
Warsh-Mott Legacy

Financial Report
September 30, 2022

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Independent Auditor's Report

To the Board of Directors
Warsh-Mott Legacy

Opinion

We have audited the financial statements of Warsh-Mott Legacy (the "Foundation"), which comprise the balance sheet as of September 30, 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 Foundation as of September 30, 2022 and 2021 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our 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 within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits 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 audits conducted in accordance with 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 Directors
Warsh-Mott Legacy

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moran, PLLC

April 10, 2023

Balance Sheet

September 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 133,749	\$ 151,434
Investments (Note 3)	40,161,891	44,645,647
Total assets	<u>\$ 40,295,640</u>	<u>\$ 44,797,081</u>
Liabilities and Net Assets		
Liabilities		
Grants payable (Note 4)	\$ 790,000	\$ 526,420
Accrued liabilities (Note 6)	-	4,000
Total liabilities	790,000	530,420
Net Assets - Without donor restrictions	<u>39,505,640</u>	<u>44,266,661</u>
Total liabilities and net assets	<u>\$ 40,295,640</u>	<u>\$ 44,797,081</u>

Warsh-Mott Legacy

Statement of Activities and Changes in Net Assets

Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Changes in Net Assets without Donor Restrictions		
Revenue, gains, and other support:		
Contributions (Note 6)	\$ 3,170,000	\$ -
Net investment return (Note 5)	<u>(6,053,521)</u>	<u>10,083,319</u>
Total revenue, gains, and other support	(2,883,521)	10,083,319
Expenses:		
Program services	1,591,668	1,572,411
Support services - Management and general	<u>285,832</u>	<u>222,933</u>
Total expenses	<u>1,877,500</u>	<u>1,795,344</u>
(Decrease) Increase in Net Assets without Donor Restrictions	(4,761,021)	8,287,975
Net Assets - Beginning of year	<u>44,266,661</u>	<u>35,978,686</u>
Net Assets - End of year	<u><u>\$ 39,505,640</u></u>	<u><u>\$ 44,266,661</u></u>

Statement of Functional Expenses

Year Ended September 30, 2022

	Program Services	Support Services	Total
Grants	\$ 1,420,000	\$ -	\$ 1,420,000
Grant administration fee (Note 6)	171,668	211,933	383,601
Taxes	-	56,082	56,082
Other	-	17,817	17,817
Total functional expenses	\$ 1,591,668	\$ 285,832	\$ 1,877,500

Statement of Functional Expenses

Year Ended September 30, 2021

	Program Services	Support Services	Total
Grants	\$ 1,383,040	\$ -	\$ 1,383,040
Grant administration fee (Note 6)	189,371	200,216	389,587
Taxes	-	6,813	6,813
Other	-	15,904	15,904
Total functional expenses	\$ 1,572,411	\$ 222,933	\$ 1,795,344

Statement of Cash Flows

Years Ended September 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
(Decrease) increase in net assets	\$ (4,761,021)	\$ 8,287,975
Adjustments to reconcile (decrease) increase in net assets to net cash and cash equivalents from operating activities:		
Realized and unrealized gains on investments	8,011,137	(9,472,067)
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Grants payable	263,580	336,420
Accrued liabilities	(4,000)	4,000
	3,509,696	(843,672)
Net cash and cash equivalents provided by (used in) operating activities		
Cash Flows from Investing Activities		
Purchases of investments	(6,348,292)	(1,231,223)
Proceeds from sales of investments	2,820,911	2,062,051
	(3,527,381)	830,828
Net cash and cash equivalents (used in) provided by investing activities		
Net Decrease in Cash and Cash Equivalents	(17,685)	(12,844)
Cash and Cash Equivalents - Beginning of year	151,434	164,278
Cash and Cash Equivalents - End of year	\$ 133,749	\$ 151,434

September 30, 2022 and 2021

Note 1 - Nature of Business

Warsh-Mott Legacy (the "Foundation") is a not-for-profit tax-exempt private foundation, as defined under Sections 501(c)(3), 509(a), and 4924(j)(3) of the Internal Revenue Code. The Foundation distributes funds for philanthropic purposes. Distribution of funds is made to other tax-exempt organizations through a grant-making program.

Throughout its history, the Foundation has been dedicated to progressive social change: protecting human and environmental health, preserving biodiversity, preventing the commodification of life, and defending democracy. The Foundation is committed to addressing root causes of problems and supporting systemic solutions. Current grants focus on four main areas: food sovereignty, emerging technology, rights and governance, and supporting a just transition to a regenerative economy.

Food Sovereignty

Grant-making in this area is focused on preserving native and heirloom seeds, building healthy and fertile soils, and protecting and restoring the populations and diversity of native pollinators. This program makes most of its grants to organizations in the global south promoting traditional agricultural knowledge and agroecological practices.

Emerging Technology

Grant-making in this area is focused on promoting precautionary assessment, regulation and oversight of nanotechnology, synthetic biology, and geoeengineering.

Rights and Governance

Grant-making in this area is focused on protecting the right to dissent; making the federal government more open, effective, and accountable; ensuring that U.S. national security policies respect the rule of law; building a progressive movement to counter conservative and corporate influence in the courts; and making the rules of international trade more democratic, just, and sustainable.

Just Transitions

Grant-making in this area is focused on the building of 'connective tissue' across different movement sectors and geographic regions to transition from our current extractive, supremacist culture to one of justice, joy, belonging, and liberation. The program funds movement and grassroots work domestically and internationally by bridging work across Climate Justice; Food Sovereignty; Agrarian Land Reform; Indigenous Sovereignty; Digital and Data Justice; Black, African, and Afrodescendent Liberation; LGBTQIA+ Justice; Worker Justice; Disability Justice; Grassroots Democracy; Solidarity Economy; and more.

Note 2 - Significant Accounting Policies

Cash Equivalents

The Foundation considers short-term money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. Cash equivalents that are held in the investment portfolio are included in investments on the balance sheet.

Investments

Investments in stocks and mutual funds are stated at current quoted market values.

Investments in partnerships and hedge funds, which are not readily marketable, are carried at estimated fair market values, as provided by the various investment managers. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

September 30, 2022 and 2021

Note 2 - Significant Accounting Policies (Continued)

Grants Payable

The Foundation makes unconditional promises to give, which are recognized at the time of formal approval by the full board of directors. Conditional grants, if any, are expensed when such conditions are substantially met.

Classification of Net Assets

Net assets of the Foundation are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Foundation. All net assets of the Foundation are without donor restrictions.

Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. All contributions received by the Foundation are without donor-imposed restrictions.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Grant administration fees are allocated on the basis of time and effort. Other expenses are reported on the basis of the program or support service that used the related asset or service. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Income Taxes

The Foundation is a private foundation within the meaning of Section 509(a) of the Internal Revenue Code (the "Code") and is exempt from federal income tax under Section 501(c)(3) of the Code. In accordance with the provisions of the Tax Reform Act of 1969 (the "Act"), the Foundation is subject to an excise tax on net investment income, including realized gains, as defined in the Act.

Risks and Uncertainties

The Foundation invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

September 30, 2022 and 2021

Note 2 - Significant Accounting Policies (Continued)

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including April 10, 2023, which is the date the financial statements were available to be issued.

Note 3 - Fair Value Measurements

The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets.

Level 1 inputs are quoted prices in active markets for identical assets that the Foundation has the ability to access.

Level 2 inputs are significant other observable inputs, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are significant unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Investments that are measured at fair value using net asset value per share (NAV) (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

September 30, 2022 and 2021

Note 3 - Fair Value Measurements (Continued)

The Foundation has the following recurring fair value measurements as of September 30, 2022:

	Assets Measured at Fair Value on a Recurring Basis at September 30, 2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Investments Valued at NAV	Balance at September 30, 2022
Assets				
Investment stocks:				
Food products	\$ 287,479	\$ -	\$ -	\$ 287,479
Medical	469,994	-	-	469,994
Equipment	300,311	-	-	300,311
Retail	451,464	-	-	451,464
Industrial and commercial Chemicals and natural resources	309,999	-	-	309,999
	1,790,611	-	-	1,790,611
Communications	418,439	-	-	418,439
Commercial banks	327,030	-	-	327,030
Capital markets	747,687	-	-	747,687
Other	1,334,832	-	-	1,334,832
Total investment stocks	6,437,846	-	-	6,437,846
Investment in mutual funds and pooled stock funds:				
Equity	3,034,042	-	-	3,034,042
Fixed income	4,659,733	-	-	4,659,733
Index funds	12,677,842	-	-	12,677,842
Pooled stock funds	-	5,709,315	-	5,709,315
Total investment in mutual funds and pooled stock funds	20,371,617	5,709,315	-	26,080,932
Investment in partnerships and hedge funds:				
Venture capital partnerships	-	-	3,224,681	3,224,681
Hedge funds	-	-	1,906,211	1,906,211
Total investment in partnerships and hedge funds	-	-	5,130,892	5,130,892
Total assets	\$ 26,809,463	\$ 5,709,315	\$ 5,130,892	\$ 37,649,670

September 30, 2022 and 2021

Note 3 - Fair Value Measurements (Continued)

The Foundation has the following recurring fair value measurements as of September 30, 2021:

	Assets Measured at Fair Value on a Recurring Basis at September 30, 2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Investments Valued at NAV	Balance at September 30, 2021
Assets				
Investment stocks:				
Food products	\$ 264,382	\$ -	\$ -	\$ 264,382
Medical	836,964	-	-	836,964
Equipment	360,371	-	-	360,371
Retail	549,052	-	-	549,052
Industrial and commercial Chemicals and natural resources	341,432 1,695,540	- -	- -	341,432 1,695,540
Communication	632,047	-	-	632,047
Commercial banks	479,668	-	-	479,668
Capital markets	1,027,913	-	-	1,027,913
Other	1,511,169	-	-	1,511,169
Total investment stocks	7,698,538	-	-	7,698,538
Investment in mutual funds and pooled stock funds:				
Equity	2,473,785	-	-	2,473,785
Fixed income	5,238,101	-	-	5,238,101
Index funds	17,492,173	-	-	17,492,173
Pooled stock funds	-	6,845,368	-	6,845,368
Total investment in mutual funds and pooled stock funds	25,204,059	6,845,368	-	32,049,427
Investment in partnerships and hedge funds:				
Venture capital partnerships	-	-	2,459,962	2,459,962
Hedge funds	-	-	1,902,316	1,902,316
Total investment in partnerships and hedge funds	-	-	4,362,278	4,362,278
Total assets	\$ 32,902,597	\$ 6,845,368	\$ 4,362,278	\$ 44,110,243

The tables above exclude cash equivalent balances of \$2,512,221 and \$535,404 as of September 30, 2022 and 2021, respectively, which are included in investments in the accompanying balance sheet.

The fair value of pooled stock funds as of September 30, 2022 and 2021 was determined primarily based on Level 2 inputs. The Foundation estimates the fair value of these investments by using the quoted market prices of the underlying equity securities held within these pooled stock funds.

September 30, 2022 and 2021

Note 3 - Fair Value Measurements (Continued)

Investments in Entities that Calculate Net Asset Value per Share

The Foundation holds shares or interests in investment companies where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

As of September 30, 2022 and 2021, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	September 30, 2022	September 30, 2021	September 30, 2022		
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Venture capital partnerships	\$ 3,224,681	\$ 2,459,962	\$ 9,008	Illiquid	N/A
Hedge funds	1,906,211	1,902,316	-	Daily-Quarterly	1 day - 90 days
Total investments measured at NAV	<u>\$ 5,130,892</u>	<u>\$ 4,362,278</u>	<u>\$ 9,008</u>		

The venture capital partnerships category includes investments in funds that invest primarily, but not exclusively, in marketable securities, private securities, and preferred stock of domestic companies. The funds also invest in foreign equity securities. The fair values of the investments in this category have been estimated using net asset value per share of the investments. The typical life span of the venture capital partnerships is 10 to 12 years.

The hedge funds category includes investment partnerships that invest in various equity debt securities, options contracts, credit securities, and other partnerships. These funds target superior risk-adjusted returns over time. The fair values of the investments in this category have been estimated using net asset value per share of the investments or the Foundation's ownership interest in partners' capital.

Note 4 - Grants Payable

The following summarizes the changes in grants payable for the years ended September 30:

	2022	2021
Grants payable - Beginning of year	\$ 526,420	\$ 190,000
Grants approved	1,420,000	1,383,040
Payments made	(1,156,420)	(1,046,620)
Grants payable - End of year	<u>\$ 790,000</u>	<u>\$ 526,420</u>

The following schedule provides detail of future grant payments to be made as of September 30, 2022:

Years Ending September 30	Amount
2023	\$ 520,000
2024	270,000
Total	<u>\$ 790,000</u>

Conditional grants are expensed when such conditions are substantially met. Conditional grants approved for future payment, which are excluded from grants payable, totaled \$0 and \$310,000 at September 30, 2022 and 2021, respectively.

September 30, 2022 and 2021

Note 5 - Net Investment Return

Net investment return is composed of the following for the years ended September 30:

	2022	2021
Interest and dividends	\$ 1,987,616	\$ 635,252
Net realized and unrealized (losses) gains	(8,011,137)	9,472,067
Investment management fees	(30,000)	(24,000)
Total	\$ (6,053,521)	\$ 10,083,319

Note 6 - Related Party Transactions

The board of directors of the Foundation is composed entirely of members who also serve as the board of directors of CS Fund, a separate nonprofit organization. While the Foundation and CS Fund are under common control, neither organization has an economic interest in the other. Therefore, the two organizations are not consolidated for financial reporting purposes. CS Fund shares space and staff with the Foundation. The Foundation incurred costs related to these shared services totaling \$383,601 and \$389,587 for the years ended September 30, 2022 and 2021, respectively. There were no amounts owed to CS Fund as of September 30, 2022 and 2021.

MFO Management Company (MFO) provides investment, tax, and custodial services to the Foundation. A member of the board of the Foundation is also the chair of MFO. For each of the years ended September 30, 2022 and 2021, the Foundation paid investment management fees to MFO of \$30,000 and \$24,000, respectively. As of September 30, 2022 and 2021, there was \$0 and \$4,000, respectively, owed to MFO for management fees.

The Foundation receives all of its contribution revenue from one individual who is a member of the Foundation's board of directors. Contributions received totaled \$3,170,000 and \$0 for the years ended September 30, 2022 and 2021, respectively.

Note 7 - Liquidity and Availability of Resources

The following reflects the Foundation's financial assets as of September 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

	2022	2021
Cash and cash equivalents	\$ 133,749	\$ 151,434
Investments	40,161,891	44,645,647
Financial assets - At year end	40,295,640	44,797,081
Less those unavailable for general expenditures within one year due to investment redemption restrictions	3,224,681	2,459,962
Financial assets available to meet cash needs for general expenditures within one year	\$ 37,070,959	\$ 42,337,119

The Foundation has a goal to maintain financial assets, which consist of cash, short-term investments, and receivables, on hand to meet normal operating expenses. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests in mutual funds and equities that are easily converted into cash. The Foundation also realizes there could be unanticipated liquidity needs.