

Consolidated Financial Statements and
Supplementary Information Together
with Report of Independent Certified
Public Accountants

Alfred P. Sloan Foundation

December 31, 2020 and 2019

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Alfred P. Sloan Foundation

Report on the financial statements

We have audited the accompanying consolidated financial statements of Alfred P. Sloan Foundation (the "Foundation"), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the consolidated 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 Foundation'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Alfred P. Sloan Foundation as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters*Supplementary information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of grants and appropriations for the year ended December 31, 2020 on pages 19 through 23 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.



New York, New York
July 15, 2021

Alfred P. Sloan Foundation

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

	2020	2019
ASSETS		
Cash	\$ 1,031,235	\$ 1,302,905
Redemption receivable	66,007,924	24,263,188
Investments (Note 3)		
Direct investments - cash	66,879,194	36,573,118
Direct investments - equities	103,586,451	63,261,467
Direct investments - mutual and exchange traded funds	146,554,168	245,743,499
Alternative investments	1,721,821,662	1,580,932,309
Total investments	2,038,841,475	1,926,510,393
Total assets	\$ 2,105,880,634	\$ 1,952,076,486
LIABILITIES AND NET ASSETS		
LIABILITIES		
Grants payable (Note 8)	\$ 79,597,264	\$ 86,363,133
Federal excise tax payable (Note 5)	17,064,292	16,157,886
Accrued expenses	1,595,390	1,156,561
Accrued postretirement health benefit obligation (Note 7)	5,926,127	5,395,501
Total liabilities	104,183,073	109,073,081
Commitments (Notes 3 and 9)		
NET ASSETS - without donor restrictions	2,001,697,561	1,843,003,405
Total liabilities and net assets	\$ 2,105,880,634	\$ 1,952,076,486

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

Alfred P. Sloan Foundation

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years ended December 31,

	<u>2020</u>	<u>2019</u>
INVESTMENT RETURN		
Interest and dividends	\$ 10,392,270	\$ 13,751,293
Net realized gain on disposal of investments	181,278,442	61,554,807
Unrealized gain on investments, net of deferred federal excise tax expense of \$8,947,619 in 2020 and \$8,020,651 in 2019	65,761,365	224,866,877
Investment expenses, net provision for taxes (Note 5)	<u>(9,981,786)</u>	<u>(10,309,355)</u>
Net investment return	<u>247,450,291</u>	<u>289,863,622</u>
Other income	<u>11,080</u>	<u>1,133</u>
Net total income	<u>247,461,371</u>	<u>289,864,755</u>
EXPENSES		
Grants and program	85,386,379	104,592,841
Management and general	<u>2,779,999</u>	<u>4,347,572</u>
Total expenses	<u>88,166,378</u>	<u>108,940,413</u>
Increase in net assets before postretirement benefit adjustments	<u>159,294,993</u>	<u>180,924,342</u>
Other components of net periodic pension cost	(619,899)	(373,155)
Pension-related changes other than net periodic pension cost	<u>19,062</u>	<u>(346,609)</u>
Total non-operating postretirement benefit adjustments	<u>(600,837)</u>	<u>(719,764)</u>
Increase in net assets	158,694,156	180,204,578
Net assets at beginning of year	<u>1,843,003,405</u>	<u>1,662,798,827</u>
Net assets at end of year	<u>\$ 2,001,697,561</u>	<u>\$ 1,843,003,405</u>

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

Alfred P. Sloan Foundation

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended December 31, 2020 and 2019

	2020			2019		
	Grants and Program	Management and General	Total	Grants and Program	Management and General	Total
Salaries	\$ 5,377,883	\$ 746,224	\$ 6,124,107	\$ 4,521,410	\$ 1,961,587	\$ 6,482,997
Employee benefits	1,598,442	504,631	2,103,073	1,417,948	462,046	1,879,994
	<u>6,976,325</u>	<u>1,250,855</u>	<u>8,227,180</u>	<u>5,939,358</u>	<u>2,423,633</u>	<u>8,362,991</u>
Grants, net of refunds of \$414,612 in 2020 and \$520,050 in 2019	75,622,492	-	75,622,492	95,888,277	-	95,888,277
Occupancy	1,070,304	654,075	1,724,379	963,502	736,796	1,700,298
Professional fees	906,167	102,725	1,008,892	776,726	114,352	891,078
Office expenses	609,105	372,231	981,336	424,721	322,937	747,658
Travel	129,594	46,657	176,251	398,349	137,352	535,701
Board of Trustees	-	280,071	280,071	-	360,608	360,608
Communications	-	73,385	73,385	1,197	251,894	253,091
Conferences and events	72,392	-	72,392	200,711	-	200,711
	<u>72,392</u>	<u>-</u>	<u>72,392</u>	<u>200,711</u>	<u>-</u>	<u>200,711</u>
Total expenses	<u>\$ 85,386,379</u>	<u>\$ 2,779,999</u>	<u>\$ 88,166,378</u>	<u>\$ 104,592,841</u>	<u>\$ 4,347,572</u>	<u>\$ 108,940,413</u>

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

Alfred P. Sloan Foundation

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,

	2020	2019
Cash flows from operating activities		
Increase in net assets	\$ 158,694,156	\$ 180,204,578
Adjustments to reconcile increase in net assets to net cash used in operating activities		
Net realized gain on disposal of investments	(181,278,442)	(61,554,807)
Unrealized gain on investments	(66,688,333)	(225,864,309)
Increase in redemption receivable	(41,744,736)	(30,686)
Increase in federal excise tax payable	906,406	2,708,052
(Decrease) increase in grants payable	(6,765,869)	14,515,924
Increase in accrued postretirement health benefit obligation	530,626	597,854
Increase (decrease) in accrued expenses	438,829	(234,565)
Net cash used in operating activities	(135,907,363)	(89,657,959)
Cash flows from investing activities		
Proceeds from sales of investments	146,027,963	103,160,690
Purchases of investments	(10,392,270)	(13,754,061)
Net cash provided by investing activities	135,635,693	89,406,629
Net decrease in cash	(271,670)	(251,330)
Cash at beginning of year	1,302,905	1,554,235
Cash at end of year	\$ 1,031,235	\$ 1,302,905

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

Alfred P. Sloan Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE 1 - ORGANIZATION

The Alfred P. Sloan Foundation (the “Foundation”) is a not-for-profit grantmaking institution that supports high quality, impartial scientific research; fosters a robust, diverse scientific workforce; strengthens public understanding and engagement with science; and promotes the health of the institutions of scientific endeavor. The Foundation funds research and education in science, technology, engineering, mathematics and economics. The Foundation believes that these fields, and the scholars and practitioners who work in them are chief drivers of the nation’s health and prosperity. The Foundation also believes that a reasoned, systematic understanding of the forces of nature and society, when applied inventively and wisely, can lead to a better world for all. In selecting projects for funding, the Foundation seeks proposals for original initiatives led by outstanding individuals or teams. The Foundation is interested in projects that have a high expected return to society, exhibit a high degree of methodological rigor, and for which funding from the private sector, the government, or other foundations is not yet widely available. The Foundation’s investment portfolio provides the financial resources to support its activities. The investment strategy for the investment portfolio is to invest prudently in a diversified portfolio of assets with the goal of maintaining or growing the real value of the portfolio over long-term periods.

In June 2009, Sloan Projects LLC was established under the Delaware Limited Liability Company Act. The Foundation and Sloan Projects LLC share the common charitable and educational purpose of supporting, among other projects, film, theatrical, and television projects that promote education about science, technology, economics, and the scholars who do research in these areas. Sloan Projects LLC is a single member limited liability company (“LLC”) with the sole member being the Foundation. Sloan Projects LLC is consolidated with the Foundation for financial statement and tax purposes for the year ended December 31, 2019 and was dissolved in March 2020.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and include the assets, liabilities, net assets, and financial activities of Alfred P. Sloan Foundation and Sloan Projects LLC (collectively, the “Foundation”). All significant inter-organization balances and transactions have been eliminated in consolidation.

Income Taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the “Code”) and is a private foundation as defined in Section 509(a) of the Code. Sloan Projects LLC is a single member LLC and is a disregarded entity for tax purposes. The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets. The Foundation discloses fair value measurements by level within that hierarchy. The fair value hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Foundation as of the reporting date. Unobservable inputs reflect the Foundation’s assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value is categorized into three levels based on the inputs as follows:

Alfred P. Sloan Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

- Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available. Since valuations are based on quoted prices that are readily available and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The categorization of a financial instrument within the fair value hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Foundation's perceived risk of that instrument. As permitted by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic, 820-10, the Foundation has excluded investments that are measured at fair value using the net asset value ("NAV") per share practical expedient from the fair value hierarchy.

ASC Subtopic, 820-10-35-59, *Fair Value Measurement and Disclosures - Fair Value Measurements of Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)* also allows for the estimation of the fair value of investments in investment companies, for which the investment does not have a readily determinable fair value, using net asset value per share or its equivalent, as provided by the investment managers. The Foundation reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the net asset values of these investments as of the measurement date. These estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

Investments

Investments in equity securities with readily determinable fair values are reported at fair value based on quoted market prices. Investments in debt securities are measured using quoted market prices where available. If quoted market prices for debt securities are not available, the fair value is determined using an income approach valuation technique that considers, among other things, rates currently observed in publicly traded markets for debt with similar terms to companies with comparable credit risk, the issuer's credit spread, and illiquidity by sector and maturity.

Gains and losses on disposal of investments are determined on the first-in, first-out basis on a trade date basis.

Cash

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

Alfred P. Sloan Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Concentrations of Credit Risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist of cash and cash equivalents, equity and fixed-income securities and alternative investments. The Foundation maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits. The Foundation's cash accounts were placed with high credit quality financial institutions. The Foundation has not experienced, nor does it anticipate, any losses with respect to such accounts. The Foundation has a significant investment in equities, fixed income securities, mutual and exchange-traded funds and alternative investments, both marketable and non-marketable, and is therefore subject to concentrations of credit risk.

Grants

Grants are recorded as an expense of the Foundation when authorized by the Board of Trustees and the grantee has been selected and notified. In certain instances (e.g., Sloan research fellowships), grants are recorded as an expense and liability when the Board of Trustees appropriates amounts for selected projects. Refunded grants are recorded as a reduction to grant expense.

The Foundation recognizes grant expense in accordance with ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which requires organizations to determine whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. If the agreement (or a referenced document) includes both, the recipient is not entitled to the transferred assets (or a future transfer of assets) until it has overcome the barriers in the agreement. The Foundation does not have any conditional grants for the years ended December 31, 2020 and 2019.

Expenses

Expenses are recognized by the Foundation as incurred. The costs of grant making and management and general activities have been summarized on a functional basis on the consolidated statement of activities. The consolidated statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported within that functional area. Indirect expenses that benefit multiple functional areas have been allocated based upon either time spent on each function or full-time equivalent units within each department.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Subsequent Events

The Foundation evaluated its December 31, 2020 consolidated financial statements for subsequent events through July 15, 2021, the date the consolidated financial statements were available to be issued.

Recent Accounting Pronouncements

In February 2016, the FASB issued the new guidance, ASU 2016-02, *Leases*, which simplifies the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Under the new guidance, lessees will be required to recognize a lease liability, which is a lessor's obligation to make lease payments arising from a lease, measured on a discounted basis, and a

Alfred P. Sloan Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

right-of-use asset, which is an asset that represents the lessee's right to use, or control use of, a specified asset for the lease term for all leases (with the exception of short-term leases) at the adoption date. The new guidance was deferred by ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, and is now effective for fiscal years beginning after December 15, 2021 (i.e., fiscal year 2022), and interim periods within fiscal years after December 15, 2022. Early adoption is permitted for any interim or annual financial statements not yet issued. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing and operating leases) must apply a modified retrospective approach for all leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Management is currently evaluating the impact this standard will have on the consolidated financial statements.

NOTE 3 - INVESTMENTS

The following tables present the fair value hierarchy of investments, the only financial instruments of the Foundation that are measured at fair value on a recurring basis, at December 31, 2020 and 2019:

	Fair Value Measurements at December 31, 2020				
	Total	Level 1	Level 2	Level 3	NAV
Direct investments:					
Cash	\$ 66,879,194	\$ 66,879,194	\$ -	\$ -	\$ -
Equities	103,586,451	103,586,451	-	-	-
Mutual and exchange-traded funds:					
Equities	1,184,660	1,184,660	-	-	-
Fixed income	145,369,508	145,369,508	-	-	-
	146,554,168	146,554,168	-	-	-
Alternative investments:					
Public equity	770,546,215	-	-	-	770,546,215
Absolute return	272,362,220	16,217,990	-	-	256,144,230
Hybrid	232,536,137	-	-	-	232,536,137
Real estate	63,400,435	-	-	-	63,400,434
Private equity	382,976,655	-	-	-	382,976,655
	1,721,821,662	16,217,990	-	-	1,705,603,671
	<u>\$2,038,841,475</u>	<u>\$ 333,237,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,705,603,671</u>

Alfred P. Sloan Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

	Fair Value Measurements at December 31, 2019				
	Total	Level 1	Level 2	Level 3	NAV
Direct investments:					
Cash	\$ 36,573,118	\$ 36,573,118	\$ -	\$ -	\$ -
Equities	63,261,467	63,261,467	-	-	-
Mutual and exchange-traded funds:					
Equities	109,843,817	109,843,817	-	-	-
Fixed income	135,899,682	135,899,682	-	-	-
	<u>245,743,499</u>	<u>245,743,499</u>	-	-	-
Alternative investments:					
Public equity	800,182,681	-	-	-	800,182,681
Absolute return	315,230,227	11,271,505	-	-	303,958,722
Hybrid	143,752,525	-	-	-	143,752,525
Real estate	44,020,957	-	-	50,087	43,970,870
Private equity	277,745,919	-	-	-	277,745,919
	<u>1,580,932,309</u>	<u>11,271,505</u>	-	<u>50,087</u>	<u>1,569,610,717</u>
	<u>\$1,926,510,393</u>	<u>\$ 356,849,589</u>	<u>\$ -</u>	<u>\$ 50,087</u>	<u>\$1,569,610,717</u>

The following tables list the redemption terms and unfunded commitments for the alternative investments valued at NAV as of December 31, 2020 and 2019:

	2020					
	# of Funds	Fair Value	Unfunded Commitments (\$ In Millions)	Redemption Frequency	Redemption Notice Period	Lock-up Period
Alternative investments:						
Public equity	19	\$ 770,546,215	\$ -	monthly, quarterly, other daily, monthly, quarterly	10-90 days	none, no more than 3 years
Absolute return	13	256,144,230	-	annually, other	30-90 days	rolling 2-year
Hybrid	18	232,536,137	91	monthly, quarterly, other	45-180 days	none, rolling 2-year
Real estate	6	63,400,434	43	none	N/A	N/A
Private equity	39	382,976,655	222	none	N/A	N/A
Total		<u>\$1,705,603,671</u>	<u>\$ 356</u>			
	2019					
	# of Funds	Fair Value	Unfunded Commitments (\$ In Millions)	Redemption Frequency	Redemption Notice Period	Lock-up Period
Alternative investments:						
Public equity	23	\$ 800,182,681	\$ -	monthly, quarterly, other daily, monthly, quarterly	10-60 days	none, no more than 3 years
Absolute return	14	303,958,722	-	annually, other	30-90 days	rolling 2-year
Hybrid	16	143,752,525	68	monthly, quarterly, other	45-180 days	none, rolling 2-year
Real estate	6	43,970,870	67	none	N/A	N/A
Private equity	31	277,745,919	243	none	N/A	N/A
Total		<u>\$1,569,610,717</u>	<u>\$ 378</u>			

Public Equity: Alternative investments in this category invest predominantly in equity securities including U.S., international developed and emerging markets, benchmarked against MSCI All Country World Index.

Absolute Return: Absolute return funds include investments such as low net exposure equity hedge funds, relative value, merger arbitrage, and diversifying funds. Such strategies are expected to generate steady risk-adjusted returns, but with low correlation to the equity markets.

Alfred P. Sloan Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Hybrid: Hybrid investments sit within Global Equities and will provide equity-like returns over a full market cycle. Strategies include public and private debt, direct lending and other opportunistic credit investing. The hybrid portfolio contains 13 and 8 funds in a drawdown structure for 2020 and 2019, respectively.

Real Estate: Includes funds that invest primarily in commercial real estate, all of which are illiquid investments.

Private Equity: Includes buyout, venture capital, real estate and natural resources funds, all of which are illiquid investments.

Private foundations are required by the Internal Revenue Service ("IRS") to distribute 5% of average assets during the year. In order to plan and budget in an orderly manner, the Foundation implements the 5% rule by using a 12-quarter rolling average of the fair value of its investment portfolio to determine the distribution level for the year. The last quarter on the 12-quarter rolling average is September 30th.

NOTE 4 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET CREDIT OR MARKET RISK

The Foundation's investment strategy has the ability to incorporate certain financial instruments that involve, to varying degrees, elements of market risk and credit risk in excess of the amounts recorded on the consolidated financial statements.

During 2020, the Foundation sold and purchased S&P Index put options valued at approximately \$17.0 million and \$22.9 million, respectively, for the year then ended. During 2019, the Foundation sold S&P 500 Index put options valued at approximately \$11.0 million at December 31, 2019. The Foundation does not anticipate that losses, if any, resulting from its market or credit risks would materially affect its consolidated financial statements.

NOTE 5 - TAXES

For the year ended 2019, the Code imposes an excise tax on private foundations equal to 2% of net investment income, which is defined as interest, dividends and net realized gains less expenses incurred in the production of income. The tax is reduced to 1% for foundations that meet certain distribution requirements under Section 4940(e) of the Code. Conditions to meet the 1% were unknown at the date of the financials, therefore, taxes were estimated at 2% of net investment income. The excise taxes on private Foundations were simplified by the 2020 Appropriation Act. The dual tax rate is now eliminated and the excise tax on net investment income is changed to a single rate of 1.39%. This change is effective for the tax years beginning after the date of the Act's enactment, December 20, 2019 (i.e. the Foundation's year ending December 31, 2020).

Deferred taxes principally arise from differences between the cost value and fair value of investments. Due to the change in rates indicated above, the deferred excise tax provision is based on a 1.39% rate on cumulative net unrealized gains for the year ended December 31, 2020 and 2019.

Additionally, certain of the Foundation's investments give rise to unrelated business income tax liabilities. Such tax liabilities for 2020 and 2019 are not material to the accompanying consolidated financial statements; however, the provision for taxes, as of December 31, 2020 and 2019, includes an estimate of tax liabilities for unrelated business income.

As a result of the 2017 Tax Cuts and Jobs Act, the Foundation is subject to a new excise tax under Section 4960 for 2020 and 2019. The amount is not material to the accompanying consolidated financial statements.

Alfred P. Sloan Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE 6 - RETIREMENT PLAN

The Foundation has a defined contribution retirement plan covering substantially all employees under arrangements with Teachers Insurance and Annuity Association of America and College Retirement Equities Fund ("TIAA") and Fidelity Investments ("Fidelity"). Retirement plan expense was \$1,006,933 and \$970,175 in 2020 and 2019, respectively.

NOTE 7 - POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The Foundation provides healthcare benefits for qualified retirees. The Foundation records annual amounts relating to the plan based on calculations that incorporate various actuarial and other assumptions, including discount rates, mortality, turnover rates, and healthcare cost trend rates.

The Foundation reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends as appropriate. The effect of modifications to those assumptions is recorded as a charge to net assets and amortized to net periodic cost over future periods using the corridor method. The net periodic costs are recognized as employees render the services necessary to earn the postretirement benefits.

The following table sets forth the financial information for the plan for 2020 and 2019:

	2020	2019
Change in accrued postretirement benefit obligation:		
Benefit obligation at beginning of year	\$ 5,395,501	\$ 4,797,647
Service cost	135,719	92,457
Interest cost	170,703	196,820
Actuarial loss	430,134	522,944
Benefits paid	(205,930)	(214,367)
Plan amendments	-	-
Benefit obligation at end of year	\$ 5,926,127	\$ 5,395,501
Fair value of plan assets	\$ -	\$ -
Funded status of plan	\$ (5,926,127)	\$ (5,395,501)
Components of net periodic postretirement benefit cost:		
Service cost	\$ 135,719	\$ 92,457
Interest cost	170,703	196,820
Amortization of transition obligation	82,918	476,061
Amortization of gain	(272,683)	(326,272)
Net periodic postretirement benefit cost	\$ 116,657	\$ 439,066
Benefit obligation weighted average assumptions at December 31, 2020 and 2019:		
Discount rate	2.54%	3.25%
Periodic benefit cost weighted average assumptions for the years ended December 31, 2020 and 2019:		
Discount rate	3.25%	4.22%

Alfred P. Sloan Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

The medical trend and inflation rate is 6.80% grading down to 4.10% in 2029 pre-65 and 5.30% grading down to 4.10% in 2026 post-65.

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the postretirement health benefit plan. The effects of a 1% increase (decrease) in trend rates on total service and interest cost and the postretirement health benefit obligation are as follows:

	2020		2019	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Effect on total service and interest cost	\$ 84,475	\$ (60,689)	\$ 66,034	\$ (48,718)
Effect on postretirement benefit obligation	999,582	(775,581)	848,159	(664,593)

Projected premium payments for each of the next five fiscal years and thereafter are as follows:

Year ending December 31

2021	\$ 283,503
2022	297,806
2023	276,319
2024	289,993
2025	263,909
Thereafter through 2030	1,305,827
	\$ 2,717,357

The accumulated amount not yet recognized as a component of net periodic benefit cost was \$(4,690,066) and \$(5,309,965) at December 31, 2020 and 2019, respectively. The components are as follows:

	2020	2019
Transition obligation	\$ -	\$ 82,918
Prior service credit	(2,188,685)	(2,293,157)
Net actuarial gain	(2,501,381)	(3,099,726)
	\$ (4,690,066)	\$ (5,309,965)

The actuarial gain and prior service credit that will be amortized into net periodic benefit cost in 2021 will be \$111,755 and \$104,472, respectively.

NOTE 8 - GRANTS PAYABLE

The Foundation estimates that the grants payable balance as of December 31, 2020 will be paid as follows:

2021	\$ 53,888,452
2022	18,390,209
2023	5,618,505
2024	1,700,098
	\$ 79,597,264

Alfred P. Sloan Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

The Foundation awards multi-year grants for certain programs with continued annual funding as outlined in the executed grant agreement.

NOTE 9 - LEASE

Rent expense for 2020 and 2019, including escalations, was \$2,064,765 and \$1,964,012, respectively. On November 21, 2013, the Foundation modified the original lease. As a result of the lease modification, rent commencement on the substitute premises began on February 27, 2015 for a period of fifteen years ending on February 28, 2030. The fixed rent payable under the lease is an amount equal to (a) \$1,740,492 per annum for the period commencing on February 27, 2015 and ending on February 26, 2020, (b) \$1,874,376 per annum for the period commencing on February 27, 2020 and ending on February 26, 2025, and (c) \$2,008,260 per annum for the period commencing on February 27, 2025 and ending on February 28, 2030.

NOTE 10 - LIQUIDITY

The Foundation's investment portfolio provides the financial resources to support its operating needs. Operating needs include management and program expenses and grant commitments expected to be paid in the subsequent year. The Foundation regularly monitors the liquidity required to meet its operating needs as they become due. The portfolio is managed with a prudent level of risk given the Foundation's long-term investment horizon, which is designed to exist in perpetuity. The portfolio can tolerate considerable volatility in short- and intermediate-term performance, provided the long-term performance meets the return objective. The Foundation's return objective and risk tolerance necessitates a meaningful allocation to asset classes with high expected returns and risk across all asset classes. At December 31, 2020 and 2019, 72% and 76%, respectively, of the portfolio is held in assets that can be liquidated within one year or less to meet operating needs and a cash position is maintained to support immediate operating needs. In addition, the Foundation must annually pay out a minimum of 5% of the average fair value of its investment assets from the preceding year for charitable and administrative purposes in accordance with IRS requirements imposed on private foundations.

The table below presents financial assets available for operating needs within one year at December 31, 2020 and 2019:

	2020	2019
Financial assets at year-end:		
Cash	\$ 1,031,235	\$ 1,302,905
Redemption receivable	66,007,924	24,263,188
Investments	2,038,841,475	1,926,510,393
Total	2,105,880,634	1,952,076,486
Less amounts not available to be used within one year		
Alternative investments	(638,246,090)	(458,891,659)
Financial assets available to meet operating needs within one year	\$1,467,634,544	\$1,493,184,827

SUPPLEMENTARY INFORMATION

Alfred P. Sloan Foundation

SCHEDULE OF GRANTS AND APPROPRIATIONS

For the year ended December 31, 2020

Grantee	Unpaid	2020		Unpaid
	December 31, 2019	Authorized	Payments	December 31, 2020
Aguirre, Lauren	\$ -	\$ 34,000	\$ 25,000	\$ 9,000
American Association for the Advancement of Science	275,042	197,720	347,762	125,000
American Film Institute	115,000	-	115,000	-
American Friends of Toulouse School of Economics	100,000	-	-	100,000
American Geophysical Union	580,200	-	350,000	230,200
American Institute of Physics	446,697	-	200,000	246,697
American Museum of the Moving Image	293,300	-	146,650	146,650
American Statistical Association	449,391	-	449,391	-
American University	300,000	-	300,000	-
Annual Reviews	-	477,300	277,300	200,000
Arizona State University	-	660,797	160,797	500,000
Arizona, University of	116,792	11,500	128,292	-
Art of Problem Solving Foundation	100,000	-	100,000	-
Association of American Universities	51,550	-	51,550	-
Association for Computing Machinery	-	20,000	20,000	-
Astrophysical Research Consortium	6,630,000	250,000	380,000	6,500,000
Australian National University Foundation USA	545,375	-	412,341	133,034
Barnard College	350,000	-	175,000	175,000
Berlin-Brandenburg Academy of Sciences and Humanities	-	43,606	43,606	-
BIOBUS	500,000	-	250,000	250,000
Boston College	250,466	-	250,466	-
Boston University	249,824	75,000	324,824	-
Brandeis University	249,800	34,741	164,868	119,673
British Columbia, University of	45,000	25,000	45,000	25,000
Broad Institute, Inc.	-	12,000	12,000	-
Brookings Institution	333,000	632,069	339,316	625,753
Brown University	-	216,225	216,225	-
Buderi, Robert	-	50,000	50,000	-
California Institute of Technology	1,909,888	300,000	1,073,532	1,136,356
California Polytechnic State University, San Luis Obispo	574,986	-	574,986	-
California, University of, Berkeley	2,497,748	1,833,455	3,407,225	923,978
California, University of, Davis	49,456	114,887	154,343	10,000
California, University of, Irvine	1,906,729	1,615,000	2,161,729	1,360,000
California, University of, Los Angeles	241,000	275,000	395,500	120,500
California, University of, Office of the President	-	368,298	181,905	186,393
California, University of, Riverside	132,743	-	-	132,743
California, University of, San Diego	73,325	1,125,000	770,325	428,000
California, University of, Santa Barbara	-	173,170	100,000	73,170
Canadian Institute for Advanced Research	237,500	-	-	237,500
Candid	-	85,000	85,000	-
Carnegie Mellon University	100,000	1,066,556	956,242	210,314
Center for Strategic and International Studies	20,000	548,925	320,000	248,925
Chicago, University of	582,671	1,112,800	693,411	1,002,060
City College of New York - CUNY	-	75,000	75,000	-
Civic Hall Labs	-	50,000	50,000	-
Code for Science and Society	852,531	39,293	891,824	-
Cold Spring Harbor Laboratory	-	75,000	75,000	-
College of William and Mary	-	69,478	69,478	-
Colorado School of Mines	243,497	-	218,497	25,000
Colorado State University	20,000	1,125,000	445,000	700,000
Colorado, University of, at Boulder	1,743,213	296,712	799,874	1,240,051
Colorado, University of, at Denver	-	49,955	49,955	-
Columbia University	1,466,055	2,003,532	1,760,366	1,709,221
Community Initiatives	410,446	473,663	884,109	-
Conniff, Richard Michael	-	49,980	49,980	-
Consumer Reports	701,250	-	200,000	501,250

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

Alfred P. Sloan Foundation

SCHEDULE OF GRANTS AND APPROPRIATIONS - CONTINUED

For the year ended December 31, 2020

Grantee	Unpaid	2020		Unpaid
	December 31, 2019	Authorized	Payments	December 31, 2020
Coolidge Corner Theatre Foundation	\$ 378,100	\$ -	\$ -	\$ 378,100
Cornell University	34,439	325,000	359,439	-
Corporation of the Fine Arts Museums of San Francisco	-	75,000	75,000	-
Council for Economic Education	306,154	-	151,493	154,661
Council on Library and Information Resources	247,000	33,500	233,500	47,000
Crump, Martha L.	-	47,800	25,195	22,605
CUNY Graduate Center Foundation, Inc.	110,250	-	110,250	-
Dartmouth College	293,309	104,880	233,230	164,959
Data Foundation	-	250,000	250,000	-
Digital Public Library of America, Inc.	760,542	250,000	700,000	310,542
Documentary Educational Resources	-	500,000	300,000	200,000
Drexel University	281,597	255,428	177,261	359,764
Dryad	476,936	-	476,936	-
Duke University	638,346	521,072	489,488	669,930
Earthwatch Institute	-	24,000	24,000	-
Ehrlich, Benjamin	5,000	-	5,000	-
Emory University	-	150,000	150,000	-
Ensemble Studio Theatre, Inc.	1,280,000	-	640,000	640,000
Environmental Defense Fund Incorporated	300,000	30,000	155,000	175,000
Environmental Law Institute	100,000	-	100,000	-
Ervin-Blankenheim, Elisabeth	-	31,503	31,503	-
Film Independent, Inc.	-	1,080,932	511,364	569,568
Filmmakers Collaborative	-	250,000	100,000	150,000
Florida State University	-	75,000	75,000	-
Florida, University of	562,042	149,060	356,021	355,081
Food & Environment Reporting Network	153,646	-	79,882	73,764
FORCE11	-	50,000	50,000	-
Franklin W. Olin College of Engineering	-	36,442	36,442	-
Friends of Index on Censorship	48,103	-	48,103	-
Fund for the City of New York	1,410,000	2,323,468	1,349,157	2,384,311
Fund for Public Health in New York, Inc.	-	300,000	300,000	-
Futuro Media Group, The	75,000	-	75,000	-
Gathering for Open Science Hardware	-	574,770	342,010	232,760
Georgia Institute of Technology	383,049	205,000	588,049	-
Georgetown University	1,269,648	-	975,927	293,721
Girls Who Invest	-	25,000	25,000	-
Greenring, Jaime	21,400	-	21,400	-
Gross, Rachel E.	-	50,000	30,000	20,000
Harvard Medical School	-	75,000	75,000	-
Harvard University	1,434,620	4,357,880	3,509,585	2,282,915
Herbert H. Lehman College Foundation	-	50,000	50,000	-
Hopewell Fund	1,000,000	692,709	846,354	846,355
Houston, University of	-	150,000	150,000	-
Illinois, University of, Chicago	249,741	-	127,803	121,938
Illinois, University of, Urbana-Champaign	-	379,981	379,981	-
Imperial College London	777,098	-	259,018	518,080
Indiana, University of	207,208	44,648	251,856	-
Innovations for Poverty Action	-	246,466	128,796	117,670
Inria Foundation	-	199,629	199,629	-
Institute of International Education Inc.	-	750,000	249,651	500,349
Institute for Advanced Study	-	50,000	50,000	-
Island Press-Center for Resource Economics	10,000	-	10,000	-
Iowa State University	-	75,000	75,000	-
Johns Hopkins University	456,307	480,000	675,095	261,212
Kentucky, University of	-	75,000	75,000	-
Kevles, Daniel J.	24,000	-	-	24,000
Kolbert, Elizabeth	18,000	-	18,000	-

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

Alfred P. Sloan Foundation

SCHEDULE OF GRANTS AND APPROPRIATIONS - CONTINUED

For the year ended December 31, 2020

Grantee	Unpaid	2020		Unpaid
	December 31, 2019	Authorized	Payments	December 31, 2020
L.A. Theatre Works	\$ 200,000	\$ -	\$ 200,000	\$ -
Lehigh University	-	75,000	75,000	-
Levitt, Dan	24,000	-	24,000	-
Manhattan Theatre Club	216,666	-	216,666	-
Manitoba, University of	-	111,582	111,582	-
Maryland, University of, Baltimore County	1,126,244	-	468,372	657,872
Maryland, University of, College Park	130,860	564,680	245,540	450,000
Massachusetts Institute of Technology	2,516,177	726,570	1,542,106	1,700,641
Massachusetts, University of, Amherst	-	355,753	175,133	180,620
Mathematical Sciences Research Institute	146,500	757,965	596,465	308,000
Max Planck Institute for Chemistry	-	300,312	300,312	-
McGill University	-	225,000	225,000	-
Michigan State University	49,978	-	49,978	-
Michigan, University of	1,772,454	1,566,508	1,866,840	1,472,122
Minnesota, University of	300,703	89,000	389,703	-
Missouri, University of, Columbia	-	899,876	345,216	554,660
Missouri University of Science and Technology	-	150,000	150,000	-
Montreal, University of	-	333,960	179,860	154,100
Mueller, Elizabeth Rush	-	49,542	30,000	19,542
Murray, Charles J.	-	16,000	10,000	6,000
National Academy of Sciences	1,049,722	2,097,995	2,237,424	910,293
National Action Council for Minorities in Engineering, Inc.	4,804,971	4,805,891	3,439,971	6,170,891
National Bureau of Economic Research, Inc.	3,516,289	1,601,912	2,138,148	2,980,053
National Information Standards Organization	-	20,047	20,047	-
National Public Radio, Inc.	325,000	-	325,000	-
Nevada, University of, Reno	-	75,000	75,000	-
New America Foundation	-	150,000	100,000	50,000
New Jersey Institute of Technology	109,038	-	-	109,038
New School, The	154,985	-	95,194	59,791
New Venture Fund	-	375,000	200,000	175,000
New York Academy of Sciences	125,000	-	-	125,000
New York Community Trust, The	-	250,000	250,000	-
New York Public Library	200,000	-	200,000	-
New York Public Radio	200,000	-	200,000	-
New York University	2,200,299	1,762,166	981,741	2,980,724
North Carolina State University	433,128	75,000	383,128	125,000
North Carolina, University of, at Chapel Hill	142,529	575,000	467,529	250,000
Northeastern University	20,000	-	-	20,000
North Fork TV Festival, Inc.	-	175,000	175,000	-
Northwestern University	250,000	150,000	275,000	125,000
Notre Dame, University of	190,462	-	190,462	-
NumFOCUS	151,668	629,032	780,700	-
Online Learning Consortium	-	50,000	50,000	-
Ohio State University	994,969	150,000	650,000	494,969
Open Collective Foundation	-	655,000	50,000	605,000
Open Knowledge Foundation	249,874	-	249,874	-
Open Mind Legacy Project, The	-	200,000	100,000	100,000
Open Source Hardware Association	-	49,650	49,650	-
Oregon State University	1,486,403	124,688	1,124,688	486,403
Oregon, University of	-	105,000	105,000	-
Ostrander, Madeline	-	45,000	45,000	-
Ottawa, University of	-	199,977	111,236	88,741
Oxford, University of	-	84,377	84,377	-
Partnership on AI	-	150,000	150,000	-
Pecan Street, Inc.	347,132	74,931	422,063	-
Pennsylvania State University	-	75,000	75,000	-
Pennsylvania, University of	356,002	625,821	725,587	256,236

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

Alfred P. Sloan Foundation

SCHEDULE OF GRANTS AND APPROPRIATIONS - CONTINUED

For the year ended December 31, 2020

Grantee	Unpaid	2020		Unpaid
	December 31, 2019	Authorized	Payments	December 31, 2020
Philanthropy New York	\$ -	\$ 28,000	\$ 28,000	\$ -
Pioneer Works	-	750,000	250,000	500,000
Pittsburgh, University of	281,791	225,000	506,791	-
Princeton University	-	1,764,264	765,000	999,264
Private Capital Research Institute	150,000	-	150,000	-
Public Library of Sciences	-	49,578	49,578	-
Puerto Rico, University of, Mayaguez	98,065	-	98,065	-
Purdue University	-	1,318,728	439,403	879,325
RAND Corporation	301,526	-	301,526	-
Research Foundation of the City University of NY	871,845	-	436,500	435,345
Resources for the Future, Inc.	400,000	1,000,000	850,000	550,000
Rockefeller University	-	2,700,737	621,000	2,079,737
Rochester Institute of Technology	-	499,121	247,646	251,475
Rochester, University of	-	125,000	125,000	-
Saskatchewan, University of	202,302	-	202,302	-
Science Friday Initiative, Inc.	457,550	-	229,860	227,690
Seife, Charles	20,000	-	20,000	-
Seifert, Keith A.	-	20,000	20,000	-
SFFILM	200,000	-	200,000	-
Social Science Research Council	1,600,000	-	600,000	1,000,000
Society for Science & the Public	-	150,000	98,402	51,598
Southern California Institute of Architecture	90,000	-	90,000	-
Southern California, University of	277,103	170,353	308,905	138,551
Southern Regional Education Board	1,058,919	-	360,000	698,919
Stanford University	1,020,453	3,395,753	2,396,214	2,019,992
Sundance Institute	250,000	-	250,000	-
SUNY Polytechnic Institute	-	599,641	202,282	397,359
Spelman College	395,936	-	260,000	135,936
Stony Brook University	-	75,000	75,000	-
Syracuse University	-	349,380	200,000	149,380
Technology Association of Grantmakers (TAG)	-	5,000	5,000	-
Temple University	-	75,000	75,000	-
Tennessee, University of	37,415	399,098	236,964	199,549
Texas A&M University	-	124,839	75,000	49,839
Texas, University of, Austin	-	175,000	175,000	-
Tonic Theater Company	-	50,000	40,000	10,000
Toronto, University of	343,361	225,000	396,681	171,680
Tribeca Film Institute	439,250	-	-	439,250
Tufts University	-	99,992	99,992	-
University College London	20,000	-	20,000	-
Upjohn Institute for Employment Research	124,991	-	124,991	-
Utah, University of	-	75,000	75,000	-
Urban Institute	403,665	396,298	634,526	165,437
Urban Justice Center	-	50,000	-	50,000
Van Andel Institute	-	75,000	75,000	-
Vanderbilt University	-	225,000	225,000	-
Vermont, University of	254,451	-	254,451	-
Victoria, University of	-	75,000	75,000	-
Virginia, University of	197,646	723,698	521,344	400,000
Virginia Polytechnic Institute and State University	-	55,000	55,000	-
Washington Center for Equitable Growth	235,993	250,000	485,993	-
Washington, University of	249,836	908,172	898,916	259,092
Washington University in St. Louis	-	75,000	75,000	-

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

Alfred P. Sloan Foundation

SCHEDULE OF GRANTS AND APPROPRIATIONS - CONTINUED

For the year ended December 31, 2020

Grantee	Unpaid	2020		Unpaid
	December 31, 2019	Authorized	Payments	December 31, 2020
WGBH Educational Foundation	\$ 1,500,000	\$ 1,000,000	\$ 2,150,000	\$ 350,000
Wikimedia Foundation	66,666	2,100,000	766,666	1,400,000
Wisconsin System, University of	-	49,993	30,000	19,993
Wisconsin, University of, Milwaukee	-	250,000	250,000	-
WNET.ORG	-	650,000	350,000	300,000
Women Make Movies, Inc.	135,700	1,000,000	635,700	500,000
Woodrow Wilson International Center for Scholars	320,975	-	320,975	-
Worcester Polytechnic Institute	-	20,000	20,000	-
World Cares Center, Inc.	-	50,000	50,000	-
Writers Room, Inc.	50,000	-	16,668	33,332
Yale University	1,329,631	1,048,326	918,399	1,459,558
York, University of	681,000	-	227,000	454,000
Zimmer, Carl	-	55,000	55,000	-
Zurich, University of	-	399,646	150,132	249,514
	<u>76,913,133</u>	<u>76,468,681</u>	<u>83,234,550</u>	<u>70,147,264</u>
Sloan Research Fellowships to be granted in ensuing year	<u>9,450,000</u>	<u>-</u>	<u>-</u>	<u>9,450,000</u>
	86,363,133	76,468,681	83,234,550	79,597,264
Reduction for grant transfers	-	(431,577)	(431,577)	-
Refunded grants	-	(414,612)	(414,612)	-
Total	<u>\$ 86,363,133</u>	<u>\$ 75,622,492</u>	<u>\$ 82,388,361</u>	<u>\$ 79,597,264</u>

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.