

LISA AND DOUGLAS GOLDMAN FUND

FINANCIAL STATEMENTS

December 31, 2020 and 2019



LISA AND DOUGLAS GOLDMAN FUND

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Lisa and Douglas Goldman Fund

We have audited the accompanying financial statements of the Lisa and Douglas Goldman Fund, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lisa and Douglas Goldman Fund as of December 31, 2020 and 2019, 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.

BPM LLP

San Francisco, California
December 15, 2021

LISA AND DOUGLAS GOLDMAN FUND

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 465,089	\$ 2,443,415
Investments, at fair value	290,858,632	268,020,394
Other receivables	627,261	77,902
Prepaid expenses and other assets, net	<u>597,930</u>	<u>608,805</u>
Total assets	<u><u>\$ 292,548,912</u></u>	<u><u>\$ 271,150,516</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Amounts due on purchase of investments	\$ 647,078	\$ 14,037
Accounts payable and accrued liabilities	187,899	163,241
Grants payable, net	2,319,121	4,121,827
Deferred rent	23,677	22,800
Deferred federal excise tax	<u>1,021,000</u>	<u>640,000</u>
Total liabilities	4,198,775	4,961,905
Net assets without donor restrictions	<u>288,350,137</u>	<u>266,188,611</u>
Total liabilities and net assets	<u><u>\$ 292,548,912</u></u>	<u><u>\$ 271,150,516</u></u>

LISA AND DOUGLAS GOLDMAN FUND
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the years ended December 31, 2020 and 2019

	2020	2019
Net investment income:		
Dividends, interest, and other income, net	\$ 4,119,623	\$ 5,360,067
Realized investment gains	2,406,214	3,278,755
Capital gain distributions	585,280	978,088
Unrealized investment gain	28,214,660	39,390,883
Net investment gain before federal excise taxes	35,325,777	49,007,793
Federal excise and income tax expense	452,642	559,880
Total investment gain	34,873,135	48,447,913
Expenses:		
Grantmaking	12,305,993	15,202,286
General and administrative	405,616	404,223
Total expenses	12,711,609	15,606,509
Change in net assets	22,161,526	32,841,404
Net assets without donor restrictions		
Beginning of year	266,188,611	233,347,207
End of year	\$ 288,350,137	\$ 266,188,611

LISA AND DOUGLAS GOLDMAN FUND

STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended December 31, 2020 and 2019

	2020			2019		
	<u>Grantmaking</u>	<u>General and Administrative</u>	<u>Total</u>	<u>Grantmaking</u>	<u>General and Administrative</u>	<u>Total</u>
Grants	\$ 11,045,544	\$ -	\$ 11,045,544	\$ 14,101,277	\$ -	\$ 14,101,277
Personnel costs	886,411	160,101	1,046,512	805,522	143,407	948,929
Office and administrative	290,137	50,497	340,634	217,582	43,319	260,901
Professional services	5,859	160,621	166,480	5,859	193,849	199,708
Insurance	<u>78,042</u>	<u>34,397</u>	<u>112,439</u>	<u>72,046</u>	<u>23,648</u>	<u>95,694</u>
Total expenses	<u>\$ 12,305,993</u>	<u>\$ 405,616</u>	<u>\$ 12,711,609</u>	<u>\$ 15,202,286</u>	<u>\$ 404,223</u>	<u>\$ 15,606,509</u>

LISA AND DOUGLAS GOLDMAN FUND

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 22,161,526	\$ 32,841,404
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	20,276	16,265
Realized investment gains	(2,406,214)	(3,278,755)
Unrealized investment gain	(28,214,660)	(39,390,883)
Change in discount of grants payable	47,294	(83,173)
Deferred federal excise tax	381,000	513,000
Changes in:		
Other receivables	(1,910)	8,870
Prepaid expenses and other assets	(891)	(1,048)
Accounts payable and accrued liabilities	24,660	266
Grants payable	(1,850,000)	4,205,000
Deferred rent	877	(31,345)
	(9,838,042)	(5,200,399)
Net cash used in operating activities		
Cash flows from investing activities:		
Acquisition of investments and income reinvested	(60,840,878)	(25,104,900)
Proceeds from sale/redemption of investments	69,256,555	32,123,085
Net receivables from unsettled trades	(547,448)	-
Acquisition of property and equipment	(8,513)	(2,686)
	7,859,716	7,015,499
Net cash provided by investing activities		
(Decrease) increase in cash and cash equivalents	(1,978,326)	1,815,100
Cash and cash equivalents at beginning of year	2,443,415	628,315
Cash and cash equivalents at end of year	\$ 465,089	\$ 2,443,415
Supplemental disclosures:		
Excise and income taxes paid	\$ 52,000	\$ 33,494

LISA AND DOUGLAS GOLDMAN FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

1. Organization

Established in 1992, the Lisa and Douglas Goldman Fund (the “Fund”) is a private foundation committed to providing support for charitable organizations that enhance society.

The Lisa and Douglas Goldman Fund’s interests include programs making valuable contributions in a variety of fields: democracy and civil liberties, education and literacy, environment, health and recreation, Jewish community, and reproductive health and rights.

2. Summary of Significant Accounting Policies

Basis of Presentation and Description of Net Assets

The Fund uses the accrual basis of accounting in accordance with U.S. generally accepted principles and reports information regarding its financial position and activities according to their classes of net assets: with donor restrictions and without donor restrictions.

Net Assets with Donor Restrictions: The part of net assets of the Fund that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). At December 31, 2020 and 2019, the Fund did not have any net assets with donor restrictions.

Net Assets without Donor Restrictions: The part of net assets of the Fund that is not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Cash and Cash Equivalents

Cash and cash equivalents of \$465,089 and \$2,443,415 at December 31, 2020 and 2019, respectively, include all funds deposited in a bank with a maturity of three months or less, except funds held in investments for long-term purposes. Such funds have been placed in a money fund account bearing interest at an annualized rate of approximately 0.6% (as of December 31, 2020 and 2019). The Fund maintains its cash balances in high quality financial institutions, which at times may exceed federally insured limits. The Fund has not experienced any losses in such accounts.

Revenue Recognition

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statements of activities and changes in net assets as net assets released from restrictions.

Property and Equipment

The Fund capitalizes all acquisitions for property and equipment in excess of \$3,000. Property and equipment purchased by the Fund will be recorded at cost or, if donated, at the approximate fair value at the date of donation.

LISA AND DOUGLAS GOLDMAN FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

2. Summary of Significant Accounting Policies, continued

Property and Equipment, continued

Repairs and maintenance are charged to expense as incurred. Property and equipment will be depreciated using the straight-line method over the estimated useful lives of the assets. Net property and equipment is included in the prepaid expenses and other assets, net on the statements of financial position.

Investments

Investments include cash, cash equivalents, stocks, mutual funds, and hedge funds. Purchased investments are initially stated at cost. Investments received by gift are recorded at market value at the date of contribution. Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included on the statement of activities and changes in net assets. The fair value of alternative investments, global and fixed income funds is further described under the fair value measurement policy below.

Investment transactions are recorded on a trade-date basis. Receivables or payables from unsettled investment transactions represents cash received subsequent to year-end for sales or purchases of investments consummated prior to year-end. Investment management and advisory fees are recorded with dividends, interest, and other income on the statement of activities and changes in net assets and include direct fees paid to investment advisors, managers, and custodians.

Investments, in general, are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Fair Value Measurements

The Fund carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. In addition, the Fund reports certain investments using the Net Asset Value (“NAV”) per share as determined by investment managers under the so-called “practical expedient.” The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met.

Fair value measurement standards also require the Fund to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique. The Fund classifies its financial assets and liabilities according to three levels, and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date, without adjustment. This category includes active exchange traded money market funds, actively managed fixed income, and equity securities whose values are based on quoted market prices.

LISA AND DOUGLAS GOLDMAN FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

2. Summary of Significant Accounting Policies, continued

Fair Value Measurements, continued

Level 2 – Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable and include situations where there is little, if any, market activity for the investment.

Grants

Grants are expensed when the unconditional promise to give is approved by the Board of Directors. Total grants payable as of December 31, 2020 and 2019 were \$2,319,121 and \$4,121,827, respectively.

Conditional grants are recognized as grant expense in the period in which the recipient meets certain criteria or barriers. As of December 31, 2020 and 2019, the Fund's Board of Directors has agreed to commit the organization to future grant allocations totaling \$17,980,000 and \$18,530,000, respectively (see Note 7).

Excise and Income Taxes

The Fund is a private foundation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from California franchise and/or income taxes under Section 23701(d) of the Revenue and Taxation Code. In addition, the Fund may be subject to tax on unrelated business income, if any, generated by its investments.

The Fund is subject to federal excise tax on its investment income. A provision for federal excise tax is accrued. Deferred taxes are recorded on the unrealized gain on investments (see Note 5).

In December 2019, the Consolidated Appropriations Act (the "2020 Act") was enacted. The 2020 Act includes a number of changes to existing U.S. tax laws that impact the Foundation, most notably a flat excise tax of 1.39% will be applied to net investment income for tax years beginning after December 31, 2019. The deferred federal excise tax liability was adjusted from a 2% rate to a 1.39% rate as of December 31, 2019, to reflect the changes from the 2020 Act.

Functional Allocation of Expenses

The costs of providing the Fund's various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and in the statements of functional expenses.

The statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Fund. Those expenses include insurance, office and administrative expenses, and salaries and related costs. These expenses are allocated on a time and material basis which is reported monthly through a time allocation recording process.

LISA AND DOUGLAS GOLDMAN FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

2. Summary of Significant Accounting Policies, continued

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.

These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

Adoption of Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which amends ASC 820 to add, remove, and modify fair value measurement disclosure requirements. For nonpublic entities, the ASU is effective for annual reporting periods beginning after December 15, 2019. The Fund adopted this guidance in 2020 and there was no significant impact on the financial statements.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The ASU revises standard that is aimed at increasing transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. For nonpublic entities, the ASU is effective for annual reporting periods beginning after December 15, 2021 with early adoption permitted. The Fund is currently evaluating the impact that this guidance will have on its financial statements.

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

3. Liquidity

Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Fund’s goal is to maintain financial assets to meet all grant and operating needs. As financial obligations become due, investments are liquidated.

None of these financial assets are subject to donor restrictions that make them unavailable for general expenditure within one year of the date of financial statements. The Fund targets a 6% annual payout to cover annual distributions and operating expenses and has a 55% minimum asset allocation target for liquid asset classes, which include investment grade bonds and public equities.

LISA AND DOUGLAS GOLDMAN FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

3. Liquidity, continued

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2020</u>	<u>2019</u>
Financial assets, at year-end:		
Cash and cash equivalents	\$ 465,089	\$ 2,443,415
Investment related receivables	627,261	77,902
Investments, at fair value	<u>290,858,632</u>	<u>268,020,394</u>
	291,950,982	270,541,711
Less: Financial assets unavailable for general expenditures within one year, due to:		
Investments with liquidity restrictions	<u>10,791,950</u>	<u>4,165,399</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 281,159,032</u>	<u>\$ 266,376,312</u>

4. Investments and Fair Value Measurements

Fair Value Disclosure

The table below presents the balances of assets measured at fair value on a recurring basis at December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
Money market funds	\$ 5,244,446	\$ -	\$ -	\$ -	\$ 5,244,446
Mutual funds:					
Fixed income	62,080,548	-	-	-	62,080,548
U.S. equity	68,974,311	-	-	-	68,974,311
Developed international equity	110,342,772	-	-	-	110,342,772
Real estate and infrastructure	15,116,203	-	-	-	15,116,203
Multi-strategy hedge funds	-	-	-	15,758,675	15,758,675
Alternative equity funds:					
Venture capital/Private equity	-	-	2,549,727	5,155,227	7,704,954
Real assets	-	-	-	1,536,903	1,536,903
Buy out funds	-	-	-	4,078,268	4,078,268
Distressed debt	-	-	-	21,552	21,552
Total	<u>\$ 261,758,280</u>	<u>\$ -</u>	<u>\$ 2,549,727</u>	<u>\$ 26,550,625</u>	<u>\$ 290,858,632</u>

LISA AND DOUGLAS GOLDMAN FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

4. Investments and Fair Value Measurements, continued

Fair Value Disclosure, continued

The table below presents the balances of assets measured at fair value on a recurring basis at December 31, 2019:

	Level 1	Level 2	Level 3	NAV	Total
Money market funds	\$ 5,368,218	\$ -	\$ -	\$ -	\$ 5,368,218
Mutual funds:					
Fixed income	58,328,295	-	-	-	58,328,295
U.S. equity	62,490,280	-	-	-	62,490,280
Developed international equity	107,031,943	-	-	-	107,031,943
Real estate and infrastructure	16,109,663	-	-	-	16,109,663
Multi-strategy hedge funds	-	-	-	14,526,597	14,526,597
Alternative equity funds:					
Venture capital/Private equity	-	-	-	3,058,859	3,058,859
Real assets	-	-	-	618,107	618,107
Buy out funds	-	-	-	466,943	466,943
Distressed debt	-	-	-	21,489	21,489
Total	<u>\$ 249,328,399</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,691,995</u>	<u>\$ 268,020,394</u>

Level 3 Assets

The changes in investments classified as Level 3 are as follows for the years ended December 31, 2020 and 2019:

Fair value as of December 31, 2018	\$ -
Contribution	-
Unrealized gain	-
Fair value as of December 31, 2019	-
Contribution	1,779,998
Unrealized gain	769,729
Fair value as of December 31, 2020	<u>\$ 2,549,727</u>

Quantitative Information About Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The following table represents the Fund's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, as of December 31, 2020 and the significant unobservable inputs.

Instrument	2020 Fair Value	2019 Fair Value	Principal Valuation Technique	Significant Unobservable Inputs
Generate Capital common stock	\$ 2,549,727	\$ -	Income and market approaches	Discount for lack of marketability of 15%

LISA AND DOUGLAS GOLDMAN FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

4. Investments and Fair Value Measurements, continued

Net Asset Value Disclosure

The Fund uses the NAV as a practical expedient to determine the fair value of all the underlying investments which do not have readily determinable fair value and prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

The following table lists investments by major category as of December 31, 2020 and 2019:

Strategies	Number of Funds	2020	Number of Funds	2019	2020	Redemption Frequency	Notice Period
		Valuation		Valuation	Unfunded Commitments		
Multi-strategy hedge funds (a)	2	\$ 15,758,675	2	\$ 14,526,597	\$ -	Monthly/Quarterly	30 days
Alternative equity funds:							
Venture capital/Private equity (b)	8	5,155,227	8	3,058,859	10,832	Not Permitted	Not Permitted
Real assets (c)	4	1,536,903	2	618,107	4,105,272	Not Permitted	Not Permitted
Buy out funds (d)	8	4,078,268	6	466,943	3,185,371	Not Permitted	Not Permitted
Distressed debt	1	21,552	1	21,489	-	Not Permitted	Not Permitted
Total	23	\$ 26,550,625	19	\$ 18,691,995	\$ 7,301,475		

- (a) Redeemable multi-strategy hedge funds include one fund that is focused on liquid strategies in global equity, futures, and FX markets whose goal is to deliver low-correlated absolute returns. These funds also include a fund of funds that invests in merger arbitrage, long/short equity and special investments.
- (b) Venture capital and private equity funds invest in various companies, both domestic and international. These funds are private partnerships or fund of funds which typically have a legal life span of 8-10 years with very limited redemption rights for the Limited Partners. Liquidity is expected in the form of distributions from the funds when the underlying assets are sold. It is estimated that the underlying assets will be redeemed over the next 8 years.
- (c) This strategy invests in multifamily residential and commercial real estate assets. These funds cannot generally be redeemed, and liquidity is expected in the form of distributions from the funds when the underlying assets are sold over the life of the partnerships, which is estimated to be over the next 7 years.
- (d) These funds include a fund of funds acquiring controlling interests in upper middle-market and “large cap” enterprise software, data and technology-enabled solutions companies. These funds of funds partnerships typically have a legal life span of 8-10 years with very limited redemption rights for the Limited Partners. Liquidity is expected in the form of distributions from the funds when the underlying assets are sold. It is estimated that the underlying assets will be redeemed over the next 10 years.

LISA AND DOUGLAS GOLDMAN FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

5. Excise Taxes and Unrelated Business Income Tax (“UBIT”)

Excise Taxes

The provision for current and deferred federal excise taxes for the years ended December 31, 2020 and 2019 was as follows:

	<u>2020</u>	<u>2019</u>
Current:		
Excise	\$ 97,686	\$ 13,386
Unrelated business income (benefit) expense	<u>(26,044)</u>	<u>33,494</u>
Total	71,642	46,880
Deferred:		
Excise	<u>381,000</u>	<u>513,000</u>
Total excise and unrelated business income taxes	<u>\$ 452,642</u>	<u>\$ 559,880</u>

In accordance with the applicable provisions of the Internal Revenue Code, the Fund is a private foundation and qualifies as a tax-exempt organization. Through 2019, private foundations were liable for an excise tax of 2% (1% if minimum payout requirements prescribed by the Internal Revenue Code are met) on net investment income, excluding unrealized gains, as defined. Beginning with the tax year 2020, the excise tax rate for private foundations was changed to 1.39%. For the years ended December 31, 2020 and 2019, the excise tax rate was 1.39% and 2%, respectively. The effective tax rate does not match the statutory tax rate due to prior year tax true ups.

Deferred excise taxes arise primarily from unrealized tax basis gain on investments. The Fund’s deferred tax liability as of December 31, 2019 reflects the change in rate from 2% to 1.39%. As of December 31, 2020 and 2019, the Fund had unrealized tax basis gain on investments of \$73,000,000 and \$46,000,000, respectively, and recorded a deferred tax liability of \$1,021,000 and \$640,000 at a 1.39% rate, respectively. For the years ended December 31, 2020 and 2019, the provision for deferred federal excise tax of \$381,000 and \$513,000, respectively, is the change in deferred tax liability year over year.

Unrelated Business Income Taxes

The Fund is liable for income taxes on unrelated business income allocated on Schedules K-1 from various investments. During the years ended December 31, 2020 and 2019, the Fund incurred combined Federal and California UBI tax liabilities of \$33,494 and \$2,600, respectively.

6. Minimum Distribution Requirements

The IRC requires private foundations to annually disburse approximately 5% of the market value of investment assets, less the federal excise tax, for the current year by the end of next year. This payout requirement may be satisfied by payments for grants, program-related investments, direct conduct of charitable activities, and certain administrative expenses. As of December 31, 2020 and 2019, the Fund met the minimum distribution requirements and currently has carryover excess distribution balances.

LISA AND DOUGLAS GOLDMAN FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

7. Grants Payable

Unconditional grants payable are expected to be paid in the following years:

Year ending December 31:	
2021	\$ 1,545,000
2022	270,000
2023	270,000
2024	170,000
2025	<u>100,000</u>
	2,355,000
Less: discount	<u>(35,879)</u>
	<u>\$ 2,319,121</u>

The Fund's Board of Directors has agreed to commit the organization to future grant allocations totaling \$17,980,000 which have been scheduled as follows:

Year ending December 31:	
2021	\$ 1,850,000
2022	1,850,000
2023	3,850,000
2024	3,840,000
2025	2,590,000
Thereafter	<u>4,000,000</u>
	<u>\$ 17,980,000</u>

These grant commitments have not been recorded in the financial statements because they are conditional and subject to donee organizations satisfying certain requirements set forth by the Fund.

8. Financial Commitments

Office Lease

The Fund is obligated under a multi-year operating lease agreement in San Francisco through January 31, 2023. The Fund is required to tender monthly rent payments of \$22,150 as of December 31, 2020. Rental rates are subject to adjustment in accordance with the terms of the lease but generally increase at the rate of about 3.0% each February 1st. Rent expense amounted to \$261,205 and \$168,049 for the years ended December 31, 2020 and 2019, respectively, and is included in office and administrative expense on the statement of functional expenses.

LISA AND DOUGLAS GOLDMAN FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

8. Financial Commitments, continued

Office Lease, continued

Future minimum rental payments under all leases are as follows:

Year ending December 31:	
2021	\$ 273,108
2022	281,301
2023	<u>23,499</u>
	<u>\$ 577,908</u>

9. 403(b) Retirement Plan

During the year ended December 31, 2009, the Fund adopted a 403(b) Plan. Employees are eligible to contribute as of their date of hire. The company, in its sole discretion, may make non-elective contributions on employees' behalf. Employees must meet certain eligibility criteria in order to receive contributions by the Fund.

Employer contributions for the years ended December 31, 2020 and 2019 amounted to \$117,067 and \$112,897, respectively. Distributions from the 403(b) plan can only be made pursuant to all applicable laws and regulations.

10. Related Party Transactions

The Lisa and Douglas E. Goldman Philanthropic Fund (the "Philanthropic Fund") is a donor-advised fund at the Jewish Community Federation of San Francisco, with variance power resting with the Jewish Community Federation of San Francisco. It was established with a contribution from Lisa and Douglas Goldman. Although grants are recommended by the Lisa and Douglas Goldman Fund Board for funding, they are subject to the approval of the Federation's board of directors. In April 2007, the Board of Directors of the Fund agreed to continue to pay grants to various charities from the Philanthropic Fund until the balance in the Philanthropic Fund was reduced to \$100,000, at which time all future grants were to be paid out from the Lisa and Douglas Goldman Fund.

11. Contingencies

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into contracts related to ongoing operational activities, which are not reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Contractual restrictions and donor conditions which obligate the Fund to fulfill certain requirements as set forth in legal instruments, (b) Investment income and cash flow levels which vary based on factors beyond the Fund's control, such as general economic conditions, (c) Employment contracts and service agreements with outside contractors, and (d) Financial risks associated with funds on deposit in accounts at financial and brokerage institutions. Management believes that such commitments or contingencies have been properly addressed, appropriate amounts have been accrued (where necessary), and there will not be any resolution with a material adverse effect on the financial statements.

LISA AND DOUGLAS GOLDMAN FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

11. Contingencies, continued

The Fund is currently evaluating the recent introduction of the COVID-19 virus and its impact on the Fund's operations and has concluded that while it is reasonably possible that the virus could have a negative effect on the fair value of the Fund's investments, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

12. Subsequent Events

The management of the Fund has reviewed the changes in net assets for the period of time from its fiscal year ended December 31, 2020 through December 15, 2021, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements and no subsequent events have occurred which would require disclosure.