
Expenditures		
Program activities		
Grants approved	713,436	1,114,350
Provision (recovery) for possible losses on program-related investments	3,674	(591)
Direct conduct of charitable activities	25,943	21,485
Program management	59,472	55,233
Total program activities	802,525	1,190,477
Operational support	55,396	47,252
Depreciation	10,588	11,159
Interest	36,787	36,786
Total expenditures	905,296	1,285,674
Change in net assets from operating activities	3,519,959	1,671,808
Change in net assets attributable to non-controlling interest	-	8,682
Non-operating activities		
Net periodic pension costs other than service costs	(3,530)	(3,844)
Post-retirement changes	15,192	5,347
Change in net assets from deconsolidation of affiliate	(8,682)	-
Total change in net assets	(3,516,979)	1,681,993
Net assets, beginning of period	17,448,736	15,766,743
Net assets, end of year	\$ 13,931,757	\$ 17,448,736

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

The Ford Foundation

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2022

(in thousands)

	Program Management Activities and Grants	Direct Conduct of Charitable Activities (DCAs)	Operational Support	2022 Total Expenses
Grants approved	\$ 713,436	\$ -	\$ -	\$ 713,436
Salaries, wages and benefits	45,473	1,403	32,244	79,120
Services and professional fees	3,920	21,568	5,767	31,255
Travel, conferences and meetings	5,834	2,295	1,878	10,007
Facility and occupancy	2,624	-	7,524	10,148
Other operating costs	5,295	677	7,983	13,955
Depreciation	4,535	194	5,859	10,588
Interest	3,810	178	32,799	36,787
	<u>\$ 784,927</u>	<u>\$ 26,315</u>	<u>\$ 94,054</u>	<u>905,296</u>
Subtotal				<u>905,296</u>
Net periodic pension costs other than service costs				<u>3,530</u>
Total expenses				<u>\$ 908,826</u>

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

The Ford Foundation

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2021
(in thousands)

	Program Management Activities and Grants	Direct Conduct of Charitable Activities (DCAs)	Operational Support	2021 Total Expenses
Grants approved	\$ 1,114,350	\$ -	\$ -	\$ 1,114,350
Salaries, wages and benefits	44,345	1,945	29,468	75,758
Services and professional fees	4,885	18,879	7,903	31,667
Travel, conferences and meetings	213	636	221	1,070
Facility and occupancy	2,425	-	5,492	7,917
Other operating costs	2,774	25	4,168	6,967
Depreciation	4,386	289	6,484	11,159
Interest	3,612	249	32,925	36,786
	<u>\$ 1,176,990</u>	<u>\$ 22,023</u>	<u>\$ 86,661</u>	<u>1,285,674</u>
Subtotal				
Net periodic pension costs other than service costs				<u>3,844</u>
Total expenses				<u>\$ 1,289,518</u>

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

The Ford Foundation
STATEMENTS OF CASH FLOWS
Years ended December 31,
(in thousands)

	<u>2022</u>	<u>Consolidated 2021</u>
Cash flows from operating activities		
Change in net assets	\$ (3,516,979)	\$ 1,681,993
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized appreciation on investments, net	(890,652)	(935,518)
Unrealized depreciation (appreciation) on investments, net	3,518,189	(2,107,174)
Depreciation	11,372	12,037
Post-retirement changes and net periodic pension costs other than service cost	(11,662)	(1,503)
Provision (recovery) for possible losses on program-related investments	3,674	(591)
Increase in current excise tax payable	4,555	4,645
(Decrease) increase in deferred federal excise tax payable	(48,903)	29,162
Decrease in federal excise tax receivable	-	7,572
Decrease in other receivables and assets	831	407
Grant approvals	713,436	1,114,350
Grant payments	(765,174)	(907,650)
Increase (decrease) in payables and other liabilities	2,369	(2,957)
	<u>(978,944)</u>	<u>(1,105,227)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Proceeds from sale of investments	4,247,729	4,303,150
Purchase of investments	(3,448,766)	(3,758,725)
Change in subscription paid in advance to investment funds	39,663	53,217
Change in redemption proceeds receivable	4,146	55,287
Change in accrued interest and dividends receivable	(5,056)	2,320
Change in investment-related receivables	(4,343)	(234,861)
Change in investment-related payables	(33,878)	308,701
Loans disbursed for program-related investments	(17,743)	(17,662)
Repayments of program-related investments	34,590	17,663
Purchase of fixed assets	(5,423)	(4,836)
	<u>810,919</u>	<u>724,254</u>
Net cash provided by investing activities		
Cash		
Beginning of period	<u>480,596</u>	<u>861,569</u>
End of period	<u>\$ 312,571</u>	<u>\$ 480,596</u>
Supplemental disclosures		
Interest paid	<u>\$ 37,485</u>	<u>\$ 37,485</u>
Taxes paid	<u>\$ 20,800</u>	<u>\$ 9,200</u>

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

The Ford Foundation
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

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 City, 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 of accounting in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The 2021 financial statements, which include the financial statements of the Foundation and its affiliate, a Delaware limited partnership for the purpose of making investments in venture capital and private equity limited partnerships sponsored by diverse emerging managers. All significant intercompany transactions and balances have been eliminated in consolidation. During 2022, the Foundation’s affiliate accepted new limited partners which resulted in a change in control and deconsolidation. The change in ownership resulted in a loss of \$8,682 which is reflected in the accompanying 2022 statements of activities as change in net assets from deconsolidation of affiliate.

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 cash and cash equivalents. NAV investments in funds are classified for financial reporting as investments funds.

The Ford Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

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. Cash and cash equivalents includes 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 other short-term securities. Short-term investments for which market prices are not available are valued at amortized cost, which approximates fair value.

Investment funds are NAV investments in diversified strategies, real assets and private equities. For private equities, the Foundation generally commits to invest capital upon demand of the general partner or investment manager. For other investment funds other than private equities, the Foundation generally has restricted periodic redemption rights. The Foundation has significant transparency into the underlying positions of the private equities 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 U.S. GAAP. The practical expedient is an acceptable method under U.S. 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 U.S. 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 are generally increased by additional contributions, and the Foundation's share of net earnings from the NAV investments and are decreased by distributions and the Foundation's share of net losses from the NAV investments for the respective period.

The Foundation believes that the carrying amount of its NAV investments is a reasonable estimate of fair value as of December 31, 2022 and 2021. 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) in 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 statement of financial position.

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

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 statement of financial position. Unrealized appreciation (depreciation) is determined by comparison of cost basis to fair value at

The Ford Foundation
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2022 and 2021

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 on the statement of activities.

Fair Value Measurements

In accordance with U.S. GAAP, the Foundation discloses its assets and liabilities, recorded at fair value into the "fair value hierarchy." U.S. 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. U.S. 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 defined 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 available 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.

The Ford Foundation
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2022 and 2021

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) on the statement 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 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 fair 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 by the Foundation and its investment advisors.

The Foundation enters into repurchase 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 repurchase 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 Ford Foundation
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2022 and 2021

The Foundation receives financial instruments, typically U.S. government securities, received under repurchase agreements and monitors the fair value of these financial instruments on a daily basis. The Foundation obtains additional collateral due to changes in the fair value of the financial instruments, as appropriate.

Cash

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

Program-Related Investments

On January 1, 2022, the Foundation adopted ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loans receivable (program-related investments (loans)). As permitted by ASC 326, the Foundation elected to maintain pools of loans accounted for under the guidance. The Foundation adopted ASC 326 using the modified retrospective method for program-related investments (loans) and the adoption did not have a material effect on reported assets, liabilities, or net assets.

The Foundation recognizes an allowance for credit losses for program-related investments (loans) to present the net amount expected to be collected as of the date of the statement of financial position. Such allowance is based on the credit losses expected to arise over the life of the program-related loans to recipients. The Foundation invests in projects that advance its 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. As a result of the similar characteristics of the investments (loans), the Foundation considers the loans to be one pool in estimating credit losses. The Foundation maintains an allowance for credit losses that reflects management's judgment and estimation of expected losses in the portfolio. The Foundation reviews its allowance for credit losses for adequacy considering economic conditions and trends and credit quality indicators, including past write-off experience and level of past due loans. Management has established a minimum allowance of 15% for the Foundation as of December 31, 2022. Program-related investments are recorded when disbursed.

Allowance for credit losses consist of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 25,728	\$ 26,319
Additional allowance for credit losses	(644)	-
Credit loss expense (recovery)	<u>3,674</u>	<u>(591)</u>
Balance, end of year	<u>\$ 28,758</u>	<u>\$ 25,728</u>

The Ford Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

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 are included within investments on the statement of financial position. As of December 31, 2022 and 2021, the fair value of mission-related investments, as included within the accompanying statements of financial position, totaled \$306.2 million and \$255.3 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 five to eight 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 (barriers) to be met in a future period. Note E provides additional details about the liability for the unpaid grants which have been approved. For conditional grants, the grant expenditure and liability are recognized and recorded in the accounting period when the Foundation determines that the specified conditions (barriers) 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 ("ASC") 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 as of December 31, 2022 and 2021, respectively.

Risks and Uncertainties

In preparing its financial statements, the Foundation makes estimates and assumptions. These estimates affect the reported amounts of assets and liabilities at the date of the statement of financial position and the reported amounts of revenues 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

The Ford Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

relate to the valuation of investments, allowances for possible losses on program-related investments, assumptions used for employee benefit plans and useful lives assigned to fixed assets.

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 principally 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, 2022 and 2021, the Foundation approved grants totaling \$16.5 million and \$48.3 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 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 ("ASU") 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 was effective for the Foundation beginning in calendar year 2022. The Foundation has determined that the adoption of ASU 2016-02 did not have a material effect on the financial statements.

In March 2020, the FASB issued ASU 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. The Foundation determined that ASU 2020-04 had no impact on the financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of leases with a term of 12 months or less) at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis and (b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. The guidance requires a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest

The Ford Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expire before the earliest comparative period presented. A full retrospective transition approach is not permitted. The guidance was effective for the Foundation beginning in fiscal year 2022. The Foundation has determined that adoption of ASU 2016-02 is immaterial to the financial statements.

NOTE B - INVESTMENTS

Investments held by the Foundation at the end of the year and their classification by level within the valuation hierarchy as of December 31, 2022 are as follows:

(in thousands)	Quoted Prices (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments at NAV (Practical Expedient)	Total
Cash and cash equivalents	\$ 63,782	\$ 462,100	\$ -	\$ -	\$ 525,882
Equities	162,087	-	1,654	-	163,741
Fixed income		971,952	-	-	971,952
Investment funds:					
Diversified strategies	-	-	-	7,109,926	7,109,926
Real assets	-	-	-	1,634,760	1,634,760
Private equities	-	-	6,414	4,935,672	4,942,086
Investments, at fair value	<u>\$ 225,869</u>	<u>\$ 1,434,052</u>	<u>\$ 8,068</u>	<u>\$ 13,680,358</u>	15,348,347
Subscriptions paid in advance to investment funds					337
Redemption proceeds receivable					57,897
Accrued interest and dividends receivable					<u>5,927</u>
Total investments					<u><u>\$ 15,412,508</u></u>

The Ford Foundation
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2022 and 2021

Investments held by the Foundation at the end of the year and their classification by level within the valuation hierarchy as of December 31, 2021 were as follows:

(in thousands)	Quoted Prices (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments at NAV (Practical Expedient)	Total
Cash and cash equivalents	\$ 219,015	\$ 1,349,298	\$ -	\$ -	\$ 1,568,313
Equities	378,649	782	7	-	379,438
Investment funds:					
Diversified strategies	-	-	-	8,638,956	8,638,956
Real assets	-	-	-	1,611,141	1,611,141
Private equities	-	-	15,970	6,559,459	6,575,429
Investments, at fair value	<u>\$ 597,664</u>	<u>\$ 1,350,080</u>	<u>\$ 15,977</u>	<u>\$ 16,809,556</u>	<u>18,773,277</u>
Subscriptions paid in advance to investment funds					40,000
Redemption proceeds receivable					62,043
Accrued interest and dividends receivable					<u>871</u>
Total investments					<u>\$ 18,876,191</u>

As of December 31, 2022, cash and cash equivalents consist of cash of \$63.8 million and repurchase agreements of \$462.1 million.

As of December 31, 2021, cash and cash equivalents consist of cash of \$219 million, repurchase agreements of \$125 million, and U.S. treasury bills of \$1,224 million.

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

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

For the years ended December 31, 2022 and 2021, 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, 2022 and 2021.

The Ford Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

The following table lists investments in investment funds (or similar entities) as of December 31, 2022 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 Equities) ⁴	Investments in the equity and credit of primarily private companies through private partnerships and holding companies	264 \$ 4,935,672 \$ 1,356,094	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. Ranges between monthly redemption with 5 days notice, to rolling 5-years redemption with 180 days notice.	Not applicable - no redemption ability. <u>Initial Lockups:</u> 1 year or less: 30% 1-2 years: 16% Over 2 years: 19% No redemption rights: 35%	Not applicable - no redemption rights <u>Current Redemption Ability:</u> 6 months or less: 50% 6 months to 1 year: 9% Over 1 years: 9% No redemption rights: 32%
	Investments in hedge funds, global equity, credit, real assets, natural resources, and other investments through private partnerships and holding companies	143 \$ 8,744,686 \$ 796,801	Generally open ended.	Certain funds have no redemption rights until dissolution of the funds.	<u>Redemption Frequency:</u> Monthly: 2% Quarterly: 31% 1 year or less: 23% Over 1 Year: 9% No redemption rights: 35%	Total side pockets or restricted assets across the funds are less than 5% of the total investment amount.

The Ford Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

The following table lists investments in investment funds (or similar entities) as of December 31, 2021 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 Equities) ⁴	Investments in the equity and credit of primarily private companies through private partnerships and holding companies	246 \$ 6,559,459 \$ 1,245,151	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. Ranges between monthly redemption with 5 days notice, to rolling 5-years redemption with 180 days notice.	Not applicable - no redemption ability.	Not applicable - no redemption rights
	Investments in hedge funds, global equity, credit, real assets, natural resources, and other investments through private partnerships and holding companies	144 \$ 10,250,097 \$ 894,302	Generally open ended.	Certain funds have no redemption rights until dissolution of the funds.	<u>Initial Lockups:</u> 1 year or less: 35% 1-2 years: 17% Over 2 years: 21% No redemption rights: 27% <u>Redemption Frequency:</u> Monthly: 5% Quarterly: 32% 1 year or less: 26% Over 1 Year: 10% No redemption rights: 27%	<u>Current Redemption Ability:</u> 6 months or less: 50% 6 months to 1 year: 12% Over 1 years: 11% No redemption rights: 27% Total side pockets or restricted assets across the funds are less than 5% of the total investment amount.

The Ford Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

- (1) Information reflects a range of various terms for multiple investments.
- (2) The approximate number of outstanding investment funds including investments with unfunded commitments, but no current balance as of December 31, 2022 and 2021.
- (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. 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.

Derivative Instruments

The following table lists the fair value of derivatives by contract type as included within investments in the statements of financial position as of December 31, 2022.

(in thousands)	Notional/ Contractual Amount	Gross Derivative Assets	Gross Derivative Liabilities
Derivative type			
Foreign currency contracts	\$ 223,340	\$ -	\$ (4,017)
Equity options		-	-
Carrying value of derivatives on the statements of financial position		<u>\$ -</u>	<u>\$ (4,017)</u>

The following table lists the fair value of derivatives by contract type as included within investments in the statements of financial position as of December 31, 2021.

(in thousands)	Notional/ Contractual Amount	Gross Derivative Assets	Gross Derivative Liabilities
Derivative type			
Foreign currency contracts	\$ 220,853	\$ -	\$ (2,447)
Equity options	799,999	<u>782</u>	-
Carrying value of derivatives on the statements of financial position		<u>\$ 782</u>	<u>\$ (2,447)</u>

The notional amounts reflected in the above tables, are indicative of the volume of derivative transactions for the years ended December 31, 2022 and 2021.

The Ford Foundation
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2022 and 2021

The appreciation / (depreciation) on derivatives is \$20.0 million and (\$27.4) million and is included in net investment return in the statements of activities for the years ended December 31, 2022 and 2021, 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 is recognized in the statement 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 performing a rigorous review of potential counterparties, maintaining and establishing 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.

NOTE C - FIXED ASSETS

As of December 31, 2022 and 2021, fixed assets consist of the following:

(in thousands)	December 31,	
	2022	2021
Land	\$ 4,440	\$ 4,440
Buildings, net of accumulated depreciation of \$44,986 and \$39,500 at December 31, 2022 and 2021, respectively	191,445	194,684
Furniture, equipment and leasehold improvements, net of accumulated depreciation of \$18,263 and \$17,915 at December 31, 2022 and 2021, respectively	37,307	40,017
	\$ 233,192	\$ 239,141

NOTE D - PROVISION FOR TAXES

The current provision for federal excise tax is based on net investment income using a rate of 1.39% for the years ended December 31, 2022 and 2021, respectively. The deferred provision is calculated based on the same rate on cumulative net unrealized gains for the years ended December 31, 2022 and 2021. The current tax provision for federal excise tax on net investment income is \$30.0 million and \$23.4 million for the years ended December 31, 2022 and 2021, respectively. The Foundation had a cumulative

The Ford Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

unrealized gain that resulted in a \$85.3 million and \$134.2 million deferred tax liability as of December 31, 2022 and 2021, respectively. Estimated excise taxes of \$20.8 million and \$18.8 million were paid during the years ended December 31, 2022 and 2021, respectively.

Certain income defined as unrelated business taxable income by the IRS 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, 2022 and 2021. The state taxes on unrelated business income are immaterial for the years ended December 31, 2022 and 2021. The current and deferred excise taxes provisions are included in the net investment return in the accompanying statements of activities.

NOTE E - GRANT PAYABLE

The Foundation has a grant payable of \$715.2 million for grants approved as of December 31, 2022 but will be paid in 2023 through 2027. The table below shows the amount due to be paid in the specified period as follows:

(in thousands)	<u>Amounts</u>
<u>Year Ending December 31,</u>	
2023	\$ 390,913
2024	156,459
2025	128,143
2026	38,577
2027	<u>1,059</u>
Total	<u>\$ 715,151</u>

NOTE F - RETIREMENT PLANS

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

The Savings Plan is a defined contribution plan, as defined under IRC Section 403(b), and has been 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 \$7.8 million and \$7.7 million for the years ended December 31, 2022 and 2021, 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"). U.S. 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.

The Ford Foundation
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2022 and 2021

(in thousands)	Other Post-Retirement Benefits	
	As of December 31, 2022	As of December 31, 2021
Benefit obligation	\$ 103,246	\$ 125,782
Fair value of plan assets	(33,245)	(44,952)
Funded (unfunded) status and amounts recognized in the statements of financial position	(70,001)	(80,830)
Accumulated benefit obligation	103,246	125,782
Accumulated non-operating activities consist of		
Net actuarial loss	21,865	37,057
Total amount recognized	21,865	37,057
Benefits paid	4,321	4,710
Net periodic benefit cost (service cost) recognized in operating activities	833	1,034
Net periodic benefit cost recognized other than service cost		
Interest cost	3,693	3,503
Expected return on plan assets	(2,961)	(2,915)
Amortization of net loss	2,798	3,256
Total net periodic benefit cost recognized in non-operating activities	3,530	3,844
Other changes in plan assets and benefit obligations recognized in non-operating activities		
Net actuarial loss	\$ (12,530)	\$ (2,209)
Amortization of loss	(2,798)	(3,256)
Administrative expenses	135	117
Total other changes in plan assets and benefit obligation	(15,193)	(5,348)
Total recognized in non-operating activities	(11,663)	(1,504)
Total recognized in net periodic benefit cost and non-operating activities	\$ (10,830)	\$ (470)
Weighted-average assumptions (used to determine benefit obligations and net periodic costs)		
Discount rate (benefit obligation)	5.65%	3.00%
Discount rate (net periodic costs)	3.00%	2.85%
Expected rate of return on plan assets (net periodic costs)	7.00%	7.00%

The Ford Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

For measurement purposes, a healthcare cost initial trend rate of 6.8% and 6.0% was used to measure the other post-retirement benefit obligation as of December 31, 2022 and 2021. As of December 31, 2022, and 2021, this trend rate is assumed to decline gradually to 4.14% and 3.94% by the year 2076 and beyond. As of December 31, 2022, the dental obligations reflect a trend rate of 3.0% for 2023 and beyond.

A 1% point change in assumed healthcare cost trend rates would have the following effects:

	<u>1% Decrease</u>	<u>1% Increase</u>
Effect on total of service and interest cost components	\$ (544)	\$ 659
Effect on other postretirement benefit obligation	(8,208)	9,805

The following table presents investments in the defined benefit pension plans and post-retirement plan at fair value by asset category and by level within the valuation hierarchy as of December 31, 2022. 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, 2022 as follows:

(in thousands)	As of December 31, 2022 Assets at Fair Value				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Totals</u>	<u>Percent</u>
Post-retirement plan					
Equity funds					
Vanguard total stock market index	\$ 13,959	\$ -	\$ -	\$ 13,959	41.4%
Vanguard FTSE all world EX-US index	9,571	-	-	9,571	28.4%
Fixed income funds					
Vanguard total bond market index	5,838	-	-	5,838	17.3%
Short-term invest grade fund	4,351	-	-	4,351	12.9%
Total investments in post-retirement plan	<u>\$ 33,719</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,719</u>	<u>100%</u>

The following table presents investments in the defined benefit pension plans and post-retirement plan at fair value by asset category and by level within the valuation hierarchy as of December 31, 2021. 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, 2021 as follows:

(in thousands)	As of December 31, 2021 Assets at Fair Value				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Totals</u>	<u>Percent</u>
Post-retirement plan					
Equity funds					
Vanguard total stock market index	\$ 20,539	\$ -	\$ -	\$ 20,539	45.2%
Vanguard FTSE all world EX-US index	12,709	-	-	12,709	28.0%
Fixed income funds					
Vanguard total bond market index	7,045	-	-	7,045	15.5%
Short-term invest grade fund	5,117	-	-	5,117	11.3%
Total investments in post-retirement plan	<u>\$ 45,410</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,410</u>	<u>100.0%</u>

The Ford Foundation
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2022 and 2021

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)	Other Post-Retirement Benefits		
	Before Part D Subsidy	Part D Subsidy*	Net Cash Flows
2023	\$ 6,605	\$ 195	\$ 6,410
2024	6,619	198	6,421
2025	6,778	198	6,580
2026	6,929	196	6,733
2027	6,949	199	6,750
2028 and thereafter	36,080	985	35,095

* 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 - BONDS 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 bonds. 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.

On June 18, 2020, the Foundation issued \$1 billion of social taxable Bonds, Series 2020. The Foundation intends to use the proceeds to fund grants to build resiliency in the nonprofit sector in response to COVID-19. The use of the proceeds aligns with United Nations Sustainable Goals to reduce poverty, promote decent work and economic growth and reduce inequality. The first bond was sold at par with a coupon rate of 2.415%, payable semiannually and a balloon payment of the principal at maturity date June 1, 2050 and the second bond was sold at par with a coupon rate of 2.815%, payable semiannually and a balloon payment of principal at maturity date of June 1, 2070. Net proceeds from the two social bonds after underwriters' discount totaled \$993.6 million.

NOTE H - LINES OF CREDIT

The Foundation established available lines of credit to provide bridge funding of grants and to finance short-term working capital needs of the Foundation. As of December 31, 2022, the Foundation had three available lines of credit totaling \$550 million with no outstanding balance. As of December 31, 2021 the Foundation had three available lines of credit totaling \$600 million with no outstanding balance.

The Ford Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

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 investments activities as of December 31, 2022, the Foundation is committed to providing \$75.0 million of loans and investments to not-for-profit organizations once certain conditions are met. As of December 31, 2021, this commitment was \$42.6 million. Further, as part of its investment management activity, as of December 31, 2022, the Foundation is committed to additional funding of approximately \$2.2 billion in private equity and other investment commitments inclusive of \$141.4 million of commitments to mission-related investments. As of December 31, 2021, these commitments totaled \$2.1 billion inclusive of \$128.1 million of commitments to mission-related investments.

The Foundation is committed to fund \$54.2 million over the next five 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, 2022 and 2021 include:

(in thousands)	Financial Assets	
	2022	2021
Cash	\$ 312,571	\$ 480,596
Cash equivalents	525,882	1,568,313
Other receivables	4,198	3,062
Redemption and investment-related receivables	359,271	354,018
Equities	162,087	379,438
Fixed income	971,952	-
Investment funds	5,118,615	6,420,734
	<u>\$ 7,454,576</u>	<u>\$ 9,206,161</u>

NOTE K - SUBSEQUENT EVENTS

The Foundation evaluated subsequent events through June 26, 2023, the date the financial statements were issued, and is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements.