Max M. & Marjorie S. Fisher Foundation

Financial Report

December 31, 2022

Contents

Plante & Moran, PLLC
P.O. Box 307
3000 Town Center, Suite 100
Southfield, MI 48075
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
Max M. & Marjorie S. Fisher Foundation

Opinion

We have audited the financial statements of Max M. & Marjorie S. Fisher Foundation (the "Foundation"), which comprise the balance sheet as of December 31, 2022 and 2021 and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2022 and 2021 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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.

Emphasis of Matter

As explained in Note 2, the financial statements include certain investments whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or the partnership general partners. These investments are valued at $113,153,748 (41.73 percent of net assets) at December 31, 2022 and $154,171,787 (46.4 percent of net assets) at December 31, 2021. Our opinion is not modified with respect to this matter.

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 Trustees
Max M. & Marjorie S. Fisher Foundation

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

September 6, 2023

Balance Sheet

December 31, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	$ 298,499	$ 241,649
Investments (Note 3)	272,016,599	332,451,809
Mission-related investments (Note 3)	629,490	691,659
Program-related investments - Net of allowance of $0 as of December 31, 2022 and 2021 (Note 5)	6,348,952	5,141,592
Other receivables	209,931	617,441
Other assets	87,500	90,449
Right-of-use asset (Note 7)	292,010	-
Property and equipment - Net (Note 6)	18,123	16,824
Total assets	**$ 279,901,104**	**$ 339,251,423**
Liabilities and Net Assets		
Liabilities		
Accrued liabilities	$ 636,134	$ 1,739,700
Grants payable (Note 4)	7,811,627	5,212,820
Office lease liability (Note 7)	301,382	-
Total liabilities	8,749,143	6,952,520
Net Assets - Without donor restrictions	271,151,961	332,298,903
Total liabilities and net assets	**$ 279,901,104**	**$ 339,251,423**

See notes to financial statements.

Statement of Activities and Changes in Net Assets

Years Ended December 31, 2022 and 2021

	2022	2021
Changes in Net Assets without Donor Restrictions		
Investment income (loss):		
Dividends and interest	$ 4,070,060	$ 1,356,218
Net realized and unrealized (losses) gains on investments	(43,746,934)	59,905,595
Other income	568	6,225
Investment expenses	(1,154,503)	(971,636)
Federal excise tax benefit (expense)	381,639	(1,423,396)
Net investment (loss) income	(40,449,170)	58,873,006
Expenses:		
Program services:		
Grants (Note 13)	17,361,028	14,680,344
Program support (Note 13)	1,869,701	1,851,002
Total program services	19,230,729	16,531,346
Management and general (Note 13)	1,467,043	1,425,796
Total expenses	20,697,772	17,957,142
(Decrease) Increase in Net Assets	(61,146,942)	40,915,864
Net Assets - Beginning of year	332,298,903	291,383,039
Net Assets - End of year	**$ 271,151,961**	**$ 332,298,903**

Statement of Cash Flows

Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
(Decrease) increase in net assets	$ (61,146,942)	$ 40,915,864
Adjustments to reconcile (decrease) increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation and amortization	6,868	20,980
Discount on grants payable	148,658	13,335
Discount on program-related investment loan receivable	119,427	(45,138)
Net realized gain on sales of investments	(11,049,103)	(98,028,804)
Net unrealized loss on investments	54,796,037	37,858,668
Loss on abandonment of leasehold improvements	-	133,486
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Accounts receivable	372,014	(89,383)
Program-related investment loan receivables	(1,329,031)	(444,000)
Other assets	2,949	(2,949)
Grants payable	2,450,149	311,892
Accrued liabilities	(1,103,566)	1,294,325
Right-of-use asset obtained in exchange for operating lease liability	9,372	-
Net cash and cash equivalents used in operating activities	(16,723,168)	(18,061,724)
Cash Flows from Investing Activities		
Purchase of property and equipment	(8,167)	(2,256)
Purchases of investments	(141,015,617)	(267,697,611)
Proceeds from sales and maturities of investments	157,761,196	284,223,722
Net change in investment redemption receivable	42,606	1,457,394
Net cash and cash equivalents provided by investing activities	16,780,018	17,981,249
Net Increase (Decrease) in Cash and Cash Equivalents	56,850	(80,475)
Cash and Cash Equivalents - Beginning of year	241,649	322,124
Cash and Cash Equivalents - End of year	**$ 298,499**	**$ 241,649**

See notes to financial statements.

Note 1 - Nature of the Organization

Max M. & Marjorie S. Fisher Foundation (the "Foundation"), located in Southfield, Michigan; established in 1955; and endowed following the death of Max M. Fisher in 2005, is a private family foundation that was organized to make grants to charitable organizations, which are described in Section 501(c)(3) of the Internal Revenue Code (IRC). The primary activity of the Foundation is to receive and administer funds in order to support charitable, educational, religious, cultural, and other organizations. The Foundation aims to enrich humanity by strengthening and empowering children and families in need. The Foundation was funded through the Max M. Fisher Estate and contributions by family members.

Note 2 - Significant Accounting Policies

Cash Equivalents

The Foundation considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Investments

Money market investment funds are under the custody of fund managers and represent temporarily uninvested moneys and short-term investments consisting of funds collected.

Investments in cash and cash equivalents, fixed-income securities, equity securities, and mutual funds are carried at quoted fair market value. The change in unrealized market appreciation is included in the statement of activities and changes in net assets. Realized gains and losses are recorded using specific identification of the assets sold.

The alternative investments, composed primarily of funds of funds, real estate funds, private equity funds, and alternative/hedge funds, a significant amount of which are not readily marketable, are carried at estimated fair values, as provided by the various fund managers. Foundation management reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and significant assumptions used in determining fair value. Those estimated fair values are subject to uncertainty and may differ significantly from the values that would have been used had a ready market for these securities existed. The estimated fair values of the Foundation's alternative investments totaled $113,153,748 and $154,171,787 at December 31, 2022 and 2021, respectively.

Allowance for Doubtful Accounts

An allowance for doubtful accounts on program-related investments is established based on a specific assessment of all receivables that remain unpaid following agreed-upon payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made.

Risk and Uncertainties

The Foundation invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, currency, 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 such changes could materially affect the amounts reported in the balance sheet.

Property and Equipment

Property and equipment are recorded at cost when purchased and at estimated fair market value when donated. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets. Donated collections that include works of art, historical treasures, or similar assets are not capitalized or recognized as revenue or gains. In 2015, Mrs. Fisher donated the Max M. Fisher Archives to the Foundation. The archives consist of political memorabilia, autographs, and photos. The archives are housed at Wayne State University.

Note 2 - Significant Accounting Policies (Continued)

Grants Payable

Unconditional promises to give are recognized as an expense once the grant agreement is fully executed. Discretionary promises to give are recognized as an expense at the time of formal approval by the full board of trustees. Conditional promises to give, if any, are expensed when such conditions are substantially met.

Tax Status

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the United States IRC. As a private family foundation, the Foundation is subject to an excise tax on net investment income, including realized gains, as defined in the Tax Reform Act of 1969.

Classification of Net Assets

Net assets of the Foundation are classified based on the presence or absence of donor-imposed restrictions. All net assets of the Foundation are without donor restrictions.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions 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, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including September 6, 2023, which is the date the financial statements were available to be issued.

Upcoming Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. The ASU includes changes to the accounting and measurement of financial assets, including the Foundation's program-related investments, by requiring the Foundation to recognize an allowance for all expected losses over the life of the financial asset at origination. This is different from the current practice where an allowance is not recognized until the losses are considered probable. The ASU also changes the way credit losses are recognized for available-for-sale debt securities. Credit losses are recognized through the recording of an allowance rather than as a write-down of the carrying value. The new guidance will be effective for the Foundation's year ending December 31, 2023. Upon adoption, the ASU will be applied using a modified retrospective transition method to the beginning of the earliest period presented. A prospective transition approach is required for debt securities for which an other-than-temporary impairment had been recognized before the effective date.

Note 3 - Investments and Mission-related Investments

Investments and mission-related investments consisted of the following at December 31:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Short-term cash pool	$ 10,067,321	$ 10,067,321	$ 8,530,688	$ 8,530,688
Fixed-income securities	73,458,222	64,323,381	67,305,110	67,535,234
Equity securities	97,257,087	85,101,639	99,106,130	102,905,759
Real estate funds	8,940,707	12,871,581	12,259,441	34,694,528
Private equity funds and distressed credit	55,790,420	97,917,863	52,617,959	104,973,878
Hedge funds	1,008,251	1,734,814	9,598,499	13,811,722
Mission-related investments	547,765	629,490	445,610	691,659
Total	$ 247,069,773	$ 272,646,089	$ 249,863,437	$ 333,143,468

Note 4 - Grants for Charitable, Educational, and Other Authorized Purposes

The following summarizes the changes in grants payable as of December 31:

	2022	2021
Grants payable - Beginning of year	$ 5,212,820	$ 4,887,593
Grants approved	17,341,350	14,651,969
Payments made	(14,593,885)	(14,313,407)
Change in present value discount	(148,658)	(13,335)
Grants payable - End of year	$ 7,811,627	$ 5,212,820

The discount rate used in the December 31, 2022 and 2021 present value calculations was 4.105 percent and 0.97 percent, respectively, and is based on daily treasury yield curve rates.

Grants payable at December 31, 2022 are scheduled to be disbursed as follows: $4,788,802, $2,021,708, $419,825, and $403,271 for 2023, 2024, 2025, and 2026, respectively.

As of December 31, 2022 and 2021, there were conditional grant commitments totaling $1,875,000 and $2,000,000, respectively, for which the grantee had not yet satisfied the condition.

Note 5 - Program-related Investments

Program-related investments (PRIs) on the balance sheet represent various below-market-rate loans and equity investments with outstanding principal totaling $6,813,031 and $5,484,000 as of December 31, 2022 and 2021, respectively. Interest rates range from 0 percent to 2 percent at December 31, 2022. Loans are individually monitored to determine net realizable value based on an evaluation of recoverability. One program-related investment converted from a loan to an equity investment, and its value at December 31, 2022 and 2021 is $26,224 and $28,468, respectively. The present value discount on PRI loans receivable was $490,303 and $370,876 as of December 31, 2022 and 2021, respectively. There was $1,287,367 and $106,000 received as return of principal for the years ended December 31, 2022 and 2021, respectively. There were new PRI loans of $2,616,397 and $550,000 for the years ended December 31, 2022 and 2021, respectively.

Note 5 - Program-related Investments (Continued)

PRIs are scheduled for collection as of December 31, 2022, as follows:

Years Ending	Amount
2023	$ 757,417
2024	253,500
2025	2,226,833
2026	733,083
2027	258,500
2028	700,000
2029	950,000
2030	750,000
2031	-
2032	183,698
Total	$ 6,813,031

Management has reviewed the collectibility of all PRIs and has recorded an allowance of $0 as of December 31, 2022 and 2021. The Foundation conducts quarterly portfolio monitoring to determine the anticipated losses and realizes losses upon review and approval of the impact investing committee.

Note 6 - Property and Equipment

Property and equipment are summarized as follows:

	2022	2021
Office equipment	$ 41,908	$ 41,908
Computer equipment and software	64,170	56,003
Total cost	106,078	97,911
Accumulated depreciation	87,955	81,087
Net property and equipment	$ 18,123	$ 16,824

Depreciation and amortization expense for 2022 and 2021 was $6,868 and $20,980, respectively. Depreciation is calculated on a straight-line basis over useful lives ranging from 3 to 39 years.

Note 7 - Leases

The Foundation is obligated under operating leases primarily for office space, expiring at various dates through December 31, 2026. The right-of-use asset and related lease liability have been calculated using a discount rate of 3.99 percent. The leases require the Foundation to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under these leases was $77,039 and $31,407 for 2022 and 2021, respectively.

Note 7 - Leases (Continued)

Future minimum annual commitments under these operating leases are as follows:

Years Ending December 31	Amount
2023	$ 78,918
2024	80,797
2025	82,676
2026	84,555
Total	326,946
Less amount representing interest	25,564
Long-term obligations under leases	$ 301,382

Note 8 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at December 31, 2022 and 2021 and the valuation techniques used by the Foundation to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, 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 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.

In instances where inputs used to measure fair value fall into different levels in the above 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.

Note 8 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2022		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Net Asset Value	Balance at December 31, 2022
Investments:			
Equity securities - U.S.	$ -	$ 57,407,425	$ 57,407,425
Equity securities - International and emerging markets funds	-	27,694,214	27,694,214
Fixed-income mutual funds	24,736,262	-	24,736,262
Fixed-income institutional funds	-	39,587,119	39,587,119
Real estate funds	-	12,871,581	12,871,581
Private equity funds	-	97,050,306	97,050,306
Distressed credit funds	-	867,557	867,557
Hedge fund instruments	-	1,734,814	1,734,814
Total investments	24,736,262	237,213,016	261,949,278
Mission-related investments - Private equity funds	-	629,490	629,490
Total assets	$ 24,736,262	$ 237,842,506	$ 262,578,768

*Excludes the short-term cash pool totaling $10,067,321, which is not required to be disclosed under this accounting standard.

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2021		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Net Asset Value	Balance at December 31, 2021
Investments:			
Equity securities - U.S.	$ -	$ 65,655,055	$ 65,655,055
Equity securities - International and emerging markets funds	-	37,250,704	37,250,704
Fixed-income mutual funds	22,042,899	-	22,042,899
Fixed-income institutional funds	-	45,492,335	45,492,335
Real estate funds	-	34,694,528	34,694,528
Private equity funds	-	103,596,889	103,596,889
Distressed credit funds	-	1,376,989	1,376,989
Hedge fund instruments	-	13,811,722	13,811,722
Total investments	22,042,899	301,878,222	323,921,121
Mission-related investments - Private equity funds	-	691,659	691,659
Total assets	$ 22,042,899	$ 302,569,881	$ 324,612,780

*Excludes the short-term cash pool totaling $8,530,688, which is not required to be disclosed under this accounting standard.

Note 8 - 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.

At year end, the approximate fair value, unfunded commitments, and redemption rules of those investments are as follows (in thousands):

	December 31, 2022	December 31, 2021	December 31, 2022		
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Equity securities - U.S. (a)	$ 57,407	$ 65,655	$ -	Monthly	30 days
Equity securities - International and emerging markets funds (b)	27,694	37,251	-	Monthly	30 days
Fixed-income institutional funds (c)	39,587	45,492	-	Monthly	30 days
Real estate (d)	12,872	34,694	14,863	N/A*	N/A
Private equity (e)	97,050	103,597	41,480	N/A*	N/A
Distressed credit (f)	868	1,377	316	N/A*	N/A
Hedge funds (g)	1,735	13,812	-	Semiannually	105 days
Mission-related investments (h)	629	692	-	N/A*	N/A
Total	$ 237,842	$ 302,570	$ 56,659		

*These funds are in private equity structures with no rights to redemption. Liquidity is based on the timing of the fund's ability to distribute proceeds as available.

(a) Equity securities - U.S. include an actively managed portfolio of individual stocks and index funds benchmarked to three stock indexes.

(b) Equity securities - International and emerging markets funds include investments in diversified institutional funds.

(c) Fixed-income institutional funds include investments in diversified institutional funds. The underlying investments include U.S. corporate bonds (both investment grade and high yield), bank loans, sovereign debt of both established international and emerging market countries, U.S. master limited partnerships, and U.S. Treasury and agency bonds.

(d) The real estate funds category includes several real estate funds invested in a variety of real property types, including multifamily, office, retail, and hotel, primarily in North America.

(e) The private equity funds category includes investments in large and small company buyouts, venture capital, growth equity, and distressed situations. The investment managers invest directly or through secondary market purchases globally.

(f) The distressed credit category includes investments in a variety of debt instruments purchased at discounts to intrinsic value globally.

(g) The hedge fund category includes global investments in stocks, bonds, commodities, and currencies. Such managers are provided broad latitude to invest long or short, directly or synthetically, and can employ leverage.

(h) The mission-related investments category includes investments in a venture capital fund for a social or environmental impact.

The unfunded commitments noted above are not considered liabilities of the Foundation at December 31, 2022 and 2021 and have not been recorded in the balance sheet.

Note 9 - Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets available to meet cash needs for general expenditures within one year as of December 31:

	2022	2021
Cash and cash equivalents	$ 298,499	$ 241,649
Short-term investments	159,492,343	178,971,681
Financial assets available to meet cash needs for general expenditures within one year	$ 159,790,842	$ 179,213,330

None of the financial assets disclosed above are subject to contractual restrictions that make them unavailable for general expenditures within one year of the balance sheet date. The Foundation has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately $3,315,000. 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, as part of its liquidity management, the Foundation invests cash in excess of daily requirements in various short-term investments.

Note 10 - Excise Taxes

The Foundation's current excise tax (benefit) expense for the years ended December 31, 2022 and 2021 was $(381,639) and $1,423,396, respectively. There are $0 of deferred taxes related to this unrealized gain at December 31, 2022 and 2021.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law in March 2020, enabled taxpayers to carry back net operating losses (NOL) to the five prior tax years. Previously, these losses were only allowed to be carried forward. As the Foundation had tax losses in 2018 and 2019, the losses were carried back to 2013 and 2014, respectively, to obtain refunds in the amounts of $41,838 and $98,388, respectively. The amended returns were filed prior to December 31, 2020, and, as such, the refunds were recorded as a receivable and a reduction to tax expense for the year ended December 31, 2020. The 2013 refund was received in 2021, and the 2014 refund was received in 2022.

Note 11 - Related Party Transactions

The following is a description of transactions between the Foundation and related parties:

The Fisher Group (TFG) provides financial and investment management services for the Foundation under the terms of a service agreement. For the years ended December 31, 2022 and 2021, the Foundation incurred expenses related to TFG service provider fees in the amount of $1,679,969 and $1,435,332, respectively. The TFG fee is multiplied by 65 percent and added to Mellon fees to calculate investment expense, which can be found on the statement of activities and changes in net assets. The non-investment-related portion (35 percent) is included in functional expenses under management and general expenses in Note 13.

The Foundation has entered into a commitment to invest $8 million in Ram Realty Partners II LP and Ram Realty Investors II LLC (collectively, the "Ram Funds"). The Foundation has also entered into a commitment to invest $2.5 million directly in Ram Realty Partners III, $1.7 million in Ram Realty Partners IV, and $1.35 million in The Boulevard f/k/a Third & Grand LLC. Additionally, the Foundation entered into a commitment to invest $1 million in Platform Neighborhood Fund I and $800,000 in Ram Realty Partners V LP. The above-mentioned funds are sponsored and managed by entities co-owned by a foundation board of trustees member.

Note 12 - Defined Contribution Plan

The Foundation sponsors a defined contribution 403(b) plan for all eligible full-time employees. Employees may make elective contributions to the 403(b) plan in accordance with IRS regulations. The Foundation may make contributions to the 403(b) plan up to 5 percent of the employees' base salaries. During the years ended December 31, 2022 and 2021, the Foundation contributed $56,235 and $44,035, respectively, to the plan.

Note 13 - Functional Expenses

Expenses are functionally allocated as follows for the year ended December 31, 2022:

	Program Services	Management and General	Total
Grants	$ 17,361,028	$ -	$ 17,361,028
Salaries and wages	1,099,423	448,309	1,547,732
Contract and professional fees	362,266	254,218	616,484
Employee benefits	219,223	97,561	316,784
Travel	43,335	59,901	103,236
Payroll taxes	68,442	27,909	96,351
Rent and utilities	56,872	22,998	79,870
Depreciation and amortization	4,249	2,619	6,868
Telephone	6,343	2,732	9,075
Miscellaneous	-	22,798	22,798
Convenings	-	17,033	17,033
Employee relations and training	-	42,014	42,014
Insurance	-	14,093	14,093
Postage and shipping	-	2,297	2,297
Non-investment-related TFG service provider fee	-	587,989	587,989
Supplies, printing, and subscriptions	-	10,136	10,136
Interest expense	9,548	3,862	13,410
Other taxes (recovery)*	-	(211,465)	(211,465)
Information systems	-	62,039	62,039
Total	$ 19,230,729	$ 1,467,043	$ 20,697,772

Note 13 - Functional Expenses (Continued)

Expenses are functionally allocated as follows for the year ended December 31, 2021:

	Program Services	Management and General	Total
Grants	$ 14,680,344	$ -	$ 14,680,344
Salaries and wages	968,604	408,426	1,377,030
Contract and professional fees	513,186	250,990	764,176
Employee benefits	232,306	112,221	344,527
Travel	9,874	896	10,770
Payroll taxes	61,919	26,109	88,028
Rent and utilities	42,304	18,520	60,824
Depreciation and amortization	14,592	6,388	20,980
Telephone	8,217	3,540	11,757
Miscellaneous	-	14,377	14,377
Convenings	-	7,382	7,382
Employee relations and training	-	33,113	33,113
Insurance	-	13,636	13,636
Postage and shipping	-	1,841	1,841
Non-investment-related TFG service provider fee	-	502,366	502,366
Supplies, printing, and subscriptions	-	13,702	13,702
Other taxes (recovery)*	-	4,200	4,200
Information systems	-	8,089	8,089
Total	$ 16,531,346	$ 1,425,796	$ 17,957,142

*Other taxes (recovery) includes federal and state income tax on unrelated business taxable income generated from investment gains. See Note 10 for more information.

Costs have been allocated between program and management and general based on estimates determined by management. Salaries and wages, employee benefits, and payroll taxes are allocated on the basis of the actual employee time and effort devoted to these activities. Other expenses are allocated 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.