THE LENFEST INSTITUTE FOR JOURNALISM, LLC

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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, which comprise the statements of financial position as of December 31, 2022 and 2021, 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, 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 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.

Board of Managers
The Lenfest Institute for Journalism, LLC

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

King of Prussia, Pennsylvania
June 13, 2023

THE LENFEST INSTITUTE FOR JOURNALISM, LLC
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	$ 11,546,758	$ 10,911,163
Contributions Receivable, Net	2,736,998	5,094,539
Prepaid Expenses and Other Assets	29,810	66,940
Total	14,313,566	16,072,642
Endowment Investments:		
Cash Equivalents	-	957
Mutual Funds:		
Equity Funds	35,378,513	43,254,935
Fixed Income Funds	23,856,205	26,411,541
Other	13,858,614	13,858,614
Total Endowment Investments	73,093,332	83,526,047
Non-Endowment Investments		
Cash Equivalents	5,066,960	-
Mutual Funds:		
Fixed Income Funds	14,795,010	-
Total Non-Endowment Investments	19,861,970	-
Total Investments	92,955,302	83,526,047
Property and Equipment, Net	11,267	35,503
Total Assets	$ 107,280,135	$ 99,634,192
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 1,242,439	$ 2,791,800
Grants Payable	3,383,119	2,088,999
Total Liabilities	4,625,558	4,880,799
NET ASSETS		
Without Donor Restrictions	23,218,247	2,200,987
With Donor Restrictions	79,436,330	92,552,406
Total Net Assets	102,654,577	94,753,393
Total Liabilities and Net Assets	$ 107,280,135	$ 99,634,192

See accompanying Notes to Financial Statements.

THE LENFEST INSTITUTE FOR JOURNALISM, LLC
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Gifts and Grants	$ 602,115	$ 10,840,731	$ 11,442,846
Bequest	28,319,242	-	28,319,242
Investment Income, Net	358,677	1,226,275	1,584,952
Net Unrealized and Realized Investment Losses	(101,514)	(11,956,803)	(12,058,317)
Other Income	70,816	5,000	75,816
Subtotal	29,249,336	115,203	29,364,539
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	13,231,279	(13,231,279)	-
Total Revenue and Support	42,480,615	(13,116,076)	29,364,539
EXPENSES			
Grants	15,908,568	-	15,908,568
Program Expenses	3,302,437	-	3,302,437
Fundraising and Advancement	1,307,263	-	1,307,263
General and Administrative	945,087	-	945,087
Total Expenses	21,463,355	-	21,463,355
CHANGE IN NET ASSETS	21,017,260	(13,116,076)	7,901,184
Net Assets - Beginning of Year	2,200,987	92,552,406	94,753,393
NET ASSETS - END OF YEAR	$ 23,218,247	$ 79,436,330	$ 102,654,577

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 FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services	Support Services: Management and General	Support Services: Fundraising	Support Services: Total	Total
Grants	$ 15,908,568	$ -	$ -	$ -	$ 15,908,568
Salaries	1,120,956	449,129	852,496	1,301,625	2,422,581
Benefits	131,549	71,409	130,597	202,006	333,555
Taxes	72,592	28,812	45,017	73,829	146,421
Accounting Fees	-	58,728	-	58,728	58,728
Bank Fees	21,713	12,818	705	13,523	35,236
Computer Expense	63,743	26,763	33,050	59,813	123,556
Conferences, Conventions, and Meetings	243,005	18,175	34,840	53,015	296,020
Consultants	1,353,949	107,303	111,796	219,099	1,573,048
Depreciation	847	659	908	1,567	2,414
Legal Fees	3,031	87,737	1,372	89,109	92,140
Liability Insurance	2,571	28,982	2,354	31,336	33,907
Membership Dues	10,760	3,247	7,081	10,328	21,088
Occupancy	26,367	20,508	28,245	48,753	75,120
Office Supplies	903	939	2,175	3,114	4,017
Other Program Expenses	130,346	19	26	45	130,391
Postage and Shipping	2,180	370	3,575	3,945	6,125
Printing and Publications	9,940	4,953	10,196	15,149	25,089
Public Relations	16,855	3,444	6,859	10,303	27,158
Travel	91,130	21,092	35,971	57,063	148,193
Total Expenses	$ 19,211,005	$ 945,087	$ 1,307,263	$ 2,252,350	$ 21,463,355

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	Fundraising	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
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 7,901,184	$ 3,180,456
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	2,414	774
Bad Debt Expense	-	8,252
Loss on Disposal of Fixed Assets	34,729	-
Amortization of Discount on Contributions Receivable	(59,698)	(114,917)
Amortization of Discount on Grants Payable	21,102	2,191
Unrealized Losses (Gains) on Investments	12,050,452	(5,211,959)
Realized Losses (Gains) on Investments	7,865	(136,306)
(Increase) Decrease in Assets:		
Contributions Receivable	2,417,239	3,192,876
Prepaid Expenses and Other Assets	37,130	(25,828)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Liabilities	(1,549,361)	170,516
Grants Payable	1,273,018	(1,151,203)
Net Cash Provided (Used) by Operating Activities	22,136,074	(85,148)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(12,907)	-
Purchases of Non-Endowment Investments	(36,771,661)	-
Proceeds from Sale of Non-Endowment Investments	16,805,029	-
Purchases of Endowment Investments	(1,624,780)	(7,756,180)
Proceeds from Sale of Endowment Investments	103,840	9,364,983
Net Cash (Used) Provided by Investing Activities	(21,500,479)	1,608,803
INCREASE IN CASH AND CASH EQUIVALENTS	635,595	1,523,655
Cash and Cash Equivalents - Beginning of Year	10,911,163	9,387,508
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 11,546,758	$ 10,911,163

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 publishes The Philadelphia Inquirer. The Philadelphia Inquirer is operated as a for-profit public benefit corporation, and as the nonoperating parent organization, the Institute supports its innovation efforts through grant making.

Within its mission, the Institute has following priorities:

The Philadelphia Inquirer: The Philadelphia Inquirer is the largest newspaper in America operated as a public-benefit corporation. The Institute’s ownership of The Inquirer, which covers one of the largest, most diverse metro regions in the country, is a cornerstone of its investment in local news.

The Philadelphia News Ecosystem: In the Philadelphia area, the Institute facilitates a collaborative news and information ecosystem that builds on valuable history while also fostering entrepreneurial vision and innovation. Diversity and representation are critical components of positive business outcomes. The Institute is working to define different pathways to sustainability for publishers while also ensuring a diversity of representative voices and leadership in both legacy and independent media reflective of the communities they’re serving.

Spotlight PA: Spotlight PA, the Harrisburg newsroom launched by The Lenfest Institute and The Philadelphia Inquirer, creates high-quality investigative and accountability reporting for the benefit of all Pennsylvanians. It provides its reporting free-of-charge to more than 90 other newspapers, public radio stations, and websites throughout Pennsylvania.

National Solutions for Local News: Nationally, the Institute leverages its institutional expertise and resources to facilitate capacity building for local news publishers through training programs and grantmaking to support the implementation of business model best practices.

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.

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, 2022 and 2021.

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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 4.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The Institute's endowment investments recorded at fair value on a recurring basis are included in Note 5. 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, 2022 and 2021.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842).* The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the 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 Institute adopted the requirements of this guidance effective January 1, 2022, and the adoption did not have an impact on the Institute's statements of financial position or activities.

The FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* This guidance was issued to improve transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The adoption of this standard did have an impact on the Institute's financial statements for the year ended December 31, 2022.

Subsequent Events

In preparing these financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through June 13, 2023, the date the financial statements were available to be issued.

On January 1, 2023, the Institute entered into a 10-year lease agreement with the Philadelphia Inquirer for the use of office space. The lease agreement includes an annual payment of $75,928 with escalating rent payments through December 31, 2023.

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:

	2022	2021
Receivable in Less Than One Year	$ 2,736,998	$ 3,004,237
Receivable in One to Five Years	-	2,150,000
Total	2,736,998	5,154,237
Less: Discounts to Present Value	-	(59,698)
Net Contribution Receivable	$ 2,736,998	$ 5,094,539

Receivables due in one to five years represent multi-year commitments received in 2021 and years prior. In 2021, these commitments were discounted using interest rates ranging from 1.23% to 2.98%. No commitments in 2022 are due more than one year from December 31, 2022.

NOTE 4 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.

NOTE 4 ENDOWMENT ACTIVITY (CONTINUED)

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 year ended December 31, 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 an endowment draw in 2022 due to the receipt of the bequest from the Estate of H.F. Lenfest. The Institute's Board elected to use bequest funds to fund operations in lieu of a withdrawal from the endowment. This decision was made to enable the endowment investments to continue to appreciate.

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

	With Donor Restrictions
Endowment Assets - Beginning of Year	$ 83,526,047
Investment Return:	
Interest and Dividends, Net of Investment Expense of $99,437	1,226,275
Net Realized and Unrealized Losses	(11,957,273)
Total Investment Return	(10,730,998)
Contributions	298,283
Distributions of Endowment Income	-
Endowment Assets - End of Year	$ 73,093,332

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

NOTE 5 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, 2022			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Equity Funds	$ 35,378,513	$ -	$ -	$ 35,378,513
Fixed Income Funds	38,651,215	-	-	38,651,215
Total	$ 74,029,728	$ -	$ -	74,029,728
Cash and Cash Equivalents				5,066,960
Total				$ 79,096,688

	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

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.

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2022	2021
Leasehold Improvements	$ -	$ 50,207
Computer Equipment	12,907	-
Less: Accumulated Depreciation	1,640	14,704
Total Property and Equipment	$ 11,267	$ 35,503

Depreciation expense for the years ended December 31, 2022 and 2021 was $2,414 and $774, respectively.

NOTE 7 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:

	2022	2021
To Be Paid in Less Than One Year	$ 2,954,221	$ 2,088,999
To Be Paid in One to Five Years	450,000	-
Total	3,404,221	2,088,999
Less: Discounts to Present Value	21,102	-
Net Grants Payable	$ 3,383,119	$ 2,088,999

Grants to be paid in one to five years were discounted at a rate of 4.92% 2022. As of December 31, 2022 and 2021, the Institute had no unrecorded grants in which conditions placed on these grants had not been met.

NOTE 8 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, 2022 and 2021, TPF contributed 10% of salaries, as defined, for a total contribution of $179,955 and $190,248, respectively.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

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

	2022	2021
Grants for Donor-Restricted Activities, Includes Pledges that are Expected to be Received in Subsequent Years and are Usually Considered to be Purpose Restricted	$ 6,342,998	$ 8,727,291
Accumulated (Losses) Earnings on Permanently Restricted Endowment	(6,412,774)	3,430,459
Endowment Funds Whereby the Annual Spending Policy is Purpose Restricted	9,536,284	10,125,766
Total	$ 9,466,508	$ 22,283,516

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

	2022	2021
Endowment Corpus	$ 56,111,208	$ 56,111,208
Cash Due to Endowment	-	299,068
Private Company Stock, Restricted for Endowment	13,858,614	13,858,614
Total	$ 69,969,822	$ 70,268,890

NOTE 10 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:

	2022	2021
Program Services	$ 19,211,005	$ 14,296,629
Management and General	945,087	865,880
Fundraising	1,307,263	1,163,454
Total	$ 21,463,355	$ 16,325,963

NOTE 11 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.

	2022	2021
Financial Assets, as of December 31	$ 107,239,058	$ 99,531,749
Less:		
Contractual or Donor-Imposed Restrictions Making Financial Assets Unavailable for General Expenditure	(8,298,937)	(10,412,526)
Endowment Funds	(73,093,332)	(83,526,047)
Financial Assets Available Within One Year to Meet Cash Needs for General Expenditures Within One Year	$ 25,846,789	$ 5,593,176