

**LISA AND DOUGLAS GOLDMAN FUND**

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**FINANCIAL STATEMENTS**

December 31, 2022 and 2021

# LISA AND DOUGLAS GOLDMAN FUND

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Lisa and Douglas Goldman Fund

### Opinion

We have audited the financial statements of the Lisa and Douglas Goldman Fund, which comprise the statements of financial position as of December 31, 2022 and 2021, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Lisa and Douglas Goldman Fund as 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 ("U.S. GAAP").

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lisa and Douglas Goldman Fund 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 U.S. GAAP, 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 Lisa and Douglas Goldman Fund's ability to continue as a going concern for one year after the date that the financial statements are issued.

### Auditors' 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 auditors' 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 U.S. 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.

To the Board of Trustees of  
Lisa and Douglas Goldman Fund

In performing an audit in accordance with U.S. 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 Lisa and Douglas Goldman Fund'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 Lisa and Douglas Goldman Fund'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.

BPM LLP

San Francisco, California  
December 20, 2023

# LISA AND DOUGLAS GOLDMAN FUND

## STATEMENTS OF FINANCIAL POSITION

As of December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,439,250	\$ 852,182
Investments, at fair value	251,253,775	312,958,656
Other receivables	2,080,444	41,406
Prepaid expenses and other assets, net	599,822	590,881
Operating lease right-of-use assets, net	<u>907,782</u>	<u>-</u>
Total assets	<u>\$ 256,281,073</u>	<u>\$ 314,443,125</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Amounts due on purchase of investments	\$ 2,469,288	\$ -
Accounts payable and accrued liabilities	180,044	187,308
Grants payable, net	5,907,475	5,065,397
Deferred rent	-	16,600
Deferred federal excise tax	478,000	1,197,000
Operating lease liabilities	<u>954,119</u>	<u>-</u>
Total liabilities	9,988,926	6,466,305
Commitments and contingencies (Note 8)		
Net assets without donor restrictions	<u>246,292,147</u>	<u>307,976,820</u>
Total liabilities and net assets	<u>\$ 256,281,073</u>	<u>\$ 314,443,125</u>

**LISA AND DOUGLAS GOLDMAN FUND**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
For the years ended December 31, 2022 and 2021

	2022	2021
Net investment (loss) income:		
Dividends, interest, and other income, net	\$ 4,151,753	\$ 3,477,094
Realized investment income	1,294,121	20,809,645
Capital gain distributions	115,374	578,082
Unrealized investment (loss) income	(51,726,789)	11,866,997
Net investment (loss) income before federal excise and income taxes	(46,165,541)	36,731,818
Federal excise and income tax (benefit) expense	(608,678)	213,708
Total investment (loss) income	(45,556,863)	36,518,110
Expenses:		
Grantmaking	15,665,510	16,475,702
General and administrative	462,300	415,725
Total expenses	16,127,810	16,891,427
Change in net assets	(61,684,673)	19,626,683
Net assets without donor restrictions:		
Beginning of year	307,976,820	288,350,137
End of year	\$ 246,292,147	\$ 307,976,820

**LISA AND DOUGLAS GOLDMAN FUND**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
For the years ended December 31, 2022 and 2021

	2022			2021		
	Grantmaking	General and Administrative	Total	Grantmaking	General and Administrative	Total
Grants	\$ 14,277,878	\$ -	\$ 14,277,878	\$ 15,181,926	\$ -	\$ 15,181,926
Personnel costs	966,762	177,898	1,144,660	886,123	167,262	1,053,385
Office and administrative	333,100	74,743	407,843	294,410	61,044	355,454
Professional services	13,577	176,579	190,156	33,170	156,653	189,823
Insurance	74,193	33,080	107,273	80,073	30,766	110,839
<b>Total expenses</b>	<b>\$ 15,665,510</b>	<b>\$ 462,300</b>	<b>\$ 16,127,810</b>	<b>\$ 16,475,702</b>	<b>\$ 415,725</b>	<b>\$ 16,891,427</b>

# LISA AND DOUGLAS GOLDMAN FUND

## STATEMENTS OF CASH FLOWS

For the years ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (61,684,673)	\$ 19,626,683
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	17,537	18,998
Realized investment income	(1,294,121)	(20,809,645)
Unrealized investment loss (income)	51,726,789	(11,866,997)
Change in discount of grants payable	192,922	43,724
Deferred federal excise tax	(719,000)	176,000
Amortization of operating right-of-use assets	289,227	-
Changes in:		
Other receivables	(76,673)	38,408
Prepaid expenses and other assets	(21,752)	(3,583)
Accounts payable and accrued liabilities	(7,264)	(592)
Grants payable	649,156	2,702,552
Deferred rent	10,759	(7,077)
Operating lease liabilities	(270,249)	-
Net cash used in operating activities	(11,187,342)	(10,081,529)
Cash flows from investing activities:		
Acquisition of investments and income reinvested	(56,847,356)	(73,370,902)
Proceeds from sale/redemption of investments	68,119,569	83,300,442
Net payable from unsettled trades	506,923	547,448
Acquisition of property and equipment	(4,726)	(8,366)
Net cash provided by investing activities	11,774,410	10,468,622
Increase in cash and cash equivalents	587,068	387,093
Cash and cash equivalents at beginning of year	852,182	465,089
Cash and cash equivalents at end of year	\$ 1,439,250	\$ 852,182
Supplemental disclosures:		
Excise and income taxes paid	\$ 135,000	\$ 26,000
Non-cash investing and financing activities:		
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	\$ 1,197,009	\$ -



# LISA AND DOUGLAS GOLDMAN FUND

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

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### 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 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 accounting principles generally accepted in the United States of America ("U.S. GAAP") 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). As of December 31, 2022 and 2021, 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 \$1,439,250 and \$852,182 as of December 31, 2022 and 2021, 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 0.03% (as of December 31, 2022 and 2021). 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.

#### ***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 statements 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.

# LISA AND DOUGLAS GOLDMAN FUND

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

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### 2. Summary of Significant Accounting Policies, continued

#### ***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 NAV 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.

*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.

#### ***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.

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

#### ***Leases – Right-of-Use Assets***

The Fund recognizes Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 842, *Leases*, and treats all operating leases as right-of-use (“ROU”) assets and lease liabilities in the statements of financial position. The Fund determines if an arrangement is a lease at inception. Operating leases are included in operating lease ROU assets and operating lease liabilities in the statements of financial position. ROU assets represent the Fund’s right to use an underlying asset for the lease term and lease liabilities represent the Fund’s obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Fund’s leases do not provide an implicit rate, the Fund generally uses the risk-free rate at commencement date. The operating lease ROU assets also include any lease payments made and exclude lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

# LISA AND DOUGLAS GOLDMAN FUND

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

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### 2. Summary of Significant Accounting Policies, continued

#### **Grants**

Grants are expensed when the unconditional promise to give is approved by the Board of Directors (the "Board"). Total grants payable were \$5,907,475 and \$5,065,397 as of December 31, 2022 and 2021, respectively.

Conditional grants are recognized as grant expense in the period in which the recipient meets certain criteria or barriers. As of December 31, 2022 and 2021, the Board has agreed to commit the Fund to future grant allocations totaling \$10,400,000 and \$12,650,000, 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.

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).

#### **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.

#### **Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP 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.

#### **Recently Adopted Accounting Standards**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, and subsequent amendments to the initial guidance: ASU 2017-13, ASU 2018-10, ASU 2018-11, ASU 2018-20, and ASU 2019-01 (collectively, "Topic 842"). Topic 842 aims to increase transparency and comparability among organizations by requiring lessees to recognize leases with a term greater than 12-months as an ROU asset and corresponding lease liabilities on the statement of financial position, regardless of lease classification, and requiring disclosure of key information about leasing arrangements. The lease liability should be initially measured at the present value of the remaining contractual lease payments. Subsequently, the ROU assets will be amortized generally on a straight-line basis over the lease term, and the lease liability will bear interest expense and be reduced for lease payments. Topic 842 was effective for the Fund on January 1, 2022. The Fund adopted Topic 842 on January 1, 2022, using the modified retrospective approach. Under this approach, the Fund is not required to restate or disclose the effects of applying Topic 842 for comparative periods.

# LISA AND DOUGLAS GOLDMAN FUND

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

### 2. Summary of Significant Accounting Policies, continued

#### *Recently Adopted Accounting Standards*, continued

In addition, the Fund elected the transition package of three practical expedients, which allow companies not to reassess (i) whether agreements contain leases, (ii) the classification of leases, and (iii) the capitalization of initial direct costs. The Fund also made an accounting policy election to recognize lease expense for leases with a term of 12-months or less on a straight-line basis over the lease term and recognize no ROU or lease liability for those leases. Further, the Fund elected not to separate lease and non-lease components for all asset classes. The Fund also elected the practical expedient to utilize the risk-free rate at the date of lease commencement as opposed to incremental borrowing rate.

As a result of the adoption of Topic 842, the Fund recognized on January 1, 2022:

- Operating lease liabilities of \$1,224,368, which represent the present value of the remaining lease payments, as of the date of adoption, discounted using the risk-free rate on the date of adoption.
- Operating lease ROU assets of \$1,197,009.

### 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.

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 as of December 31:

	<u>2022</u>	<u>2021</u>
Financial assets, at year-end:		
Cash and cash equivalents	\$ 1,439,250	\$ 852,182
Investment related receivables	2,080,444	41,406
Investments, at fair value	<u>251,253,775</u>	<u>312,958,656</u>
	254,773,469	313,852,244
Less: Financial assets unavailable for general expenditures within one year, due to:		
Investments with liquidity restrictions	<u>22,278,425</u>	<u>16,122,051</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 232,495,044</u>	<u>\$ 297,730,193</u>

# LISA AND DOUGLAS GOLDMAN FUND

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

### 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 as of December 31, 2022:

	Level 1	Level 2	Level 3	NAV	Total
Money market funds	\$ 5,791,359	\$ -	\$ -	\$ -	\$ 5,791,359
Equities:					
Domestic	68,161,476	-	-	-	68,161,476
International	29,495,055	-	-	-	29,495,055
Mutual funds:					
Fixed income	36,689,789	-	-	-	36,689,789
U.S. equity	-	-	-	-	-
Developed international equity	43,638,370	-	-	-	43,638,370
Real estate and infrastructure	13,217,502	-	-	-	13,217,502
Bonds	12,638,232	-	-	-	12,638,232
Multi-strategy hedge funds	-	-	-	15,482,567	15,482,567
Alternative equity funds:					
Venture capital/Private equity	-	-	3,861,000	6,694,161	10,555,161
Real assets	-	-	-	6,012,459	6,012,459
Buy out funds	-	-	-	9,560,434	9,560,434
Distressed debt	-	-	-	11,371	11,371
Total	<u>\$ 209,631,783</u>	<u>\$ -</u>	<u>\$ 3,861,000</u>	<u>\$ 37,760,992</u>	<u>\$ 251,253,775</u>

The table below presents the balances of assets measured at fair value on a recurring basis as of December 31, 2021:

	Level 1	Level 2	Level 3	NAV	Total
Money market funds	\$ 6,903,949	\$ -	\$ -	\$ -	\$ 6,903,949
Equities:					
Domestic	88,583,405	-	-	-	88,583,405
International	41,068,603	-	-	-	41,068,603
Mutual funds:					
Fixed income	63,193,243	-	-	-	63,193,243
U.S. equity	52,058,052	-	-	-	52,058,052
Developed international equity	4,280,894	-	-	-	4,280,894
Real estate and infrastructure	20,170,144	-	-	-	20,170,144
Multi-strategy hedge funds	-	-	-	17,063,089	17,063,089
Alternative equity funds:					
Venture capital/Private equity	-	-	3,515,226	4,920,260	8,435,486
Real assets	-	-	-	2,783,952	2,783,952
Buy out funds	-	-	-	8,399,256	8,399,256
Distressed debt	-	-	-	18,583	18,583
Total	<u>\$ 276,258,290</u>	<u>\$ -</u>	<u>\$ 3,515,226</u>	<u>\$ 33,185,140</u>	<u>\$ 312,958,656</u>

# LISA AND DOUGLAS GOLDMAN FUND

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

### 4. Investments and Fair Value Measurements, continued

#### Level 3 Assets

The changes in investments classified as Level 3 are as follows for the years ended December 31, 2022 and 2021:

Fair value as of January 1, 2021	\$ 2,549,727
Contribution	-
Unrealized gain	<u>965,499</u>
Fair value as of December 31, 2021	3,515,226
Contribution	-
Unrealized gain	<u>345,774</u>
Fair value as of December 31, 2022	<u>\$ 3,861,000</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, 2022, and the significant unobservable inputs:

Instrument	2022 Fair Value	Principal Valuation Technique	Significant Unobservable Inputs
Generate Capital common stock	\$ 3,861,000	Recent transaction price	\$45 per common share price

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, 2021, and the significant unobservable inputs:

Instrument	2021 Fair Value	Principal Valuation Technique	Significant Unobservable Inputs
Generate Capital common stock	\$ 3,515,226	Income and market approaches	Discount for lack of marketability of 15%

#### 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.

# LISA AND DOUGLAS GOLDMAN FUND

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

### 4. Investments and Fair Value Measurements, continued

#### **Net Asset Value Disclosure**, continued

The following table lists investments by major category as of December 31, 2022 and 2021:

Strategies	Number of Funds	2022		2021		2022 Unfunded Commitments	Redemption Frequency	Notice Period
		Valuation	Number of Funds	Valuation				
Multi-strategy hedge funds (a)	2	\$ 15,482,567	2	\$ 17,063,089		\$ -	Monthly/Annually	30-90 days
Alternative equity funds:								
Venture capital/Private equity (b)	14	6,694,161	10	4,920,260		12,141,546	Not Permitted	Not Permitted
Real assets (c)	10	6,012,459	7	2,783,952		7,667,061	Not Permitted	Not Permitted
Buy out funds (d)	9	9,560,434	7	8,399,256		5,888,237	Not Permitted	Not Permitted
Distressed debt	1	11,371	1	18,583		-	Not Permitted	Not Permitted
Total	36	\$ 37,760,992	27	\$ 33,185,140		\$ 25,696,844		

- (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 9 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 3 - 10 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, 2022 and 2021

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

#### *Excise Taxes*

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

	2022	2021
Current:		
Excise	\$ 110,322	\$ 32,455
Unrelated business income expense	-	5,253
Total	110,322	37,708
Deferred:		
Excise (benefit) expense	(719,000)	176,000
Total excise and unrelated business income tax (benefit) expense	\$ (608,678)	\$ 213,708

In accordance with the applicable provisions of the IRC, the Fund is a private foundation and qualifies as a tax-exempt organization. The Fund’s estimated tax provisions, both current and deferred, were recorded at the 1.39% rate. Adjustments between estimated and actual tax expense are made to deferred taxes in subsequent year in which the tax return is filed.

Deferred excise taxes arise primarily from unrealized tax basis gain on investments. As of December 31, 2022 and 2021, the Fund had unrealized tax basis gain on investments of \$34,000,000 and \$86,000,000, respectively, and recorded a deferred tax liability of \$478,000 and \$1,197,000, respectively, at a 1.39% rate. For the years ended December 31, 2022 and 2021, the provision for deferred federal excise tax benefit of \$719,000 and expense of \$176,000, respectively, is the change in deferred tax liability year over year.

#### *Unrelated Business Income Tax*

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, 2022 and 2021, the Fund incurred combined Federal and California UBI tax liability of \$0 and \$5,253, 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, 2021, the Fund met the minimum distribution requirements. As of December 31, 2022, the Fund met this minimum pay out requirement using a portion of excess distributions from prior years.



# LISA AND DOUGLAS GOLDMAN FUND

## NOTES TO FINANCIAL STATEMENTS

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### 7. Grants Payable

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

Year ending December 31:		
2023	\$	2,565,000
2024		2,205,000
2025		910,000
2026		<u>500,000</u>
		6,180,000
Less: discount		<u>(272,525)</u>
	\$	<u>5,907,475</u>

The Board has agreed to commit the Fund to future grant allocations totaling \$10,400,000, which have been scheduled as follows:

Year ending December 31:		
2023	\$	2,080,000
2024		2,080,000
2025		2,080,000
2026		2,080,000
2027		<u>2,080,000</u>
	\$	<u>10,400,000</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. Commitments and 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

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### 8. Commitments and Contingencies, continued

#### *Operating Lease*

The Fund is obligated under a multi-year operating lease agreement in San Francisco through January 31, 2026.

Operating lease expense was \$299,615 and \$271,589 for the years ended December 31, 2022 and 2021, respectively. The remaining lease term is 37 months and the discount rate is 1.04% as of December 31, 2022.

The aggregate future minimum lease payments under the operating lease are as follows:

Year ending December 31:		
2023	\$	304,246
2024		314,692
2025		324,133
2026		<u>27,078</u>
Total undiscounted cash flows		970,149
Less: present value discount		<u>(16,030)</u>
Operating lease liability		954,119
Less: current portion		<u>(295,721)</u>
Operating lease liability, net of current portion	\$	<u>658,398</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 Fund, 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, 2022 and 2021 amounted to \$150,220 and \$120,979, 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 (the "Federation"), 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 Fund's Board 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.

# LISA AND DOUGLAS GOLDMAN FUND

## NOTES TO FINANCIAL STATEMENTS

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### 11. 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, 2022 through December 20, 2023, 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.