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The Pittsburgh Promise Foundation

(A Controlled Supporting Organization of
The Pittsburgh Foundation)

Audited Financial Statements as of and for the
Years Ended June 30, 2019 and 2018, and
Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Pittsburgh Promise Foundation

We have audited the accompanying financial statements of The Pittsburgh Promise Foundation (a controlled supporting organization of The Pittsburgh Foundation), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Pittsburgh Promise Foundation as of June 30, 2019 and 2018, 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.

Sisterson + Co. LLP

November 12, 2019

THE PITTSBURGH PROMISE FOUNDATION
(A Controlled Supporting Organization of The Pittsburgh Foundation)

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 9,391,809	$ 7,813,227
Investment income receivable	48,288	110,465
Contributions receivable - net	6,126,702	4,091,427
Investments	49,762,605	59,530,229
Prepaid expenses	4,711	4,875
Furniture, fixtures, and equipment net of accumulated depreciation of $321,601 and $255,666, respectively	245,611	301,134
Total	$ 65,579,726	$ 71,851,357
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and other liabilities	$ 264,193	$ 161,324
Scholarships payable	150,000	227,905
Deferred revenue	145,400	-
Total liabilities	559,593	389,229
NET ASSETS:		
Without donor restrictions	58,858,665	66,993,519
With donor restrictions	6,161,468	4,468,609
Total net assets	65,020,133	71,462,128
Total	$ 65,579,726	$ 71,851,357

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

THE PITTSBURGH PROMISE FOUNDATION
(A Controlled Supporting Organization of The Pittsburgh Foundation)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT:			
Contributions and transfers:			
Amounts from donors	$ 2,411,768	$ 3,315,841	$ 5,727,609
Amounts from The Pittsburgh Foundation	961,384	-	961,384
Total contributions and transfers	3,373,152	3,315,841	6,688,993
Sponsorship revenue	122,505	-	122,505
Membership, ticket sales, and miscellaneous income	151,823	-	151,823
Investment income - net of fees of $151,815	1,129,441	-	1,129,441
Net gain on investments	1,867,917	-	1,867,917
Total revenues and gains	6,644,838	3,315,841	9,960,679
Net assets released resulting from the satisfaction of donor restrictions	1,622,982	(1,622,982)	-
Total revenues, gains, and other support	8,267,820	1,692,859	9,960,679
EXPENSES:			
Scholarships approved - net of refunds	14,236,575	-	14,236,575
Other program related expenses	955,926	-	955,926
Development	988,731	-	988,731
Administrative	221,442	-	221,442
Total expenses	16,402,674	-	16,402,674
INCREASE (DECREASE) IN NET ASSETS	(8,134,854)	1,692,859	(6,441,995)
NET ASSETS - Beginning of year	66,993,519	4,468,609	71,462,128
NET ASSETS - End of year	$ 58,858,665	$ 6,161,468	$ 65,020,133

The accompanying notes are an integral part of this financial statement.

THE PITTSBURGH PROMISE FOUNDATION
(A Controlled Supporting Organization of The Pittsburgh Foundation)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT:			
Contributions and transfers:			
Amounts from donors	$ 2,751,863	$ 5,026,094	$ 7,777,957
Amounts from The Pittsburgh Foundation	946,261	-	946,261
Total contributions and transfers	3,698,124	5,026,094	8,724,218
Sponsorship revenue	46,425	-	46,425
Membership, ticket sales, and miscellaneous income	20,120	-	20,120
Investment income - net of fees of $144,125	1,194,420	-	1,194,420
Net gain on investments	3,386,986	-	3,386,986
Total revenues and gains	8,346,075	5,026,094	13,372,169
Net assets released resulting from the satisfaction of donor restrictions	46,767,580	(46,767,580)	-
Total revenues, gains, and other support	55,113,655	(41,741,486)	13,372,169
EXPENSES:			
Scholarships approved - net of refunds	17,652,414	-	17,652,414
Other program related expenses	920,455	-	920,455
Development	986,880	-	986,880
Administrative	241,494	-	241,494
Total expenses	19,801,243	-	19,801,243
INCREASE (DECREASE) IN NET ASSETS	35,312,412	(41,741,486)	(6,429,074)
NET ASSETS - Beginning of year	31,681,107	46,210,095	77,891,202
NET ASSETS - End of year	$ 66,993,519	$ 4,468,609	$ 71,462,128

The accompanying notes are an integral part of this financial statement.

THE PITTSBURGH PROMISE FOUNDATION
(A Controlled Supporting Organization of The Pittsburgh Foundation)

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services				
	Scholarships	Other	Development	Administrative	Total
Scholarships approved - net of refunds	$ 14,236,575	$ -	$ -	$ -	$ 14,236,575
Salaries and benefits	-	539,118	590,883	132,570	1,262,571
Professional and administrative services	-	189,993	153,727	34,101	377,821
Rent and building expense	-	25,614	28,073	6,298	59,985
Depreciation	-	28,154	30,858	6,923	65,935
Communications and marketing	-	106,269	116,473	26,132	248,874
Information technology	-	39,302	43,077	9,665	92,044
Professional development and travel	-	12,465	13,661	3,065	29,191
Office expenses	-	15,011	11,979	2,688	29,678
Total expenses	$ 14,236,575	$ 955,926	$ 988,731	$ 221,442	$ 16,402,674

The accompanying notes are an integral part of this financial statement.

THE PITTSBURGH PROMISE FOUNDATION
(A Controlled Supporting Organization of The Pittsburgh Foundation)

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services				
	Scholarships	**Other**	**Development**	**Administrative**	**Total**
Scholarships approved - net of refunds	$ 17,652,414	$ -	$ -	$ -	$ 17,652,414
Salaries and benefits	-	561,477	617,358	151,679	1,330,514
Professional and administrative services	-	171,469	170,212	40,846	382,527
Rent and building expense	-	25,826	28,396	6,977	61,199
Depreciation	-	21,522	23,664	5,814	51,000
Communications and marketing	-	82,453	90,659	22,274	195,386
Information technology	-	27,490	30,226	7,426	65,142
Professional development and travel	-	16,182	17,793	4,372	38,347
Office expenses	-	14,036	8,572	2,106	24,714
Total expenses	$ 17,652,414	$ 920,455	$ 986,880	$ 241,494	$ 19,801,243

The accompanying notes are an integral part of this financial statement.

THE PITTSBURGH PROMISE FOUNDATION
(A Controlled Supporting Organization of The Pittsburgh Foundation)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets	$ (6,441,995)	$ (6,429,074)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:		
Depreciation	65,935	51,000
Net gain on investments	(1,867,917)	(3,386,986)
(Increase) decrease in contributions receivable	(2,035,275)	41,674,334
(Increase) decrease in investment income receivable	62,177	(77,478)
(Increase) decrease in prepaid expenses	164	(4,875)
Increase (decrease) in accounts payable and accrued liabilities	102,869	(34,667)
Decrease in scholarships payable	(77,905)	(25,620)
Increase in deferred revenue	145,400	-
Net cash provided by (used in) operating activities	(10,046,547)	31,766,634
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of furniture, fixtures, and equipment	(10,412)	(90,062)
Purchases of investments	(28,863,366)	(45,795,703)
Proceeds from sales of investments	40,498,907	19,462,184
Net cash provided by (used in) investing activities	11,625,129	(26,423,581)
INCREASE IN CASH AND CASH EQUIVALENTS	1,578,582	5,343,053
CASH AND CASH EQUIVALENTS - Beginning of year	7,813,227	2,470,174
CASH AND CASH EQUIVALENTS - End of year	$ 9,391,809	$ 7,813,227

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

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization — The Pittsburgh Promise Foundation (the "Promise") operates as a supporting organization of The Pittsburgh Foundation (the "Foundation"); therefore, any transactions between the Promise and the Foundation are recorded as transfers. Financial and administrative oversight is provided by a twenty-four member Board of Directors which is comprised of prominent civic and community leaders from the Pittsburgh region. Management and fundraising for the program are carried out by staff headed by an executive director. The Promise is a visionary scholarship program that promotes high educational aspirations among urban youth, funds scholarships for post-secondary success, and fuels a prepared and diverse regional workforce.

The Promise, a not-for-profit corporation, is exempt from federal income tax under the provisions of section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code") and has been classified as an organization which is not a private foundation as defined in section 509(a)(3) of the Code.

During 2019 and 2018, the Promise reimbursed the Foundation $1,376,133 and $1,441,885 for certain administrative and staff costs, respectively; which included purchased services of $74,750 and $74,500 from the Foundation during 2019 and 2018, respectively.

The Pittsburgh Promise Foundation's Vision:

The Promise envisions a future where all of our urban youth are equipped to reach post-secondary success, our public schools serve all children excellently, our city is flourishing in all its neighborhoods, and our workforce is widely diverse and highly skilled to advance a region that is good and just for all.

The Pittsburgh Promise Foundation's Mission:

The Pittsburgh Promise promotes high educational aspirations among urban youth, funds scholarships for post-secondary access, and fuels a prepared and diverse regional workforce.

The Pittsburgh Promise Foundation's Guiding Principles:

- Equity and Inclusion: We are committed to educational, economic, racial, social, and cultural equity and inclusion.
- Excellence: We conduct our work with urgency, steward our resources prudently, and apply the highest standards of professionalism.
- Integrity: We demonstrate accountability to our students, families, and community partners by performing our work with transparency, discipline, and compassion.
- Impact: We regularly evaluate our impact and use data and research to guide our decision-making.
- Commitment: We are driven by a passion for our vision and mission and a belief that our work strengthens the region, inspires systemic change, and transforms lives.

The Promise was launched in 2007 with a $100 million commitment by the University of Pittsburgh Medical Center ("UPMC"). UPMC's commitment included an initial $10 million contribution with the remaining $90 million to be a challenge grant over the next nine years through 2017 (up to $10 million per year), intended to spur a community-wide campaign to raise an additional $150 million from other organizations and individuals (up to $15 million per year was matched by the UPMC challenge grant). Excess matching contributions in any year were to be carried forward to the next year. UPMC's matching contribution was subject to its prior year's financial performance or changes in tax law as defined in the agreement. Effective June 26, 2013, UPMC executed a new agreement whereby UPMC's entire commitment was not conditioned in any way on receipt by the Promise of donations from other organizations and individuals. Accordingly, UPMC's remaining commitment was deemed unconditional and recorded as revenue during 2014 by the Promise. On July 19, 2017, the Promise received in cash the final balance of $41,091,654 receivable from UPMC.

Cash and Cash Equivalents — Cash and cash equivalents consist primarily of funds invested in money market funds. Cash equivalents are recorded at carrying value which approximates fair value and were $6,295,813 and $6,406,036 as of June 30, 2019 and 2018, respectively.

Investments — Investments are recorded at fair value. Realized and unrealized gains and losses are computed by deducting from the proceeds of the sale or the fair value of instruments the historical cost of the investment using the last-in first-out method. Net realized and unrealized gain or loss on investments and income on investments, which includes dividends and interest earned on funds without donor restrictions, are reflected in the statements of activities. Investment income is recorded on the accrual basis.

Furniture, Fixtures, and Equipment — Furniture, fixtures, and equipment are recorded at cost and depreciated over the estimated useful lives, which range from 3 to 15 years on the straight-line method.

Classification of Net Assets — The Promise classifies resources for accounting and reporting purposes into separate net asset classes based on the existence or absence of donor-imposed restrictions. A description of the Promise's net asset categories is as follows:

Net Assets without Donor Restrictions — Net assets that are not subject to donor-imposed restrictions or stipulations as to purpose of use.

Net Assets with Donor Restrictions — Net assets that are subject to time-implied restrictions or donor-imposed restrictions for specific projects, including those that require the principal be invested in perpetuity and the income be used to support the Promise's objectives in accordance with the wishes of the donor. The Promise held no assets required to be held in perpetuity as of June 30, 2019 and 2018.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released resulting from the satisfaction of donor restrictions.

Contributions/Contributions Receivable — Contributions are recorded as revenue when an unconditional promise to give is received. Contributions subject to conditions are recorded as revenue when the conditions limiting the transfer of assets have been satisfied. Contributions are recorded at fair value at the date of donation. Contributions originally expected to be collected within one year are recorded at their net realizable value. Contributions that are expected to be collected in future years are recorded at the present value of the estimated future cash flows.

The discounts on those amounts are computed using a risk-free rate of return. The discount rates used ranged from 1.71% to 1.92% in 2019 and 2.33% to 2.73% in 2018.

The Promise also had $257,500 of contingent contributions as of June 30, 2019, not recorded in the financial statements. Contingent contributions are pledged amounts that the donor has the sole discretion in changing or cancelling the promise, and as a result, the Promise has not recorded such amounts as a contribution.

Scholarships — Scholarships are recorded based upon a multitude of factors including, but not limited to, eligibility information provided by the Pittsburgh Public Schools, and applicants attending a qualifying center for continuing education. Scholarship cancellations and refunds of paid scholarships are recorded as they occur. Individual scholarships can vary based on the need of individual students after all other grants and scholarships have been deducted (i.e. “last dollar”). This “last dollar” amount is determined by financial information provided by the applicant's respective attended educational facility.

The scholarship structure is approved by the Board of Directors. Prior to June 30, 2015, the Promise granted between $1,000 and $10,000 per student per academic year, based on need as discussed above. Effective July 14, 2015, the maximum scholarship was reduced to $7,500 per student per academic year for students of the Class of 2017. Effective December 12, 2017, the maximum scholarship was reduced to $5,000 per student per academic year for students of the Class of 2018 and beyond. All scholarships payable as of June 30, 2019 are expected to be paid during the following year.

Functional Allocation of Expenses — The costs of providing program services, development, and administrative activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on an analysis of personnel time attributable to the related activities.

Agency Transactions — During the year ended June 30, 2018, the Promise performed agency services for unrelated entities. The amount received and passed-through totaled $50,000. In accordance with accounting principles generally accepted in the United States of America, these transactions where the Promise acted as an agent have been reported on the 2018 statements of financial position rather than as revenues and expenses. There were no agency services performed during the year ended June 30, 2019.

Taxes — The Promise adopted Financial Accounting Standards Board (“FASB”) guidance for accounting for uncertainty in income taxes, which provides criteria for the recognition and measurement of uncertain tax positions. This guidance requires that an uncertain tax position should be recognized only if it is “more likely than not” that the position is not sustainable based on its technical merits. Recognizable tax positions should then be measured to determine the amount of benefit or liability recognized in the financial statements. The Promise files U.S. federal, state, and local information returns, and no returns are currently under examination. The statute of limitations on the Promise’s U. S. federal tax returns remains open for the years ended June 30, 2016 through the present. The Promise continues to evaluate its tax positions pursuant to the principles of FASB guidance and has determined that there is no material impact on the Promise’s financial statements.

Estimates and Assumptions — 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.

Risks and Uncertainties — Investment securities are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in risks and values of investment securities will occur in the near-term and that such changes could materially affect the amounts reported on the statements of financial position.

Reclassifications — Certain amounts previously reported in the June 30, 2018 financial statements have been reclassified for comparative purposes.

Adoption of Accounting Standards Update ("ASU") 2016-14 — The Promise adopted ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as of July 1, 2018. The adoption of ASU 2016-14 did not have an impact on the Promise's net assets or changes in net assets, but changed previous presentation and disclosure requirements. The amendments in ASU 2016-14 reduced the number of net asset classes on the statements of financial position to two, to "without" and "with" donor restrictions, and increased related disclosure requirements; required the presentation of income from investments to be presented net of expenses on the statements of activities; required the presentation of expenses by nature and function in the financial statements; and, required specific disclosures regarding qualitative and quantitative information about how the Promise manages its liquidity and liquidity risk. The amendments have been applied retrospectively, except the Promise has elected to omit the 2018 disclosure about liquidity and availability of resources.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statement of financial position date as of June 30, 2019 are comprised of the following:

Cash and cash equivalents	$ 9,391,809
Contributions receivable and other assets	2,484,910
Investments	49,762,605
Total	$ 61,639,324

As part of the Promise's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Promise invests cash in excess of daily requirements in short-term investments.

3. INVESTMENTS

Investments are carried at fair value. The aggregate carrying value of investments, exclusive of cash equivalents, is summarized as follows as of June 30:

	2019	2018
Public equity	$ 27,678,113	$ 41,300,674
Core fixed income	22,084,492	17,942,198
Public real assets	-	287,357
Total investments	$ 49,762,605	$ 59,530,229

In determining fair value, the Promise follows the FASB ASC Topic 820 regarding fair value measurements. This establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset based on market data obtained from sources independent of the organization.

Unobservable inputs are inputs that would reflect an organization's assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1 — Valuations based on quoted market prices in active markets for identical assets that the organization has the ability to access. Since valuations are based on quoted market prices that are readily available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 — Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Promise did not hold any Level 2 or Level 3 investments as of June 30, 2019 and 2018.

The availability of observable inputs can vary from instrument to instrument and is affected by a wide variety of factors, including, for example, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable in the market, the determination of fair value requires more judgment.

The Promise uses prices and inputs that are current as of the measurement date, obtained through multiple third-party custodians from independent pricing services.

A description of the valuation techniques applied to the major categories of investments measured at fair value is outlined below.

The fair value of common stocks, exchange-traded funds, and American Depository Receipts are valued using quoted market prices in active markets when available. Such actively traded securities are categorized in Level 1 of the fair value hierarchy.

Equity and fixed income mutual funds are open-ended Securities and Exchange Commission-registered funds, with daily net asset values ("NAV"). The mutual funds allow investors to sell their interests at the published daily NAV, with no restrictions on redemptions. These mutual funds are categorized in Level 1 of the fair value hierarchy.

The fair value hierarchy table presenting the Promise's investments measured at fair value is as follows as of June 30:

	2019	2018
Level 1 — Quoted prices in active markets for identical securities:		
American Depository Receipts	$ 213,134	$ 376,527
Common stocks	9,339,128	14,172,627
Exchange traded funds	12,549,045	23,881,440
Mutual funds	27,661,298	21,099,635
Total investments	$ 49,762,605	$ 59,530,229

Net gain on investments consisted of the following for the years ended June 30:

	2019	2018
Net realized gains on investments	$ 1,915,579	$ 1,143,425
Net unrealized gains (losses) on investments	(47,662)	2,243,561
Net gain on investments	$ 1,867,917	$ 3,386,986

4. CONTRIBUTIONS RECEIVABLE

A summary of contributions receivable by expected year of receipt is as follows at June 30, 2019:

2020	$ 2,431,911
2021	1,166,600
2022	1,092,530
2023	577,500
2024	272,500
Thereafter	754,974
	6,296,015
Less: discount	(169,313)
Net present value of contributions receivable	$ 6,126,702

5. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities, as reported in the statements of financial position, consisted of the following at June 30:

	2019	2018
Accounts payable	$ 91,978	$ 8,006
Due to the Foundation	172,215	153,318
Total	$ 264,193	$ 161,324

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows at June 30:

	2019	2018
Time-implied restrictions	$ 6,126,702	$ 4,091,427
Project-based restrictions	34,766	377,182
	$ 6,161,468	$ 4,468,609

7. LEASE COMMITMENTS

On February 13, 2013, the Promise entered a lease agreement to occupy office space at Hope Square, Suite 204, 1901 Centre Avenue, Pittsburgh, Pennsylvania 15219, through August 14, 2015, which was extended on a month-to-month basis through November 2015. On November 17, 2015, the Promise entered into a new three-year lease agreement with a term beginning December 1, 2015 and terminating November 30, 2018, for Suites 203, 204, and 206 at the Hope Square office location. The 2015 lease agreement was superseded with a new lease agreement on June 29, 2016 that added suite 201 at the Hope Square office location to the agreement beginning August 1, 2016. On June 4, 2018, the Promise amended the June 29, 2016 lease agreement to exclude suite 201 from the rentable square footage, and extend the term of the lease through June 30, 2023. The amended terms were effective July 1, 2018.

Future minimum lease payments required under non-cancellable operating leases for office space are as follows for the years ending June 30:

2020	$ 59,440
2021	60,384
2022	61,328
2023	62,271
Total	$ 243,423

8. POST RETIREMENT BENEFITS

The Promise sponsors a 401(k) defined contribution plan covering all employees who are over the age of 21. The Promise is required to contribute 3% of the employees' compensation and will match an additional 50% of each employees' contributions up to 6% of eligible compensation. The Promise may also make additional discretionary contributions. Total contribution expense for the years ended June 30, 2019 and 2018 were $58,350 and $60,720, respectively.

9. CONCENTRATION

Invested assets which potentially expose the Promise to concentrations of credit risk include cash and cash equivalents and investments. As a matter of policy, the Promise only maintains invested assets with highly rated financial institutions. At times, balances of such invested assets may be in excess of the FDIC and SIPC insured limits. Management believes that the credit risk for investments in the Promise's portfolio is mitigated by the overall diversification of each managed investment portfolio.

10. SUBSEQUENT EVENTS

The Promise has evaluated events through November 12, 2019, the date the financial statements were available to be issued.

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