THE LENFEST INSTITUTE FOR JOURNALISM, LLC

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

THE LENFEST INSTITUTE FOR JOURNALISM, LLC
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INDEPENDENT AUDITORS' REPORT

Board of Managers
The Lenfest Institute for Journalism, LLC
Philadelphia, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Lenfest Institute for Journalism, LLC (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Lenfest Institute for Journalism, LLC as of December 31, 2021 and 2020, 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 Financial Statements section of our report. We are required to be independent of The Lenfest Institute for Journalism, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Lenfest Institute for Journalism, LLC's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Lenfest Institute for Journalism, LLC'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 Lenfest Institute for Journalism, LLC'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 audits.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
June 14, 2022

THE LENFEST INSTITUTE FOR JOURNALISM, LLC
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Cash and Cash Equivalents	$ 10,911,163	$ 9,387,508
Contributions Receivable, Net	5,094,539	8,180,750
Prepaid Expenses and Other Assets	66,940	41,112
Total	16,072,642	17,609,370
Endowment Investments:		
Cash Equivalents	957	696,638
Mutual Funds:		
Equity Funds	43,254,935	36,095,615
Fixed Income Funds	26,411,541	19,770,582
Other	13,858,614	23,223,750
Total Endowment Investments	83,526,047	79,786,585
Property and Equipment, Net	35,503	36,277
Total Assets	$ 99,634,192	$ 97,432,232
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 2,791,800	$ 2,621,284
Grants Payable	2,088,999	3,238,011
Total Liabilities	4,880,799	5,859,295
NET ASSETS		
Without Donor Restrictions	2,200,987	1,104,588
With Donor Restrictions	92,552,406	90,468,349
Total Net Assets	94,753,393	91,572,937
Total Liabilities and Net Assets	$ 99,634,192	$ 97,432,232

See accompanying Notes to Financial Statements.

THE LENFEST INSTITUTE FOR JOURNALISM, LLC
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Gifts and Grants	$ 467,294	$ 12,037,438	$ 12,504,732
Investment Income, Net	594	1,308,868	1,309,462
Net Unrealized and Realized Investment Gains	1,236	5,347,029	5,348,265
Other Income	337,020	6,940	343,960
Subtotal	806,144	18,700,275	19,506,419
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	12,400,804	(12,400,804)	-
Satisfaction of Restrictions - Spending Policy	4,215,414	(4,215,414)	-
Total Revenue and Support	17,422,362	2,084,057	19,506,419
EXPENSES			
Grants	9,756,904	-	9,756,904
Program Expenses	4,539,725	-	4,539,725
Fundraising and Advancement	1,163,454	-	1,163,454
General and Administrative	865,880	-	865,880
Total Expenses	16,325,963	-	16,325,963
CHANGE IN NET ASSETS	1,096,399	2,084,057	3,180,456
Net Assets - Beginning of Year	1,104,588	90,468,349	91,572,937
NET ASSETS - END OF YEAR	$ 2,200,987	$ 92,552,406	$ 94,753,393

See accompanying Notes to Financial Statements.

THE LENFEST INSTITUTE FOR JOURNALISM, LLC
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Gifts and Grants	$ 290,583	$ 18,746,536	$ 19,037,119
Investment Income, Net	3,284	977,479	980,763
Net Unrealized and Realized Investment Gains	1,502	4,387,237	4,388,739
Other Income	246,076	-	246,076
Subtotal	541,445	24,111,252	24,652,697
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	25,960,564	(25,960,564)	-
Satisfaction of Restrictions - Spending Policy	4,750,825	(4,750,825)	-
Total Revenue and Support	31,252,834	(6,600,137)	24,652,697
EXPENSES			
Grants	24,932,164	-	24,932,164
Program Expenses	3,953,452	-	3,953,452
Fundraising and Advancement	1,031,618	-	1,031,618
General and Administrative	816,525	-	816,525
Total Expenses	30,733,759	-	30,733,759
CHANGE IN NET ASSETS	519,075	(6,600,137)	(6,081,062)
Net Assets - Beginning of Year	585,513	97,068,486	97,653,999
NET ASSETS - END OF YEAR	$ 1,104,588	$ 90,468,349	$ 91,572,937

See accompanying Notes to Financial Statements.

THE LENFEST INSTITUTE FOR JOURNALISM, LLC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services	Support Services: Management and General	Support Services: Fundraising	Support Services: Total	Total
Grants	$ 9,756,904	$ -	$ -	$ -	$ 9,756,904
Salaries	1,001,188	350,792	779,222	1,130,014	2,131,202
Benefits	128,237	81,897	126,474	208,371	336,608
Taxes	61,336	23,061	44,103	67,164	128,500
Accounting Fees	-	55,026	-	55,026	55,026
Bad Debt Expense	-	8,252	-	8,252	8,252
Bank Fees	18,411	9,369	4,653	14,022	32,433
Computer Expense	15,726	10,497	17,512	28,009	43,735
Conferences, Conventions, and Meetings	21,549	4,053	17,613	21,666	43,215
Consultants	2,993,415	125,982	96,182	222,164	3,215,579
Depreciation	272	211	291	502	774
Legal Fees	-	128,267	-	128,267	128,267
Liability Insurance	-	23,315	-	23,315	23,315
Membership Dues	87,255	8,950	15,102	24,052	111,307
Occupancy	24,170	18,799	25,891	44,690	68,860
Office Supplies	1,243	1,145	1,468	2,613	3,856
Other Program Expenses	134,352	200	400	600	134,952
Postage and Shipping	411	202	4,561	4,763	5,174
Printing and Publications	28,877	14,180	27,254	41,434	70,311
Travel	23,283	1,682	2,728	4,410	27,693
Total Expenses	$ 14,296,629	$ 865,880	$ 1,163,454	$ 2,029,334	$ 16,325,963

See accompanying Notes to Financial Statements.

THE LENFEST INSTITUTE FOR JOURNALISM, LLC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services	Support Services: Management and General	Support Services: Fundraising	Support Services: Total	Total
Grants	$ 24,932,164	$ -	$ -	$ -	$ 24,932,164
Salaries	1,059,429	318,106	664,092	982,198	2,041,627
Benefits	92,284	74,302	106,285	180,587	272,871
Taxes	62,125	21,150	37,016	58,166	120,291
Accounting Fees	-	41,250	-	41,250	41,250
Bank Fees	13,051	13,274	1,311	14,585	27,636
Computer Expense	12,126	9,731	10,602	20,333	32,459
Conferences, Conventions, and Meetings	66,663	4,001	28,046	32,047	98,710
Consultants	2,445,088	116,893	73,262	190,155	2,635,243
Depreciation	68	3,612	73	3,685	3,753
Legal Fees	-	137,975	-	137,975	137,975
Liability Insurance	-	27,129	-	27,129	27,129
Membership Dues	37,615	3,286	10,646	13,932	51,547
Occupancy	27,569	21,443	29,533	50,976	78,545
Office Supplies	8,557	5,163	9,901	15,064	23,621
Other Program Expenses	41,890	-	-	-	41,890
Postage and Shipping	425	351	2,176	2,527	2,952
Printing and Publications	20,666	7,401	18,931	26,332	46,998
Public Relations	31,929	5,390	23,797	29,187	61,116
Travel	33,967	6,068	15,947	22,015	55,982
Total Expenses	$ 28,885,616	$ 816,525	$ 1,031,618	$ 1,848,143	$ 30,733,759

See accompanying Notes to Financial Statements.

THE LENFEST INSTITUTE FOR JOURNALISM, LLC
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 3,180,456	$ (6,081,062)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	774	3,753
Bad Debt Expense	8,252	-
Amortization of Discount on Contributions Receivable	(114,917)	(174,392)
Amortization of Discount on Grants Payable	2,191	42,202
Unrealized Gain on Investments	(5,211,959)	(3,077,681)
Realized Gain on Investments	(136,306)	(1,311,058)
(Increase) Decrease in Assets:		
Contributions Receivable	3,192,876	2,715,303
Prepaid Expenses and Other Assets	(25,828)	63,857
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Liabilities	170,516	1,094,504
Grants Payable	(1,151,203)	(2,741,184)
Net Cash Used by Operating Activities	(85,148)	(9,465,758)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Endowment Investments	(7,756,180)	(51,096,364)
Proceeds from Sale of Endowment Investments	9,364,983	53,496,077
Net Cash Provided by Investing Activities	1,608,803	2,399,713
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,523,655	(7,066,045)
Cash and Cash Equivalents - Beginning of Year	9,387,508	16,453,553
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 10,911,163	$ 9,387,508

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Lenfest Institute for Journalism, LLC (the Institute) was formed on December 17, 2015, by philanthropist H.F. “Gerry” Lenfest (Lenfest). The Institute is a single member LLC whose sole member is the Lenfest Institute for Journalism Special Asset Fund of The Philadelphia Foundation (LISAF). LISAF is a nonprofit corporation incorporated on December 17, 2002, as a Type I supporting organization to The Philadelphia Foundation (TPF). LISAF’s mission is to receive, manage, and distribute assets in support of TPF. 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 Internal Revenue Code. LISAF is recognized as a tax-exempt supporting organization under Section 509(a)(3) of the code. The Institute is a disregarded entity for tax purposes.

The Institute is a unique organization whose mission is to build sustainable business models for local journalism. The Institute’s goal is to transform the news industry in the digital age to ensure that high-quality local journalism remains a cornerstone of our democracy. Lenfest gifted to the Institute an initial endowment of $20 million and a subsequent $40 million challenge gift for investment in high-impact journalism, initiatives that serve diverse, growing audiences, and news technology and innovation. Lenfest also gifted to the Institute his ownership of nonvoting shares of The Philadelphia Inquirer Public Benefit Corporation (PIPBC), which is one of the Philadelphia region’s largest media networks, parent company of Philly.com and publishes The Philadelphia Inquirer and the Philadelphia Daily News. The Philadelphia Inquirer is operated as a for-profit public benefit corporation, and it serves as a live lab for the Institute’s innovation efforts and a primary focus of its grant making.

Within its mission, the Institute has three key priorities:

High-Impact Journalism: Quality, in-depth reporting remains the fundamental value proposition between local news organizations and their audiences. The Institute invests in indispensable, public-benefit journalism for the communities it serves.

News Technology & Innovation: To survive and to thrive, local news enterprises must be nimble, tech-enabled, and committed to constant innovation. Investing in the technical muscle of news organizations and introducing new tools improve customer experience, audience engagement, and operational efficiency, all of which are key to business sustainability.

Diverse, Growing Audiences: Diverse and inclusive newsrooms produce content that better reflects the communities they serve, and attract diverse and growing audiences. The Institute’s investments in newsroom diversity, community listening projects, and multi-cultural news media address one of journalism’s biggest challenges and one of its greatest opportunities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents include liquid investments with initial maturities of three months or less. For purposes of the statements of cash flows, cash and cash equivalents do not include cash and cash equivalents included within endowment investments.

Investments

Investments in mutual funds, equities and fixed income securities are carried at fair value based on quoted market prices. Cash and cash equivalents 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.

In addition, the Institute 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. 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. Alternative investments are generally less liquid than their traditional equity counterparts, and the Institute’s fund of funds alternative managers may have entry/exit terms and capital lockup periods that range from one to six months. During 2020, the Institute began the process to divest all current alternative investment holdings, and there were no alternative investment holdings during 2021.

The Institute 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 endowment investments. The carrying amount of the cost basis investment was $13,858,614 at December 31, 2021 and 2020.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

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 statements of financial position.

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

Contributions

Contribution revenue is recorded when a contribution (including verifiable unconditional promises to give) is received. 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 Institute 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.

Classification of Net Assets

The Institute 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.

Net Assets With Donor Restrictions – are subject to donor-imposed stipulations that will be met either by actions of the Institute or the passage of time. These types of net assets primarily include contributions receivable and grants to be spent over a specific time period or for a specific purpose. 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 Institute. These types of net assets must be maintained in perpetuity by the Institute.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Assets (Continued)

Net Assets With Donor Restrictions (Continued) – 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.

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 Institute 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 and grants payable 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

The Institute's endowment investments recorded at fair value on a recurring basis are included in Note 6. Determination of the fair value of private company stock could not be made without incurring excessive cost. This investment is valued at cost (appraised value at the date of gift). No impairment was noted for the years ended December 31, 2021 and 2020.

Subsequent Events

In preparing these financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through June 14, 2022, the date the financial statements were available to be issued.

In 2022, the Institute will receive a bequest of more than $50 million from the estate of Mr. Lenfest. As directed by the Board of Managers, these resources will be used to support programs and activities in keeping with the Institute's mission of building a viable future for local, public-service journalism in Philadelphia, the state of Pennsylvania, and throughout the country. Approximately $28.3 million has been received as of the date of this report.

NOTE 2 CONCENTRATION OF CREDIT RISK

Cash and cash equivalents potentially subject the Institute 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 may exceed FDIC insurable limits.

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable include unconditional promises to give at December 31:

	2021	2020
Receivable in Less Than One Year	$ 3,004,237	$ 4,105,365
Receivable in One to Five Years	2,150,000	4,250,000
Total	5,154,237	8,355,365
Less: Discounts to Present Value	(59,698)	(174,615)
Net Contribution Receivable	$ 5,094,539	$ 8,180,750

Receivables due in one to five years represent multi-year commitments received in 2021 and years prior. These commitments were discounted using interest rates ranging from 0.63% to 2.98%.

NOTE 4 OTHER ENDOWMENT INVESTMENTS

Other endowment investments consist of the following at December 31:

	2021	2020
Hedge Funds	$ -	$ 5,512,930
Private Credit Funds	-	3,852,206
Private Company Stock	13,858,614	13,858,614
Total	$ 13,858,614	$ 23,223,750

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

NOTE 5 ENDOWMENT ACTIVITY

An endowment is an established fund of cash, securities, or other assets to provide income for the maintenance of the Institute. 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.

The mission of the Institute'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 Institute has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to support operating expenses while maintaining the purchase power of the endowment. Under this policy assets are invested in a manner that is intended to yield a long-term average annual rate of return of 5% above inflation on a net of fees basis assuming a moderate level of investment risk. Results may vary from stated goals in a given year. To satisfy objectives, the Institute relies on a total return strategy in which investment returns are realized through both capital appreciation (realized and unrealized gains) and current yield (dividends and interest). The Institute targets a diversified asset allocation that places a greater emphasis and equity-based investments to achieve long-term goals.

Distributions of the Institute's endowment are made in accordance with the gift agreements. 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 years ended December 31, 2021 and 2020, the distribution was a blended 8.1% and 8.2%, respectively, of the market value of the endowment fund. The additional draw was utilized for grantmaking purposes consistent with the Institute's mission.

NOTE 5 ENDOWMENT ACTIVITY (CONTINUED)

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

	With Donor Restrictions
Endowment Assets - Beginning of Year	$ 79,786,585
Investment Return:	
Interest and Dividends, Net of Investment Expense of $103,190	1,307,847
Net Realized and Unrealized Gains	5,347,029
Total Investment Return	6,654,876
Contributions	1,300,000
Distributions of Endowment Income	(4,215,414)
Endowment Assets - End of Year	$ 83,526,047

Endowment activity by net asset class for the year ended December 31, 2020 is as follows:

	With Donor Restrictions
Endowment Assets - Beginning of Year	$ 77,797,557
Investment Return:	
Interest and Dividends, Net of Investment Expense of $175,938	952,616
Net Realized and Unrealized Gains	4,387,237
Total Investment Return	5,339,853
Contributions	1,400,000
Distributions of Endowment Income	(4,750,825)
Endowment Assets - End of Year	$ 79,786,585

NOTE 6 FAIR VALUE MEASUREMENTS

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

	Carrying Value at December 31, 2021			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Equity Funds	$ 43,254,935	$ -	$ -	$ 43,254,935
Fixed Income Funds	26,411,541	-	-	26,411,541
Total	$ 69,666,476	$ -	$ -	69,666,476
Cash and Cash Equivalents				957
Total				$ 69,667,433

	Carrying Value at December 31, 2020			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Equity Funds	$ 36,095,615	$ -	$ -	$ 36,095,615
Fixed Income Funds	19,770,582	-	-	19,770,582
Total	$ 55,866,197	$ -	$ -	55,866,197
Investments Measured at Fair Value Using Net Asset Value per Share				9,365,136
Cash and Cash Equivalents				696,638
Total				$ 65,927,971

Assets measured at fair value on a nonrecurring basis include private company stock. Fair value was determined based on multiple valuation methodologies including the discounted cash flow and guideline public company methods. Management periodically obtains an independent third-party valuation to ensure no impairment of cost basis.

At December 31, 2021, the Institute did not hold any investments in entities that calculate net asset value per share.

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of December 31, 2020:

	Net Asset Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Hedge Funds	$ 5,512,930	$ -	June 30 or December 31	90 Days
Private Credit Funds	3,852,206	-	Quarterly	180 Days
Total	$ 9,365,136	$ -		

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

Hedge Funds are invested primarily in a diversified portfolio of multi-strategy and long/short credit, niche credit, and merger arbitrage investments. 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 Credit Funds invest in asset-backed financing to private businesses. The funds are mainly comprised of a small number of credit facilities structured as special purpose vehicles where the fund has a senior secured position. 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.

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2021	2020
Furniture and Equipment	$ 50,207	$ 50,207
Less: Accumulated Depreciation	14,704	13,930
Total Property and Equipment	$ 35,503	$ 36,277

Depreciation expense for the years ended December 31, 2021 and 2020 was $774 and $3,753, respectively.

NOTE 8 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:

	2021	2020
To Be Paid in Less Than One Year	$ 2,088,999	$ 2,890,202
To Be Paid in One to Five Years	-	350,000
Total	2,088,999	3,240,202
Less: Discounts to Present Value	-	2,191
Net Grants Payable	$ 2,088,999	$ 3,238,011

Grants to be paid in one to five years were discounted at a rate of 0.63% in 2020. As of December 31, 2021 and 2020, the Institute had no unrecorded grants in which conditions placed on these grants had not been met.

NOTE 9 DEFINED CONTRIBUTION RETIREMENT PLAN

The Institute's employees are leased from TPF. TPF has a defined contribution plan which covers all eligible employees, including those leased to the Institute. For the years ended December 31, 2021 and 2020, TPF contributed 10% of salaries, as defined, for a total contribution of $190,248 and $145,890, respectively.

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
Grants for Donor-Restricted Activities, Includes Pledges that are Expected to be Received in Subsequent Years and are Usually Considered to be Purpose Restricted	$ 8,727,291	$ 9,381,764
Endowment Funds Whereby the Annual Spending Policy is Purpose Restricted	10,125,766	10,152,687
Total	$ 18,853,057	$ 19,534,451

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

	2021	2020
Endowment Corpus	$ 59,541,667	$ 55,775,284
Cash Due to Endowment	299,068	1,300,000
Private Company Stock, Restricted for Endowment	13,858,614	13,858,614
Total	$ 73,699,349	$ 70,933,898

NOTE 11 FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function of the Institute. 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 CEO's office, occupancy, and communication. 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 were as follows:

	2021	2020
Program Services	$ 14,296,629	$ 28,885,616
Management and General	865,880	816,525
Fundraising	1,163,454	1,031,618
Total	$ 16,325,963	$ 30,733,759

NOTE 12 LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Institute's financial assets available for expenditure within one year of the statement of financial position date. The Institute's funds consist primarily of endowment and grant funds. Income from endowments and grants are restricted for specific purposes and, therefore, not available for general expenditure.

	2021	2020
Financial Assets, as of December 31	$ 99,531,749	$ 97,354,843
Less:		
Contractual or Donor-Imposed Restrictions Making Financial Assets Unavailable for General Expenditure	(10,412,526)	(14,662,323)
Endowment Funds	(83,526,047)	(79,786,585)
Financial Assets Available Within One Year to Meet Cash Needs for General Expenditures Within One Year	$ 5,593,176	$ 2,905,935