

THE PHILADELPHIA FOUNDATION
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2022 AND 2021



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**THE PHILADELPHIA FOUNDATION
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INDEPENDENT AUDITORS' REPORT

Board of Managers
The Philadelphia Foundation
Philadelphia, Pennsylvania

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of The Philadelphia Foundation (a nonprofit corporation), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Philadelphia 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of The Philadelphia Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, management adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Philadelphia Foundation's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Philadelphia 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Philadelphia 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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 31 through 35 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such 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 audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
June 29, 2023

THE PHILADELPHIA FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 36,808,081	\$ 25,726,631
Certificates of Deposit	467,131	467,969
Contributions Receivable	19,909,338	23,159,995
Loans Receivable (Program Related Investments)	3,397,073	3,542,105
Prepaid Expenses and Other Assets	<u>2,342,664</u>	<u>1,005,180</u>
Total	62,924,287	53,901,880
Nonendowment Investments:		
Equities	23,335,153	28,009,492
Fixed Income	53,876,935	37,317,517
Other	<u>27,275,915</u>	<u>20,990,530</u>
Total Nonendowment Investments	104,488,003	86,317,539
Endowment Investments:		
Equities	272,339,106	386,142,918
Fixed Income	185,320,165	147,977,438
Cash Surrender Value of Life Insurance	424,876	111,586
Cash Equivalents	30,717,444	37,886,071
Other	<u>60,256,670</u>	<u>78,323,703</u>
Total Endowment Investments	549,058,261	650,441,716
Split-Interest Agreements	7,805,066	11,298,261
Property and Equipment	<u>1,723,292</u>	<u>645,637</u>
Total Assets	<u><u>\$ 725,998,909</u></u>	<u><u>\$ 802,605,033</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 5,760,346	\$ 2,801,052
Grants Payable	10,070,103	11,731,385
Liabilities Under Split-Interest Agreements	3,101,288	3,442,750
Liabilities Under Agency Accounts	11,837,195	9,969,742
Deferred Rent and Lease Incentive Liability	<u>-</u>	<u>712,005</u>
Total Liabilities	30,768,932	28,656,934
NET ASSETS		
Without Donor Restrictions:		
For Grant Endowments	458,509,142	542,495,953
For Grantmaking	76,667,919	71,322,600
For Administrative Endowment and Operations	<u>27,162,991</u>	<u>6,753,570</u>
Total Without Donor Restrictions	562,340,052	620,572,123
With Donor Restrictions	<u>132,889,925</u>	<u>153,375,976</u>
Total Net Assets	<u><u>695,229,977</u></u>	<u><u>773,948,099</u></u>
Total Liabilities and Net Assets	<u><u>\$ 725,998,909</u></u>	<u><u>\$ 802,605,033</u></u>

See accompanying Notes to Consolidated Financial Statements.

**THE PHILADELPHIA FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Gifts, Grants, and Bequests	\$ 72,544,112	\$ 13,058,316	\$ 85,602,428
Investment Income	25,321,519	2,159,176	27,480,695
Net Unrealized and Realized Investment Losses	(93,081,021)	(15,993,253)	(109,074,274)
Change in Value of Perpetual Trust	70,816	(399,532)	(328,716)
Subtotal	4,855,426	(1,175,293)	3,680,133
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	15,252,310	(15,252,310)	-
Satisfaction of Time Restrictions	4,058,448	(4,058,448)	-
Total Revenue and Support	24,166,184	(20,486,051)	3,680,133
EXPENSES			
Grants	62,634,969	-	62,634,969
Grantmaking	4,268,628	-	4,268,628
Special Program Expenses	1,961,392	-	1,961,392
Development and Donor Services	2,320,839	-	2,320,839
Financial Management	4,649,271	-	4,649,271
Marketing	544,550	-	544,550
Total Expenses	76,379,649	-	76,379,649
CHANGE IN NET ASSETS BEFORE INCOME TAXES	(52,213,465)	(20,486,051)	(72,699,516)
Unrelated Business Income Tax Expense	6,018,606	-	6,018,606
CHANGE IN NET ASSETS	(58,232,071)	(20,486,051)	(78,718,122)
Net Assets - Beginning of Year	620,572,123	153,375,976	773,948,099
NET ASSETS - END OF YEAR	\$ 562,340,052	\$ 132,889,925	\$ 695,229,977

See accompanying Notes to Consolidated Financial Statements.

**THE PHILADELPHIA FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Gifts, Grants, and Bequests	\$ 30,205,986	\$ 14,356,327	\$ 44,562,313
Investment Income	19,979,189	2,002,767	21,981,956
Net Unrealized and Realized Investment Gains	55,033,343	7,131,367	62,164,710
Change in Value of Perpetual Trust	<u>337,020</u>	<u>359,747</u>	<u>696,767</u>
Subtotal	105,555,538	23,850,208	129,405,746
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	15,739,164	(15,739,164)	-
Satisfaction of Time Restrictions	<u>7,198,329</u>	<u>(7,198,329)</u>	<u>-</u>
Total Revenue and Support	128,493,031	912,715	129,405,746
EXPENSES			
Grants	65,740,016	-	65,740,016
Grantmaking	5,524,132	-	5,524,132
Special Program Expenses	1,559,249	-	1,559,249
Development and Donor Services	2,217,706	-	2,217,706
Financial Management	4,379,123	-	4,379,123
Marketing	<u>520,413</u>	<u>-</u>	<u>520,413</u>
Total Expenses	<u>79,940,639</u>	<u>-</u>	<u>79,940,639</u>
CHANGE IN NET ASSETS BEFORE INCOME TAXES	48,552,392	912,715	49,465,107
Excess of Fair Value of Net Assets Transferred in Acquisition of Progamatic Activities of the Wells Fargo Regional Foundations	101,696,119	-	101,696,119
Unrelated Business Income Tax Expense	<u>1,824,015</u>	<u>-</u>	<u>1,824,015</u>
CHANGE IN NET ASSETS	148,424,496	912,715	149,337,211
Net Assets - Beginning of Year	<u>472,147,627</u>	<u>152,463,261</u>	<u>624,610,888</u>
NET ASSETS - END OF YEAR	<u>\$ 620,572,123</u>	<u>\$ 153,375,976</u>	<u>\$ 773,948,099</u>

See accompanying Notes to Consolidated Financial Statements.

THE PHILADELPHIA FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services	Support Services			Total
		Management and General	Fundraising	Total	
Grant Expense	\$ 62,634,968	\$ -	\$ -	\$ -	\$ 62,634,968
Salaries and Wages	1,636,537	2,215,878	1,178,666	3,394,544	5,031,081
Payroll Taxes and Benefits	335,564	526,422	261,922	788,344	1,123,908
Advertising	-	106,416	-	106,416	106,416
Auditing Fees	20,151	243,791	13,243	257,034	277,185
Conferences, Conventions, and Meetings	253,572	34,847	37,797	72,644	326,216
Consultants and Contracted Services	1,759,255	760,678	112,426	873,104	2,632,359
Depreciation	847	109,927	908	110,835	111,682
Equipment Rental and Maintenance	160,560	189,796	96,678	286,474	447,034
Insurance	23,140	63,618	15,872	79,490	102,630
Legal Fees	42,704	574,400	27,445	601,845	644,549
Membership and Dues	8,199	3,435	5,398	8,833	17,032
Miscellaneous	18,193	112,749	11,973	124,722	142,915
Taxes, Registration, and Fees	21,713	13,998	705	14,703	36,416
Occupancy	117,304	173,639	88,009	261,648	378,952
Postage and Shipping	4,763	2,179	4,675	6,854	11,617
Printing and Publications	13,888	19,149	11,126	30,275	44,163
Program Expenses	2,091,738	19	26	45	2,091,783
Public Relations	16,855	11,023	6,859	17,882	34,737
Supplies	1,494	2,893	20,795	23,688	25,182
Telephone	372	626	244	870	1,242
Travel	93,069	28,364	36,149	64,513	157,582
Subtotal	69,254,886	5,193,847	1,930,916	7,124,763	76,379,649
Unrelated Business Income Tax Expense	-	6,018,606	-	6,018,606	6,018,606
Total Expenses	<u>\$ 69,254,886</u>	<u>\$ 11,212,453</u>	<u>\$ 1,930,916</u>	<u>\$ 13,143,369</u>	<u>\$ 82,398,255</u>

See accompanying Notes to Consolidated Financial Statements.

THE PHILADELPHIA FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services	Support Services			Total
		Management and General	Fundraising	Total	
Grant Expense	\$ 65,740,016	\$ -	\$ -	\$ -	\$ 65,740,016
Salaries and Wages	1,444,922	2,069,673	1,129,775	3,199,448	4,644,370
Payroll Taxes and Benefits	312,109	543,401	260,898	804,299	1,116,408
Advertising	-	66,471	-	66,471	66,471
Auditing Fees	57,225	115,255	37,608	152,863	210,088
Conferences, Conventions, and Meetings	23,019	8,096	18,791	26,887	49,906
Consultants and Contracted Services	3,396,847	985,765	100,811	1,086,576	4,483,423
Depreciation	29,463	47,890	20,725	68,615	98,078
Equipment Rental and Maintenance	106,788	164,221	77,665	241,886	348,674
Insurance	16,282	50,733	10,701	61,434	77,716
Legal Fees	60,182	229,609	39,552	269,161	329,343
Membership and Dues	108,387	49,306	32,482	81,788	190,175
Miscellaneous	3,561	380,386	2,511	382,897	386,458
Taxes, Registration, and Fees	18,411	5,772	4,653	10,425	28,836
Occupancy	113,882	112,125	84,850	196,975	310,857
Postage and Shipping	2,718	5,472	6,749	12,221	14,939
Printing and Publications	35,921	29,427	37,662	67,089	103,010
Program Expenses	1,693,600	200	400	600	1,694,200
Public Relations	-	592	-	592	592
Supplies	1,593	2,244	13,691	15,935	17,528
Telephone	287	484	189	673	960
Travel	23,574	2,225	2,792	5,017	28,591
Subtotal	<u>73,188,787</u>	<u>4,869,347</u>	<u>1,882,505</u>	<u>6,751,852</u>	<u>79,940,639</u>
Unrelated Business Income Tax Expense	-	1,824,015	-	1,824,015	1,824,015
Total Expenses	<u>\$ 73,188,787</u>	<u>\$ 6,693,362</u>	<u>\$ 1,882,505</u>	<u>\$ 8,575,867</u>	<u>\$ 81,764,654</u>

See accompanying Notes to Consolidated Financial Statements.

THE PHILADELPHIA FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (78,718,122)	\$ 149,337,211
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation	111,682	98,078
Noncash Lease Activity	(78,914)	-
Bad Debt Expense	-	8,252
Paycheck Protection Program Loan Forgiveness	-	(696,867)
Contribution of Nonendowed Stock	(1,809,286)	(881,250)
Amortization of Discount on Contributions Receivable and Grants Payable	(1,063,585)	(1,175,197)
Change in Value of Split-Interest Agreements	5,096,958	640,530
Unrealized Loss (Gain) on Investments	128,051,323	(25,326,237)
Realized Gain on Investments	(18,977,049)	(33,948,961)
(Increase) Decrease in Assets:		
Contributions Receivable	4,314,242	4,041,862
Right of Use Asset	(1,355,425)	-
Prepaid Expenses and Other Assets	(1,192,453)	(3,212,517)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Liabilities	1,115,118	2,075,986
Grants Payable	(1,661,282)	6,282,696
Right of Use Lease Liability	2,067,356	-
Liabilities Under Split-Interest Agreements	(341,461)	(33,865)
Liabilities Under Agency Accounts	1,867,453	(589,880)
Deferred Rent and Lease Incentive Liability	(712,005)	(73,658)
Net Cash Provided by Operating Activities	36,714,550	96,546,183
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Nonendowment Investments	(71,667,293)	(49,358,639)
Proceeds from Sale of Nonendowment Investments	58,307,565	46,967,085
Purchases of Endowment Investments	(270,464,868)	(349,988,539)
Proceeds from Sale of Endowment Investments	259,773,437	151,714,015
Proceeds from Transfer of Wells Fargo Regional Foundations Acquisition	-	101,696,119
Purchases of Property and Equipment	21,822	(84,351)
Net Cash Used by Investing Activities	(24,029,337)	(99,054,310)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Annuity Contracts	(1,603,763)	(1,012,600)
Net Cash Used by Financing Activities	(1,603,763)	(1,012,600)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,081,450	(3,520,727)
Cash and Cash Equivalents - Beginning of Year	25,726,631	29,247,358
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 36,808,081	\$ 25,726,631

See accompanying Notes to Consolidated Financial Statements.

**THE PHILADELPHIA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Principles of Consolidation

The Philadelphia Foundation (TPF) is a community foundation established in 1918 primarily to serve the Greater Philadelphia region. The Philadelphia Foundation, Inc. (TPF, Inc.), a nonprofit corporation formed in 1992, acts as trustee for a portion of TPF's assets. The members of the board of managers of TPF also serve as the board of directors of TPF, Inc. (board of managers). TPF and TPF, Inc. receive contributions, manage endowment and nonendowment funds, lead programs, and make grants to meet community needs.

TPF and TPF, Inc. are comprised of approximately 1,000 individual funds, which are classified into six different categories according to donor intent. These include funds with donor-imposed restrictions as to use: designated, donor advised, scholarship and administrative endowment; and funds with no or lesser restrictions: field of interest and undesignated. The board of managers is responsible for approval of all grants.

TPF Properties LLC was formed on October 10, 2017, with TPF, Inc. as the sole member. TPF Properties LLC owns and manages donated real estate properties. TPF Properties LLC was organized exclusively for charitable purposes in accordance with Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, all TPF Properties LLC activity is reported under TPF, Inc.

The Lenfest Institute for Journalism Special Asset Fund of the Philadelphia Foundation (LISAF), formerly known as TPF Special Assets Fund, a nonprofit corporation, was incorporated as a Type I supporting organization to TPF on December 17, 2002, to receive, manage, and distribute assets, primarily real estate, in support of TPF.

The Lenfest Institute for Journalism, LLC (the Institute), formerly known as The Institute for Journalism in New Media, LLC, was formed on December 17, 2015, with LISAF as the sole member. The Institute was organized solely and exclusively for educational and other tax-exempt purposes of LISAF in accordance with Section 501(c)(3) of the IRC. Accordingly, all Institute activity is reported under LISAF.

The Harry R. Halloran, Jr. Charitable Trust (Halloran Trust) was formed as a Type I supporting organization to TPF on June 3, 2013, to make grants for charitable purposes that support the mission of TPF.

Delaware Charitable Assets, Inc. (DCA), a nonprofit corporation, was incorporated as a Type I supporting organization to TPF on October 26, 2015, to make grants for charitable purposes that support the mission of TPF.

The Dr. Rudolph Masciantonio Foundation for Classical Studies (Masciantonio Foundation), a charitable trust controlled by TPF, was established on December 1, 2017, as a Type I supporting organization to TPF, to promote classical studies.

**THE PHILADELPHIA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization and Principles of Consolidation (Continued)

The Philadelphia Foundation Special Property Fund (TPFSPF) was formed as a Type I supporting organization to TPF on February 24, 2020, to receive, manage, and distribute assets, primarily real estate and other special assets, in support of TPF.

Regional Foundation LLC (RFLLC) was formed on January 5, 2021, with TPF, Inc. as the sole member. RFLLC first received assets in January 2021 of \$110 million. RFLLC was organized exclusively for charitable purposes in accordance with Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, all RFLLC activity is reported under TPF, Inc.

The accompanying consolidated financial statements include the accounts of TPF, TPF, Inc., LISAF, Halloran Trust, DCA, Masciantonio Foundation, TPFSPF, and RFLLC and are collectively referred to as the Foundation. All inter-company accounts have been eliminated.

Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tax-Exempt Status

TPF, TPF, Inc., LISAF, Halloran Trust, DCA, TPFSPF, and RFLLC (the Foundation) are exempt from federal income taxes under Section 501(c)(3) of the IRC. TPF is treated as a publicly supported, tax-exempt community foundation as defined in Sections 509(a)(1) and 170(b)(1)(A)(vi) of the IRC. In addition, the IRS has determined that TPF, Inc. is a component part of TPF and is exempt as such. LISAF, the Halloran Trust, DCA, TPFSPF, and RFLLC are recognized as tax-exempt supporting organizations under Section 509(a)(3) of the IRC. Certain unrelated business income is subject to federal income taxes. The Foundation follows the income tax standard for uncertain tax positions. The application of this standard has no impact on the Foundation's consolidated financial statements.

The Institute is a single-member LLC with LISAF as the sole member. The Institute is a disregarded entity for tax purposes, and all activity will be reported under LISAF.

The Foundation engages in investments that produce unrelated business income. The associated unrelated business income tax is generated primarily from earnings on leveraged investments (primarily hedge funds) as well as ownership of private company stock. As of December 31, 2022 and 2021, the Foundation had prepaid taxes of \$1,985,000 and \$776,000, respectively, which is included in prepaid expenses and other assets in the accompanying consolidated statements of financial position.

THE PHILADELPHIA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash equivalents include liquid investments with initial maturities of three months or less. Such investments consist of short-term notes and are recorded at cost which approximates fair value. For purposes of the consolidated statements of cash flows, cash and cash equivalents do not include cash and cash equivalents included within endowment investments.

Certificates of Deposit

Certificates of deposit have maturities of up to one year and are valued in the consolidated statements of financial position at their original purchase price plus accrued interest.

Loans Receivable (Program Related Investments)

Loan funds provide programmatic support and/or capital to nonprofit organizations and commercial businesses for select ventures that are designated to promote community and economic development for low and moderate income areas in Delaware, New Jersey, and Eastern Pennsylvania.

Loans receivable are carried at an amount equal to the assets transferred if the loans are at the market interest rate applicable to the borrower. If the contractual interest rate is lower than the market rate, the difference between the cash transferred to the borrower and the present value of the contractual payments for the loan at the effective interest rate is recognized as expense. Whether a valuation allowance is necessary due to impairment is determined on various factors, including the debtor's payment performance and other pertinent factors related to the debtor's operations and ability to repay its debts.

Investments

Investments in equities and fixed income securities are carried at fair value based on quoted market prices. Cash and cash equivalents and temporary investments are carried at cost which approximates fair value. If quoted market prices are not available, fair values of certain investments are based on quoted market prices of comparable instruments. Life insurance contracts are valued at cash surrender value. The Foundation is the beneficiary of two life insurance policies.

THE PHILADELPHIA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

In addition, the Foundation invests in alternative investments whose values are not readily available through an outside source. Alternative investments consist of limited partnerships, mutual funds and fund of funds and are recorded at approximate fair value as determined and approved by the managers or valuation committees of the alternative investments based upon judgments, which include, among other factors, restrictions affecting marketability, operating results, financial condition of the issuers and the price of the most recent financing transactions. These alternative investments are included among equities, fixed income securities and other. The role of alternative investments is to increase portfolio diversification through sources of return that are not generally correlated with traditional equity and fixed income markets. In addition, alternative investments can provide relatively consistent returns and principal protection in volatile market environments, thereby reducing overall return volatility of the portfolio. The underlying managers in fund of funds vehicles may engage in the use of derivatives (options/futures/forwards) as part of their investment strategy. Alternative investments are generally less liquid than their traditional equity counterparts, and the Foundation's fund of funds alternative managers may have entry/exit terms and capital lockup periods that range from one month to three years.

The Foundation has private company stock that has no readily available market value and is stated at cost (appraised value at the date of gift) and included in other nonendowment and endowment investments. Additionally, a partial interest in real estate is held in trust for the Foundation. This real estate has no readily available market value and is stated at cost (appraised value at date of gift) and included in other endowment investments. The aggregate carrying amount of the cost basis investments was \$33,052,819 at December 31, 2022 and 2021. This is comprised of Halloran stock of \$18,554,560, Lenfest Institute PMN Stock of \$13,858,614 and real estate of \$639,645.

The net changes in fair value and the realized gains and losses on investments sold are reflected in the consolidated statements of activities as net unrealized and realized investment gains or losses. Investment transactions are recorded on the trade date.

Cash and cash equivalents in endowment investments consist of contributions received and temporarily invested and accumulation of cash through planned liquidation of equity and fixed income positions to meet distribution requirements in January of each year.

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

Split-Interest Agreements

Split-interest agreements are recorded at the fair value of the related investments based on quoted market prices. The Foundation has an interest in one irrevocable perpetual trust which is recorded at fair value based on the Foundation's interest in the underlying assets.

THE PHILADELPHIA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liabilities Under Split-Interest Agreements

Liabilities under split-interest agreements reflect discounted cash flows owed to the income beneficiaries based on their life expectancy.

Property and Equipment

Property and equipment are carried at cost. Depreciation is calculated primarily using the straight-line method over the following estimated useful lives:

Furniture	7 Years
Computer Equipment	5 Years

Depreciation for leasehold improvements is calculated over the life of the lease.

Liabilities Under Agency Accounts

Liabilities under agency accounts represent funds transferred to the Foundation by charitable organizations and held by the Foundation in separate funds for the benefit of such charities. The related assets are reflected as both nonendowed and endowed investments.

Contributions

Contribution revenue is recorded when a contribution (including verifiable unconditional promises to give) is received. Bequests are recorded as contribution revenue when the respective will has been declared valid. Other contributions are recorded as revenue when the conditions limiting the transfer of assets have been satisfied, typically when the promise becomes irrevocable. Donated securities and other property are recorded at fair value on the date of donation.

Contributions receivable that are not expected to be collected within one year are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using appropriate interest rates applicable to the years in which the promises are received. The rate used for contributions varies from .6% to 6.3%. The Foundation provides for uncollectible contributions receivable using the allowance method, which is based on management's judgment concerning historical collectability and analysis of individual contributions receivable. Past due receivables are individually analyzed for collectability and written off when all efforts at collection have been exhausted. As of December 31, 2022 and 2021, the allowance for uncollectible contributions was \$-0-.

Classification of Net Assets

The Foundation reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions – are not subject to donor-imposed stipulations or, if subject to such stipulations, are also subject to the variance power described below.

THE PHILADELPHIA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Assets (Continued)

Net Assets With Donor Restrictions – are subject to donor-imposed stipulations that will be met either by actions of the Foundation or the passage of time. These types of net assets include contributions receivable, life insurance policies, real estate, the Foundation's interest in charitable remainder trusts, the pooled income fund, and grants to be spent over a specific time period. Net assets with donor restrictions are also comprised of net assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by the Foundation. These types of net assets must be maintained in perpetuity by the Foundation.

As explained below, most contributions with donor-imposed restrictions are classified as net assets without donor restrictions.

Substantially all contributions to component funds of TPF and TPF, Inc., including those with donor-imposed restrictions, are subject to the unilateral variance power established by the respective governing documents. The variance power gives the board of managers the ability to modify donor restrictions that are incapable of fulfillment.

In addition, absent contrary directions given in the transferring instrument regarding the use of principal, the TPF and TPF Inc.'s governing documents further provide all or part of the principal of any fund may be used subject to certain conditions, including approval of the board of managers and trustee holding each fund. Therefore, such contributions are reported as net assets without donor restrictions. However, this classification does not imply that such funds are available for claims of general creditors of the Foundation.

Restricted contributions are reported as increases in net assets without donor restrictions if the restrictions expire within the fiscal year in which the contributions are received. When a restriction expires, net assets with donor restrictions are transferred to net assets without donor restrictions. Generally, earnings and gains (losses) on restricted contributions are also considered to be with donor restrictions.

When a contribution is received from a nonprofit organization for the purpose of establishing an endowment fund for the benefit of that organization, it is not considered to be a contribution for financial statement purposes. Such amounts are reflected in the consolidated statements of financial position as liabilities under agency accounts.

Advertising

The Foundation charges the cost of advertising to expense when incurred. Advertising expense was \$106,416 and \$66,471 for the years ended December 31, 2022 and 2021, respectively.

THE PHILADELPHIA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Uniform Prudent Management of Institutional Funds Act

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) provides guidance on the classification of endowment fund net assets for states that have enacted versions of the UPMIFA, and enhances disclosures for endowment funds. Because UPMIFA has not become law in the Commonwealth of Pennsylvania, possible reclassifications of net assets are not required to be made. Disclosure of prevailing law in the Commonwealth of Pennsylvania has been included in Note 5.

Fair Value Measurement

The Financial Accounting Standards Board (FASB) standards provide the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, and defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e. the exit price) in an orderly transaction between market participants.

In determining fair value, the Foundation uses various valuation approaches, including market, income, and/or cost approaches. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying assets and liabilities. The three levels of the fair value hierarchy are described below:

Level 1 – Quoted prices for identical assets or liabilities in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 – Significant inputs to the valuation model are unobservable.

Fair Value of Financial Instruments

The fair value of cash and cash equivalents, grants payable, liabilities under split-interest agreements, and liabilities under agency accounts approximate their respective carrying amounts.

The fair value of contributions receivable is estimated by discounting the future cash flows using risk adjusted interest rates applicable to the years in which the promises are received.

THE PHILADELPHIA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

The Foundation's endowment and nonendowment investments and split-interest agreements recorded at fair value on a recurring basis are included in Note 6. Determination of the fair value of private company stock and the Foundation's partial interest in real estate could not be made without incurring excessive cost. These investments are valued at cost (appraised value at the date of gift).

Leases

The Foundation determines if an arrangement is a lease at inception. Operating leases are included as right-of-use (ROU) assets – operating within property and equipment and lease liability – operating within accounts payable and accrued expenses on the consolidated statements of financial position.

ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Foundation has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the consolidated statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Foundation has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the consolidated statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Foundation adopted the requirements of the guidance effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

The Foundation has elected to adopt the package of practical expedients available in the year of adoption.

**THE PHILADELPHIA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these consolidated financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 29, 2023, the date the consolidated financial statements were available to be issued.

As of January 1, 2023, the Institute entered into a lease agreement with the Philadelphia Inquirer for the use of office space. This lease starts with an annual payment of \$75,928 and increases over time. The lease is a 10 year lease, ending on December 31, 2033.

NOTE 2 CONCENTRATION OF CREDIT RISK

Cash and cash equivalents potentially subject the Foundation to a concentration of credit risk. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, cash in bank deposit accounts and certificates of deposit may exceed FDIC insurable limits.

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable include unconditional promises to give at December 31:

	<u>2022</u>	<u>2021</u>
Receivable in Less Than One Year	\$ 6,736,827	\$ 6,901,068
Receivable in One to Five Years	8,000,000	10,150,000
Thereafter	<u>11,000,000</u>	<u>13,000,000</u>
Total	25,736,827	30,051,068
Less: Discounts to Present Value	5,827,489	6,891,073
Net Contribution Receivable	<u>\$ 19,909,338</u>	<u>\$ 23,159,995</u>

**THE PHILADELPHIA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 3 CONTRIBUTIONS RECEIVABLE (CONTINUED)

As of December 31, 2022 and 2021, contributions receivable included approximately \$7,359,000 and \$7,877,000 (\$10,000,000 and \$11,000,000 undiscounted) from the Philadelphia Eagles, respectively, due under the terms of a sublease and development agreement between the Eagles and the Philadelphia Authority for Industrial Development (PAID). Under this agreement, the Eagles are to make an annual payment of \$1,000,000 to the Foundation's Fund for Children through 2032.

As of December 31, 2022 and 2021, contributions receivable included approximately \$7,813,000 and \$8,292,000 (\$11,000,000 and \$12,000,000 undiscounted) from the Philadelphia Phillies, respectively, due under the terms of a sublease and development agreement between the Phillies and PAID. Under this agreement, the Phillies are to make an annual payment of \$1,000,000 to the Foundation's Fund for Children through 2033.

As of December 31, 2022 and 2021, contributions receivable included approximately \$2,737,000 and \$5,095,000 (\$2,737,000 and \$5,154,000 undiscounted) of pledges to fund the Institute.

NOTE 4 OTHER ENDOWMENT INVESTMENTS

Other endowment investments consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Hedge Funds	\$ 24,935,858	\$ 32,026,204
Private Equity Funds	10,403,497	7,454,440
Real Asset Funds	6,517,236	18,143,285
Real Property	4,541,465	6,841,160
Private Company Stock	13,858,614	13,858,614
Total	<u>\$ 60,256,670</u>	<u>\$ 78,323,703</u>

Hedge funds invest primarily in long/short equity strategies and event driven equity and debt arbitrage strategies, corporate actions, and special situations.

The Foundation had uncalled commitments of approximately \$7.4 million and \$8.6 million at December 31, 2022 and 2021, respectively. Such commitments are generally called over a number of years and contain fixed expiration dates or other termination clauses.

THE PHILADELPHIA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5 ENDOWMENT ACTIVITY

An endowment is an established fund of cash, securities, or other assets to provide income for the maintenance of the Foundation. The use of the assets of the fund may be with or without donor restrictions. Endowment funds are generally established by donor-restricted gifts or bequests to provide a permanent source of income, or a term endowment, which is to provide income for a specific period. A board-designated endowment, which results from an internal designation, is not donor restricted and is classified as net assets without donor restrictions.

The mission of the Foundation's investment funds is to support current operations through a total return investment strategy and a spending policy set to maintain, and ideally increase, the purchasing power of the endowment, without putting the principal value of these funds at imprudent risk.

The general policy is to diversify investments to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category. The investment goals for all investment funds of the Foundation, including both trust and corporate assets, are to: (1) meet payout requirements of endowment funds, (2) provide sufficient liquidity to meet distribution requirements, (3) earn a total return of 5% in excess of inflation as measured by the Consumer Price Index over a five-year time horizon, and (4) earn competitive returns relative to capital market measures. Investment goals and performance are to be computed net of investment management and independent investment consultant fees. The Foundation is guided in its total return policy by Commonwealth of Pennsylvania Act 141, which dictates the amount of allowable distributions to be made from a restricted endowment.

For the years ended December 31, 2022 and 2021, TPF and TPF, Inc. endowment distributions (cash payout) were 5% of the average market value, using a 20-quarter trailing average. The payout rate is established by the board of managers annually, for the following year. The cash payout includes cash required for grant making and for administrative costs.

Distributions of the Institute's endowment are made in accordance with the gift agreement. On an annual basis, up to 6% of the fair market value of the endowment fund may be spent based on a moving average of the fair market value of the endowment fund as determined by the board of managers of the Institute. The board of managers may from time to time adjust the 6% maximum annual draw on the endowment fund for extraordinary circumstances as determined by two-thirds vote of its board of managers, but in no event shall the annual draw exceed 10%. For the year ended December 31, 2022 and 2021, the distribution was a blended 8.1% of the market value of the endowment fund. The additional draw was utilized for grantmaking purposes consistent with the Institute's mission. The Institute did not take a draw from the endowment in 2022.

THE PHILADELPHIA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5 ENDOWMENT ACTIVITY (CONTINUED)

Endowment activity by net asset class for the year ended December 31, 2022 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Assets - Beginning of Year	\$ 542,260,340	\$ 86,161,631	\$ 628,421,971
Investment Return:			
Interest and Dividends, Net of Investment Expense	12,012,060	(99,859)	11,912,201
Net Realized and Unrealized Losses	<u>(84,750,634)</u>	<u>(15,618,589)</u>	<u>(100,369,223)</u>
Total Investment Return	(72,738,574)	(15,718,448)	(88,457,022)
Contributions	8,454,134	2,631,784	11,085,918
Distributions of Endowment Income	<u>(23,007,039)</u>	<u>(647,965)</u>	<u>(23,655,004)</u>
Endowment Assets - End of Year	<u>\$ 454,968,861</u>	<u>\$ 72,427,002</u>	<u>\$ 527,395,863</u>

Endowment activity by net asset class for the year ended December 31, 2021 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Assets - Beginning of Year	\$ 393,298,029	\$ 77,841,574	\$ 471,139,603
Investment Return:			
Interest and Dividends, Net of Investment Expense	10,661,589	1,971,757	12,633,346
Net Realized and Unrealized Gains	<u>51,324,716</u>	<u>7,261,380</u>	<u>58,586,096</u>
Total Investment Return	61,986,305	9,233,137	71,219,442
Contributions	110,125,040	3,925,660	114,050,700
Distributions of Endowment Income	<u>(23,149,034)</u>	<u>(4,838,740)</u>	<u>(27,987,774)</u>
Endowment Assets - End of Year	<u>\$ 542,260,340</u>	<u>\$ 86,161,631</u>	<u>\$ 628,421,971</u>

The above endowment activity does not include \$21,024,898 and \$22,019,745 of endowment assets shown on the consolidated statements of financial position including agency endowments, cash surrender value of life insurance, real estate, and private company stock at December 31, 2022 and 2021, respectively.

NOTE 6 FAIR VALUE MEASUREMENTS

The Foundation uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. For additional information on how the Foundation values all other assets refer to Note 1 – Summary of Significant Accounting Policies.

THE PHILADELPHIA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

	Carrying Value at December 31, 2022			
	Level 1	Level 2	Level 3	Total
Nonendowment Investments:				
Equities	\$ 23,335,153	\$ -	\$ -	\$ 23,335,153
Fixed Income	53,876,935	-	-	53,876,935
Other	7,379,543	-	-	7,379,543
Endowment Investments:				
Equities	187,908,595	-	-	187,908,595
Fixed Income	179,641,565	-	-	179,641,565
Real Asset Funds	5,000,628	-	-	5,000,628
Split-Interest Agreements	6,403,751	-	1,401,315	7,805,066
Total	<u>\$ 463,546,170</u>	<u>\$ -</u>	<u>\$ 1,401,315</u>	464,947,485
Investments Measured at Fair Value Using Net Asset Value per Share				132,210,850
Total				<u>\$ 597,158,335</u>

	Carrying Value at December 31, 2021			
	Level 1	Level 2	Level 3	Total
Nonendowment Investments:				
Equities	\$ 28,009,492	\$ -	\$ -	\$ 28,009,492
Fixed Income	37,317,517	-	-	37,317,517
Other	910,558	-	-	910,558
Endowment Investments:				
Equities	292,895,673	-	-	292,895,673
Fixed Income	134,976,550	-	-	134,976,550
Real Asset Funds	7,770,640	-	-	7,770,640
Split-Interest Agreements	9,627,902	-	1,670,359	11,298,261
Total	<u>\$ 394,330,615</u>	<u>\$ -</u>	<u>\$ 1,453,041</u>	513,178,691
Investments Measured at Fair Value Using Net Asset Value per Share				163,828,349
Total				<u>\$ 677,007,040</u>

There were no transfers into or out of Level 3 of the fair value hierarchy and there were no purchases or issues of Level 3 assets for the years ended December 31, 2022 and 2021.

Instrument	Fair Value		Principal Valuation Technique	Unobservable Inputs Value of Underlying Assets
	2022	2021		
Irrevocable Perpetual Trust	\$ 1,401,315	\$ 1,670,359	Fair Market Value of Trust Instruments	

THE PHILADELPHIA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of December 31, 2022:

	Net Asset Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
International Equity Funds	\$ 40,655,779	\$ -	Monthly	5 to 90 Days
International Equity Funds	6,827,203	-	Quarterly	180 Days
International Equity Funds	7,603,222	-	1 Year	90 Days
Large Cap Equity Funds	15,434,069	-	Monthly	30 Days
Large Cap Equity Funds	7,610,482	-	Quarterly	45 Days
Small Cap Equity Funds	6,299,756	-	Quarterly	90 Days
Global Bond Funds	5,678,600	-	Bi-Monthly	5 Days
Multi-Strategy Hedge Funds	16,464,286	-	Quarterly to Semi-annually	60 to 90 Days
Multi-Strategy Hedge Funds	8,471,572	-	2 to 3 Years	60 Days
Commodities Broad Basket	1,884,248	-	Annually	60 to 90 Days
Private Equity Funds & Stock	11,745,309	6,897,254	N/A	N/A
Real Asset Funds	3,536,324	488,993	N/A	N/A
Total	<u>\$ 132,210,850</u>	<u>\$ 7,386,247</u>		

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of December 31, 2021:

	Net Asset Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
International Equity Funds	\$ 43,542,263	\$ -	Monthly	5 to 90 Days
International Equity Funds	8,380,063	-	Quarterly	180 Days
International Equity Funds	7,892,212	-	1 Year	90 Days
Large Cap Equity Funds	15,650,347	-	Monthly	30 Days
Large Cap Equity Funds	10,180,953	-	Quarterly	45 Days
Small Cap Equity Funds	7,601,404	-	Quarterly	90 Days
Global Bond Funds	6,671,344	-	Bi-Monthly	5 Days
High Yield Bond Funds	6,329,544	-	Monthly	45 Days
Multi-Strategy Hedge Funds	18,766,586	-	Quarterly to Semi-annually	60 to 90 Days
Multi-Strategy Hedge Funds	13,259,621	-	2 to 3 Years	60 Days
Commodities Broad Basket	1,784,343	-	Annually	60 to 90 Days
Private Equity Funds & Stock	8,979,852	7,265,878	N/A	N/A
Real Asset Funds	14,789,817	1,286,181	N/A	N/A
Total	<u>\$ 163,828,349</u>	<u>\$ 8,552,059</u>		

International Equity Funds include investments in funds that are invested in domestic and international common stock. The unobservable inputs used to determine the fair value of the investments is based on quoted market prices for the underlying securities which comprise the net asset value of the collective fund. The funds provide full disclosure of the underlying holdings, whereby the Foundation is able to verify its account balances.

THE PHILADELPHIA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

Large/Small Cap Equity Funds include investments in funds that are invested in domestic common stock. The unobservable inputs used to determine the fair value of the investments is based on quoted market prices for the underlying securities which comprise the net asset value of the collective fund. The funds provide full disclosure of the underlying holdings, whereby the Foundation is able to verify its account balances.

Global Bond Funds include investments in funds that are invested primarily in publicly traded debt obligations. The unobservable inputs used to determine the fair value of the investments is based on quoted market prices for the underlying securities which comprise the net asset value of the collective fund. The funds provide full disclosure of the underlying holdings, whereby the Foundation is able to verify its account balances.

High Yield Bond Funds include investments in funds that are diversified and invested primarily in liquid, dollar-denominated bond securities. The unobservable inputs used to determine the fair value of the investments is based on quoted market prices for the underlying securities which comprise the net asset value of the collective fund. The funds provide full disclosure of the underlying holdings, whereby the Foundation is able to verify its account balances.

Equity Long/Short Hedge Funds is invested primarily in long/short equity managers along with distressed debt managers. The unobservable inputs used to determine the fair value of the fund of hedge funds in this category has been estimated using the net asset value per share of the investments.

Multi-Strategy Hedge Funds are invested primarily in a diversified portfolio of directly originated loan investments, distressed corporate and mortgage bonds and long/short credit. The unobservable inputs used to determine the fair value of the fund of hedge funds in this category has been estimated using the net asset value per share of the investments.

Private Equity Funds include investments in funds that are invested in venture capital, buy-outs, distressed securities, special situation funds, and direct investments in securities of companies. The unobservable inputs used to determine the fair value of the funds of private equity funds and direct investments has been estimated based on the capital account balances reported by the underlying partnerships subject to the capital fund of funds management review and judgment.

Real Asset Funds include investments in funds that are primarily invested in certain real estate funds formed as limited partnerships, limited liability companies, private real estate investment trusts, or similar entities. The unobservable inputs used to determine the fair value of real asset funds is estimated based on the capital account balance reported by the underlying partnerships which estimate the fair value of an investment in an investment company using the net asset value per share of the investments without further adjustment.

THE PHILADELPHIA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 7 SPLIT-INTEREST AGREEMENTS

During the years ended December 31, 2022 and 2021, no contributions were received related to split-interest agreements. Additionally, investment income for the years ended December 31, 2022 and 2021 totaled \$181,786 and \$239,590, respectively. Net unrealized and realized losses of \$1,874,229 and gains of \$1,119,501 related to split-interest agreements were recorded for the years ended December 31, 2022 and 2021, respectively.

The Foundation has interests in split-interest agreements as follows at December 31:

	2022	2021
(a) Charitable Remainder Trusts	\$ 1,903,147	\$ 2,406,685
(b) Irrevocable Perpetual Trust	1,204,985	1,670,359
(c) Pooled Life Income Fund	2,143,819	2,423,144
(d) Charitable Gift Annuities	970,846	2,790,740
(e) Charitable Lead Trust	1,582,269	2,007,333
Total	\$ 7,805,066	\$ 11,298,261

- (a) The Foundation is the trustee of several charitable remainder trusts. Under these trust agreements, third-party beneficiaries receive 5% to 8% of the fair market value of the trust's assets, payable quarterly.
- (b) The Foundation is a beneficiary of an irrevocable perpetual trust. The trust assets are held by an outside trustee. Each year, the Foundation records income received from the trust as unrestricted income.
- (c) The Foundation's pooled life income fund allows donors to make tax-deductible gifts to the Foundation while the donor retains the right to either receive income from the donated property for life or grant such right to another individual or individuals.
- (d) The Foundation's charitable gift annuities program allows donors or their designated beneficiaries to receive periodic payments (annuities) for life with the transfer of the remaining assets to the Foundation upon death of the annuitant.
- (e) The Foundation is the trustee and beneficiary of a charitable lead annuity trust. The Foundation receives annual distributions over the 18-year term of the trust.

Liabilities under split-interest agreements amount to \$3,101,288 and \$3,442,750 at December 31, 2022 and 2021, respectively, which equals the estimated share of the split-interest agreements which will go to beneficiaries other than the Foundation.

THE PHILADELPHIA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 8 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Leasehold Improvements	\$ 660,630	\$ 660,630
Furniture and Equipment	361,755	327,617
Technology	21,453	92,897
Right of Use Lease Asset	<u>1,211,159</u>	<u>-</u>
Total	2,254,997	1,081,144
Less: Accumulated Depreciation	<u>531,705</u>	<u>435,507</u>
Total Property and Equipment	<u>\$ 1,723,292</u>	<u>\$ 645,637</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$111,682 and \$98,078, respectively.

NOTE 9 GRANTS PAYABLE

Generally, grants are recorded when approved by the board of managers. The following is a summary of grants authorized and payable at December 31:

<u>Year Ending December 31,</u>	<u>2022</u>	<u>2021</u>
To Be Paid in Less than One Year	\$ 8,043,872	\$ 7,580,260
To Be Paid in One to Five Years	<u>2,047,333</u>	<u>4,151,125</u>
Total	10,091,205	11,731,385
Less: Discounts to Present Value	<u>21,102</u>	<u>-</u>
Net Grants Payable	<u>\$ 10,070,103</u>	<u>\$ 11,731,385</u>

As of December 31, 2022 and 2021, the Foundation had no unrecorded grants in which conditions placed on these grants had not been met.

NOTE 10 DEFINED CONTRIBUTION RETIREMENT PLAN

The Foundation has a defined contribution plan which covers all eligible employees. For the years ended December 31, 2022 and 2021, the Foundation contributed 10% of salaries, as defined, for a total contribution of \$362,403 and \$363,985, respectively.

NOTE 11 LEASE COMMITMENTS

The Foundation has an operating lease agreement for its office space. The rent commencement date of the lease was June 1, 2017, and the lease term expires May 31, 2029. The lease agreement includes a tenant improvement allowance for property and equipment. The ROU lease asset is included in property and equipment and the ROU lease liability is included in accounts payable and accrued liabilities on the consolidated statement of financial position, respectively.

**THE PHILADELPHIA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 11 LEASE COMMITMENTS (CONTINUED)

The following table provides quantitative information concerning the Foundation's leases for the year ended December 31, 2022:

Lease Cost:	
Total Operating Lease Cost	<u>\$ 233,336</u>
Other Information:	
Operating Cash Flows from Operating Lease	<u>\$ 312,249</u>
Noncash Lease Liability Arising from Obtaining Right-of-Use Asset	<u>\$ 2,067,356</u>
Right-of-Use Asset Obtained in Exchange for New Operating Lease Liability	<u>\$ 1,355,425</u>
Weighted-Average Remaining Lease Term - Operating Lease	6.4 years
Weighted-Average Discount Rate - Operating Lease	4.59%

A maturity analysis of annual undiscounted cash flows for the lease liability as of December 31, 2022, is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 317,579
2024	322,909
2025	328,239
2026	333,569
2027	338,899
Thereafter	<u>488,583</u>
Undiscounted Cash Flows	2,129,778
Less: Imputed Interest	<u>(285,602)</u>
Total	<u>\$ 1,844,176</u>

Rent expense was \$234,351 and \$234,319 for the years ended December 31, 2022 and 2021, respectively.

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with time or purpose restrictions were as follows at December 31:

	<u>2022</u>	<u>2021</u>
Grants for Donor Restricted Activities	\$ 10,708,298	\$ 13,936,504
S Corporation Stock, Restricted by Terms of the Stock Donation Agreement	18,554,560	18,554,560
Use in Future Periods, Includes Pledges to the Foundation that are Expected to be Received in Subsequent Years and are Usually Considered to be Time Restricted	<u>30,504,618</u>	<u>35,102,389</u>
Total	<u>\$ 59,767,476</u>	<u>\$ 67,593,453</u>

**THE PHILADELPHIA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets to be held in perpetuity were as follows at December 31:

	<u>2022</u>	<u>2021</u>
Investments, Held Indefinitely at Historical Cost: Related Income and Gains are Expendable for Scholarship Grants and Reflected in Net Assets without Donor Restrictions	\$ 50,000	\$ 50,000
Partial Interest in a Perpetual Trust, Held by a Third-Party Trustee and Recorded at Fair Value	1,401,315	1,670,359
Permanent Endowment for the Institute	49,698,434	59,541,667
Cash due to Endowment	-	299,068
Private Company Stock, Restricted for Permanent Endowment of the Institute	13,858,614	13,858,614
Masciantonio Foundation	<u>8,114,086</u>	<u>10,362,815</u>
Total	<u>\$ 73,122,449</u>	<u>\$ 85,782,523</u>

NOTE 13 FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function of The Foundation. These expenses require allocation on a reasonable basis that is consistently applied and are allocated on the basis of estimates of department time and usage. Expenses include depreciation and amortization, the president's office, insurance, audit and legal fees, office and occupancy, and information technology department. Also included are salaries and benefits, which are allocated on the basis of estimates of time and effort.

Functional expenses for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Program Services	\$ 69,254,886	\$ 73,188,787
Management and General	11,212,453	6,693,362
Fundraising	<u>1,930,916</u>	<u>1,882,505</u>
Total	<u>\$ 82,398,255</u>	<u>\$ 81,764,654</u>

NOTE 14 LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects The Foundation's financial assets available for expenditure within one year of the balance sheet date. The Foundation's funds consist of endowment and quasi-endowment funds. Income from endowments are restricted for specific purposes and, therefore, not available for general expenditure. Quasi-endowment amounts not available include amounts subject to certain conditions, including approval of the trustee holding each fund and the Foundation's board of managers.

**THE PHILADELPHIA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 14 LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

Although the Foundation does not intend to spend from its board-designated endowments other than amounts appropriated for general expenditure as part of its annual budget approval, amounts could be made available if necessary.

	<u>2022</u>	<u>2021</u>
Financial Assets	\$ 721,932,952	\$ 800,954,216
Less:		
Contractual or Donor-Imposed Restrictions Making Financial Assets Unavailable for General Expenditure	(61,752,532)	(71,236,096)
Endowment Funds, Primarily for Long-Term Investing Board Designated	(473,050,960)	(538,339,139)
	<u>(33,404,929)</u>	<u>(41,628,331)</u>
Financial Assets Available Within One Year to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 153,724,531</u>	<u>\$ 149,750,650</u>

NOTE 15 PAYCHECK PROTECTION PROGRAM LOAN

On April 20, 2020, the Foundation received a loan in the amount of \$819,300 to fund payroll, rent and utilities through the federal Paycheck Protection Program (PPP), an initiative of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, passed by Congress in response to COVID-19.

In September 2021, the loan was fully forgiven by the Small Business Administration (SBA). Therefore, the Foundation was legally released from the obligation and the loan forgiveness has been recorded as gifts, grants, and bequests revenue for the year ended December 31, 2021, on the consolidated statement of activities.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Foundation's consolidated financial position.

NOTE 16 REGIONAL FOUNDATION, LLC

On December 18, 2020, Wells Fargo Regional Foundation and Wells Fargo Regional Community Development Corporation (collectively Wells Fargo regional foundations) announced the transfer their programmatic activities and \$110 million in charitable assets to a new Regional Foundation, LLC, operated as a component of the Foundation. A memorandum of understanding was signed between the Foundation and Wells Fargo regional foundations documenting the arrangement and the assets were received by the Foundation on January 8, 2021.

THE PHILADELPHIA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 16 REGIONAL FOUNDATION, LLC (CONTINUED)

The following represents the statement of financial position for the Regional Foundation, LLC as of December 31:

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,550,675	\$ 6,423,091
Contributions Receivable	3,112,000	3,592,519
Investments	94,900,531	113,008,086
Total Assets	<u>\$ 99,563,206</u>	<u>\$ 123,023,696</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 164,201	\$ 11,748
Grants Payable	4,494,502	7,313,543
Total Liabilities	<u>4,658,703</u>	<u>7,325,291</u>
NET ASSETS		
Without Donor Restrictions:		
For Grant Endowments	<u>94,904,503</u>	<u>115,698,405</u>
Total Liabilities and Net Assets	<u>\$ 99,563,206</u>	<u>\$ 123,023,696</u>

The following represents the statement of activities for the Regional Foundation, LLC as of December 31:

	<u>2022</u>	<u>2021</u>
REVENUE AND SUPPORT		
Investment Income	\$ 2,177,964	\$ 2,118,693
Net Unrealized and Realized Investment (Losses) Gains	<u>(21,153,523)</u>	<u>13,298,474</u>
Subtotal	<u>(18,975,559)</u>	<u>15,417,167</u>
EXPENSES		
Grants	1,257,501	12,402,691
Financial Management	559,983	732,810
Marketing	859	13,145
Total Expenses	<u>1,818,343</u>	<u>13,148,646</u>
CHANGE IN NET ASSETS BEFORE OTHER GAINS	<u>(20,793,902)</u>	<u>2,268,521</u>
Excess of Fair Value of Net Assets Transferred in Acquisition of Programmatic Activities of the Wells Fargo Regional Foundations	-	112,923,884
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	<u>(20,793,902)</u>	<u>2,268,521</u>
Net Assets Without Donor Restriction - Beginning of Year	<u>115,698,405</u>	<u>506,000</u>
NET ASSETS WITHOUT DONOR RESTRICTION - END OF YEAR	<u>\$ 94,904,503</u>	<u>\$ 115,698,405</u>

THE PHILADELPHIA FOUNDATION
SCHEDULE OF CONSOLIDATED NET ASSETS
DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Without Donor Restrictions			With Donor Restrictions	Total Net Assets
	Administrative Endowment and Operations	Grantmaking	Grant Endowments		
Funds:					
Designated	\$ -	\$ 6,428,338	\$ 92,648,306	\$ 99,076,644	\$ 99,674,832
Field of Interest	-	6,417,540	144,319,260	150,736,800	173,051,378
Undesignated	-	1,225,500	30,501,042	31,726,542	35,329,338
Scholarship	-	1,902,928	25,216,977	27,119,905	27,169,905
Donor Advised	-	50,761,387	70,921,080	121,682,467	121,845,733
Operating Program	-	3,488,023	94,501,396	97,989,419	98,045,540
Administrative Endowment	1,678,386	-	-	1,678,386	1,678,386
Subtotal	1,678,386	70,223,716	458,108,061	530,010,163	556,795,112
Operating Fund and Reserve	2,266,358	211,243	401,081	2,878,682	2,878,682
Total	3,944,744	70,434,959	458,509,142	532,888,845	559,673,794
Other	23,218,247	6,232,960	-	29,451,207	135,556,183
Total Consolidated Net Assets	<u>\$ 27,162,991</u>	<u>\$ 76,667,919</u>	<u>\$ 458,509,142</u>	<u>\$ 562,340,052</u>	<u>\$ 695,229,977</u>

See accompanying Notes to Schedule of Consolidated Net Assets.

THE PHILADELPHIA FOUNDATION
NOTES TO SCHEDULE OF CONSOLIDATED NET ASSETS
DECEMBER 31, 2022

As discussed in Note 1 to the consolidated financial statements, most contributions are subject to the Foundation's unilateral variance power and are recorded as net assets without donor restrictions. However, the Foundation's intent is to use these funds as a permanent endowment to meet community needs based on the interest of the donors.

NOTE A FUNDS

The schedule of net assets identifies the fund categories reflected in the gift instruments:

Designated

Donors may choose at the time the fund is established, one or more specific organizations to share the income from their funds.

Field of Interest

Donors may specify a broad area of charitable interest, such as arts and culture, human services or education and have the Foundation select specific grantee organizations.

Undesignated

Donors may establish general purpose funds that give the Foundation the greatest flexibility to meet the region's emerging and changing needs over time.

Scholarship

Donors may establish scholarship funds to benefit a certain type of student or a specific institution or to encourage study of a particular subject.

Donor Advised

Donors who wish to remain actively involved with their philanthropy may make grant recommendations to the board of managers, which must retain final responsibility for all distributions made by the Foundation.

Administrative Endowment

The administrative endowment reflects funds that have been board or donor designated to act as an endowment for the benefit of the Foundation. Funds are drawn down each year for Foundation operations using the Foundation's spending policy.

For Administrative Endowment and Operations

Funds available for the general operations of the Foundation.

For Grantmaking

Includes the funds available for distribution, including funds released from the endowment for distribution under the spending policy and nonendowed gifts and grants available for distribution.

For Grant Endowments

Includes all unrestricted funds currently invested with either TPF, Inc., or the trustee institutions including: Wells Fargo, Mellon, PNC, Glenmede Trust Company, Bryn Mawr Trust Company, and Pitcairn Trust Company.

THE PHILADELPHIA FOUNDATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	TPF and TPF, Inc.	The Lenfest Institute for Journalism SAF of TPF	Harry R. Halloran, Jr. Charitable Trust	Masciantonio Foundation	Eliminations	Total
Cash and Cash Equivalents	\$ 20,363,801	\$ 11,546,758	\$ 4,897,522	\$ -	\$ -	\$ 36,808,081
Certificates of Deposits	467,131	-	-	-	-	467,131
Contributions Receivable	17,537,309	2,736,998	-	-	(364,969)	19,909,338
Loans Receivable (Program Related Investments)	3,112,000	-	285,073	-	-	3,397,073
Due from Institute	1,046,424	-	-	-	(1,046,424)	-
Prepaid Expenses and Other Assets	327,369	29,810	1,985,485	-	-	2,342,664
Total	<u>42,854,034</u>	<u>14,313,566</u>	<u>7,168,080</u>	<u>-</u>	<u>(1,411,393)</u>	<u>62,924,287</u>
Nonendowment Investments:						
Equities	23,335,153	-	-	-	-	23,335,153
Fixed Income	39,081,925	14,795,010	-	-	-	53,876,935
Other	2,312,583	5,066,960	19,896,372	-	-	27,275,915
Total Nonendowment Investments	<u>64,729,661</u>	<u>19,861,970</u>	<u>19,896,372</u>	<u>-</u>	<u>-</u>	<u>104,488,003</u>
Endowment Investments:						
Equities	229,163,164	35,378,513	-	7,797,429	-	272,339,106
Fixed Income	160,961,720	23,856,205	-	502,240	-	185,320,165
Cash Surrender Value of Life Insurance	424,876	-	-	-	-	424,876
Cash Equivalents	30,336,378	-	-	381,066	-	30,717,444
Other	46,398,056	13,858,614	-	-	-	60,256,670
Total Endowment Investments	<u>467,284,194</u>	<u>73,093,332</u>	<u>-</u>	<u>8,680,735</u>	<u>-</u>	<u>549,058,261</u>
Split-Interest Agreements	7,805,066	-	-	-	-	7,805,066
Property and Equipment	1,712,025	11,267	-	-	-	1,723,292
Total Assets	<u>\$ 584,384,980</u>	<u>\$ 107,280,135</u>	<u>\$ 27,064,452</u>	<u>\$ 8,680,735</u>	<u>\$ (1,411,393)</u>	<u>\$ 725,998,909</u>
LIABILITIES AND NET ASSETS						
LIABILITIES						
Accounts Payable and Accrued Liabilities	\$ 3,285,719	\$ 1,242,439	\$ 2,076,932	\$ 566,649	\$ (1,411,393)	\$ 5,760,346
Grants Payable	6,486,984	3,383,119	200,000	-	-	10,070,103
Liabilities Under Split-Interest Agreements	3,101,288	-	-	-	-	3,101,288
Liabilities Under Agency Accounts	11,837,195	-	-	-	-	11,837,195
Total Liabilities	<u>24,711,186</u>	<u>4,625,558</u>	<u>2,276,932</u>	<u>566,649</u>	<u>(1,411,393)</u>	<u>30,768,932</u>
NET ASSETS						
Without Donor Restrictions:						
For Grant Endowments	458,509,142	-	-	-	-	458,509,142
For Grantmaking	70,434,959	-	6,232,960	-	-	76,667,919
For Administrative Endowment and Operations	3,944,744	23,218,247	-	-	-	27,162,991
Total Without Donor Restrictions	<u>532,888,845</u>	<u>23,218,247</u>	<u>6,232,960</u>	<u>-</u>	<u>-</u>	<u>562,340,052</u>
With Donor Restrictions	26,784,949	79,436,330	18,554,560	8,114,086	-	132,889,925
Total Net Assets	<u>559,673,794</u>	<u>102,654,577</u>	<u>24,787,520</u>	<u>8,114,086</u>	<u>-</u>	<u>695,229,977</u>
Total Liabilities and Net Assets	<u>\$ 584,384,980</u>	<u>\$ 107,280,135</u>	<u>\$ 27,064,452</u>	<u>\$ 8,680,735</u>	<u>\$ (1,411,393)</u>	<u>\$ 725,998,909</u>

THE PHILADELPHIA FOUNDATION
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	TPF and TPF, Inc.			The Lenfest Institute for Journalism SAF of TPF		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Gifts, Grants, and Bequests	\$ 44,270,041	\$ 1,925,612	\$ 46,195,653	\$ 28,921,357	\$ 10,840,731	\$ 39,762,088
Investment Income	11,243,123	722,563	11,965,686	358,677	1,226,275	1,584,952
Net Unrealized and Realized Investment Losses	-	-	-	-	-	-
Change in Value of Perpetual Trust	(92,826,483)	(2,275,969)	(95,102,452)	(101,514)	(11,956,803)	(12,058,317)
Subtotal	<u>(37,313,319)</u>	<u>(32,326)</u>	<u>(37,345,645)</u>	<u>29,249,336</u>	<u>115,203</u>	<u>29,364,539</u>
Net Assets Released from Restrictions:						
Satisfaction of Program Restrictions	1,030,472	(1,030,472)	-	13,231,279	(13,231,279)	-
Satisfaction of Time Restrictions	4,058,448	(4,058,448)	-	-	-	-
Total Revenue and Support	<u>(32,224,399)</u>	<u>(5,121,246)</u>	<u>(37,345,645)</u>	<u>42,480,615</u>	<u>(13,116,076)</u>	<u>29,364,539</u>
EXPENSES						
Grants	39,922,762	-	39,922,762	15,908,568	-	15,908,568
Grantmaking	966,191	-	966,191	3,302,437	-	3,302,437
Special Program Expenses	1,961,392	-	1,961,392	-	-	-
Development and Donor Services	1,013,576	-	1,013,576	1,307,263	-	1,307,263
Financial Management	3,249,291	-	3,249,291	945,087	-	945,087
Marketing	544,550	-	544,550	-	-	-
Total Expenses	<u>47,657,762</u>	<u>-</u>	<u>47,657,762</u>	<u>21,463,355</u>	<u>-</u>	<u>21,463,355</u>
CHANGE IN NET ASSETS BEFORE INCOME TAXES	(79,882,161)	(5,121,246)	(85,003,407)	21,017,260	(13,116,076)	7,901,184
Unrelated Business Income Tax Expense	-	-	-	-	-	-
CHANGE IN NET ASSETS	(79,882,161)	(5,121,246)	(85,003,407)	21,017,260	(13,116,076)	7,901,184
Net Assets - Beginning of Year	<u>612,771,006</u>	<u>31,906,195</u>	<u>644,677,201</u>	<u>2,200,987</u>	<u>92,552,406</u>	<u>94,753,393</u>
NET ASSETS - END OF YEAR	<u>\$ 532,888,845</u>	<u>\$ 26,784,949</u>	<u>\$ 559,673,794</u>	<u>\$ 23,218,247</u>	<u>\$ 79,436,330</u>	<u>\$ 102,654,577</u>

THE PHILADELPHIA FOUNDATION
CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Harry R Halloran Charitable Trust			Masciantonio Foundation			Eliminations	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Unrestricted	Total
REVENUE AND SUPPORT								
Gifts, Grants, and Bequests	\$ -	\$ -	\$ -	\$ -	\$ 291,973	\$ 291,973	\$ (647,286)	\$ 85,602,428
Investment Income	13,719,719	-	13,719,719	-	210,338	210,338	-	27,480,695
Net Unrealized and Realized Investment Losses	(153,024)	-	(153,024)	-	(1,760,481)	(1,760,481)	-	(109,074,274)
Change in Value of Perpetual Trust	-	-	-	-	-	-	-	(328,716)
Subtotal	<u>13,566,695</u>	<u>-</u>	<u>13,566,695</u>	<u>-</u>	<u>(1,258,170)</u>	<u>(1,258,170)</u>	<u>(647,286)</u>	<u>3,680,133</u>
Net Assets Released from Restrictions:								
Satisfaction of Program Restrictions	-	-	-	990,559	(990,559)	-	-	-
Satisfaction of Time Restrictions	-	-	-	-	-	-	-	-
Total Revenue and Support	<u>13,566,695</u>	<u>-</u>	<u>13,566,695</u>	<u>990,559</u>	<u>(2,248,729)</u>	<u>(1,258,170)</u>	<u>(647,286)</u>	<u>3,680,133</u>
EXPENSES								
Grants	6,803,639	-	6,803,639	405,080	-	405,080	(405,080)	62,634,969
Grantmaking	-	-	-	-	-	-	-	4,268,628
Special Program Expenses	-	-	-	-	-	-	-	1,961,392
Development and Donor Services	-	-	-	-	-	-	-	2,320,839
Financial Management	111,620	-	111,620	585,479	-	585,479	(242,206)	4,649,271
Marketing	-	-	-	-	-	-	-	544,550
Total Expenses	<u>6,915,259</u>	<u>-</u>	<u>6,915,259</u>	<u>990,559</u>	<u>-</u>	<u>990,559</u>	<u>(647,286)</u>	<u>76,379,649</u>
CHANGE IN NET ASSETS BEFORE INCOME TAXES	6,651,436	-	6,651,436	-	(2,248,729)	(2,248,729)	-	(72,699,516)
Unrelated Business Income Tax Expense	<u>6,018,606</u>	<u>-</u>	<u>6,018,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,018,606</u>
CHANGE IN NET ASSETS	632,830	-	632,830	-	(2,248,729)	(2,248,729)	-	(78,718,122)
Net Assets - Beginning of Year	<u>5,600,130</u>	<u>18,554,560</u>	<u>24,154,690</u>	<u>-</u>	<u>10,362,815</u>	<u>10,362,815</u>	<u>-</u>	<u>773,948,099</u>
NET ASSETS - END OF YEAR	<u>\$ 6,232,960</u>	<u>\$ 18,554,560</u>	<u>\$ 24,787,520</u>	<u>\$ -</u>	<u>\$ 8,114,086</u>	<u>\$ 8,114,086</u>	<u>\$ -</u>	<u>\$ 695,229,977</u>