

The Pittsburgh Promise Foundation

(A Controlled Supporting Organization of
The Pittsburgh Foundation)

Audited Financial Statements as of and for the
Years Ended June 30, 2020 and 2019, and
Independent Auditor's Report

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, 2020 and 2019, 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, 2020 and 2019, 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 10, 2020

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

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 6,498,471	\$ 9,391,809
Investment income receivable	44,116	48,288
Contributions receivable - net	5,672,181	6,126,702
Investments	51,419,781	49,762,605
Prepaid expenses	-	4,711
Furniture, fixtures, and equipment net of accumulated depreciation of \$388,234 and \$321,601, respectively	178,978	245,611
	<u>178,978</u>	<u>245,611</u>
Total	<u>\$ 63,813,527</u>	<u>\$ 65,579,726</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and other liabilities	\$ 206,914	\$ 264,193
Scholarships payable	302,000	150,000
Deferred revenue	-	145,400
	<u>-</u>	<u>145,400</u>
Total liabilities	<u>508,914</u>	<u>559,593</u>
NET ASSETS:		
Without donor restrictions	54,479,279	58,858,665
With donor restrictions	8,825,334	6,161,468
	<u>8,825,334</u>	<u>6,161,468</u>
Total net assets	<u>63,304,613</u>	<u>65,020,133</u>
Total	<u>\$ 63,813,527</u>	<u>\$ 65,579,726</u>

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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT:			
Contributions and transfers:			
Amounts from donors	\$ 2,905,093	\$ 5,793,124	\$ 8,698,217
Amounts from The Pittsburgh Foundation	<u>672,125</u>	<u>-</u>	<u>672,125</u>
Total contributions and transfers	3,577,218	5,793,124	9,370,342
Sponsorship revenue	442,130	-	442,130
Membership, ticket sales, and miscellaneous income	113,641	-	113,641
Investment income - net of fees of \$137,981	1,090,832	-	1,090,832
Net gain on investments	<u>1,745,198</u>	<u>-</u>	<u>1,745,198</u>
Total revenues and gains	6,969,019	5,793,124	12,762,143
Net assets released resulting from the satisfaction of donor restrictions	<u>3,129,258</u>	<u>(3,129,258)</u>	<u>-</u>
Total revenues, gains, and other support	<u>10,098,277</u>	<u>2,663,866</u>	<u>12,762,143</u>
EXPENSES:			
Scholarships approved - net of refunds	11,983,427	-	11,983,427
Other program related expenses	1,151,446	-	1,151,446
Development	1,125,808	-	1,125,808
Administrative	<u>216,982</u>	<u>-</u>	<u>216,982</u>
Total expenses	<u>14,477,663</u>	<u>-</u>	<u>14,477,663</u>
INCREASE (DECREASE) IN NET ASSETS	(4,379,386)	2,663,866	(1,715,520)
NET ASSETS - Beginning of year	<u>58,858,665</u>	<u>6,161,468</u>	<u>65,020,133</u>
NET ASSETS - End of year	<u>\$ 54,479,279</u>	<u>\$ 8,825,334</u>	<u>\$ 63,304,613</u>

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, 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	<u>961,384</u>	<u>-</u>	<u>961,384</u>
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	<u>1,867,917</u>	<u>-</u>	<u>1,867,917</u>
Total revenues and gains	6,644,838	3,315,841	9,960,679
Net assets released resulting from the satisfaction of donor restrictions	<u>1,622,982</u>	<u>(1,622,982)</u>	<u>-</u>
Total revenues, gains, and other support	<u>8,267,820</u>	<u>1,692,859</u>	<u>9,960,679</u>
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	<u>221,442</u>	<u>-</u>	<u>221,442</u>
Total expenses	<u>16,402,674</u>	<u>-</u>	<u>16,402,674</u>
INCREASE (DECREASE) IN NET ASSETS	(8,134,854)	1,692,859	(6,441,995)
NET ASSETS - Beginning of year	<u>66,993,519</u>	<u>4,468,609</u>	<u>71,462,128</u>
NET ASSETS - End of year	<u>\$ 58,858,665</u>	<u>\$ 6,161,468</u>	<u>\$ 65,020,133</u>

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, 2020

	<u>Program Services</u>				
	<u>Scholarships</u>	<u>Other</u>	<u>Development</u>	<u>Administrative</u>	<u>Total</u>
Scholarships approved - net of refunds	\$ 11,983,427	\$ -	\$ -	\$ -	\$ 11,983,427
Salaries and benefits	-	592,574	602,539	116,181	1,311,294
Professional and administrative services	-	339,347	322,572	62,102	724,021
Rent and building expense	-	32,347	32,891	6,342	71,580
Depreciation	-	30,111	30,618	5,904	66,633
Communications and marketing	-	69,764	70,937	13,678	154,379
Information technology	-	41,165	41,857	8,071	91,093
Professional development and travel	-	16,075	16,345	3,152	35,572
Office expenses	-	30,063	8,049	1,552	39,664
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 11,983,427</u>	<u>\$ 1,151,446</u>	<u>\$ 1,125,808</u>	<u>\$ 216,982</u>	<u>\$ 14,477,663</u>

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

	<u>Program Services</u>				
	<u>Scholarships</u>	<u>Other</u>	<u>Development</u>	<u>Administrative</u>	<u>Total</u>
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
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 14,236,575</u>	<u>\$ 955,926</u>	<u>\$ 988,731</u>	<u>\$ 221,442</u>	<u>\$ 16,402,674</u>

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, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets	\$ (1,715,520)	\$ (6,441,995)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	66,633	65,935
Net gain on investments	(1,745,198)	(1,867,917)
(Increase) decrease in contributions receivable	454,521	(2,035,275)
Decrease in investment income receivable	4,172	62,177
Decrease in prepaid expenses	4,711	164
Increase (decrease) in accounts payable and accrued liabilities	(57,279)	102,869
Increase (decrease) in scholarships payable	152,000	(77,905)
Increase (decrease) in deferred revenue	<u>(145,400)</u>	<u>145,400</u>
Net cash used in operating activities	<u>(2,981,360)</u>	<u>(10,046,547)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of furniture, fixtures, and equipment	-	(10,412)
Purchase of investments	(26,137,434)	(28,863,366)
Proceeds from sales of investments	<u>26,225,456</u>	<u>40,498,907</u>
Net cash provided by investing activities	<u>88,022</u>	<u>11,625,129</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,893,338)	1,578,582
CASH AND CASH EQUIVALENTS - Beginning of year	<u>9,391,809</u>	<u>7,813,227</u>
CASH AND CASH EQUIVALENTS - End of year	<u><u>\$ 6,498,471</u></u>	<u><u>\$ 9,391,809</u></u>

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

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

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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 2020 and 2019, the Promise reimbursed the Foundation \$1,438,650 and \$1,376,133 for certain administrative and staff costs, respectively; which included purchased services of \$77,100 and \$74,750 from the Foundation during 2020 and 2019, 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”). On July 19, 2017, UPMC fulfilled this commitment through a final payment of \$41,091,654.

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 \$2,694,209 and \$6,295,813 as of June 30, 2020 and 2019, 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, 2020 and 2019.

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 0.16% to 0.29% in 2020 and 1.71% to 1.92% in 2019.

The Promise also had \$7,500 of contingent contributions as of June 30, 2020, 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, 2020 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.

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, 2017 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.

During 2020, the World Health Organization declared the novel coronavirus outbreak a public health emergency. The duration and economic impact of the outbreak is uncertain, but could have a material effect on the Promise’s assets and liquidity. The Promise will continue to monitor the situation and its investment strategies closely.

Recent Accounting Pronouncements — During the year ended June 30, 2020, the Promise adopted Accounting Standards Updates (“ASU”) 2014-09, *Revenue from Contracts with Customers*, and ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The adoption of ASU 2014-09 and ASU 2018-08 did not have any impact on the Promise’s net assets or changes in net assets, but changed previous disclosure requirements.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statements of financial position date as of June 30, 2020 and 2019 are comprised of the following:

	2020	2019
Cash and cash equivalents	\$ 6,498,471	\$ 9,391,809
Contributions receivable and other assets	1,546,454	2,484,910
Investments	<u>51,419,781</u>	<u>49,762,605</u>
Total	<u>\$ 59,464,706</u>	<u>\$ 61,639,324</u>

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:

	2020	2019
Public equity	\$ 28,102,835	\$ 27,678,113
Core fixed income	20,987,461	22,084,492
Opportunistic fixed income	2,227,570	-
Public real assets	<u>101,915</u>	<u>-</u>
Total investments	<u>\$ 51,419,781</u>	<u>\$ 49,762,605</u>

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, 2020 and 2019.

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, American Depositary Receipts, and publicly traded real estate investment trusts 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:

	2020	2019
Level 1 — Quoted prices in active markets for identical securities:		
American depository receipts	\$ 112,765	\$ 213,134
Common stocks	9,230,888	9,339,128
Exchange traded funds	9,837,901	12,549,045
Mutual funds	32,043,754	27,661,298
Real estate investment trusts	194,473	-
	<u>51,419,781</u>	<u>49,762,605</u>
Total investments	<u>\$ 51,419,781</u>	<u>\$ 49,762,605</u>

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

	2020	2019
Net realized gains on investments	\$ 1,888,780	\$ 1,915,579
Net unrealized losses on investments	<u>(143,582)</u>	<u>(47,662)</u>
Net gain on investments	<u>\$ 1,745,198</u>	<u>\$ 1,867,917</u>

4. CONTRIBUTIONS RECEIVABLE

A summary of contributions receivable by expected year of receipt is as follows at June 30, 2020:

2021	\$ 1,546,454
2022	948,500
2023	853,850
2024	847,500
2025	502,500
Thereafter	<u>1,002,374</u>
	5,701,178
Less: discount	<u>(28,997)</u>
Net present value of contributions receivable	<u>\$ 5,672,181</u>

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:

	2020	2019
Accounts payable	\$ 19,658	\$ 91,978
Due to the Foundation	<u>187,256</u>	<u>172,215</u>
Total	<u>\$ 206,914</u>	<u>\$ 264,193</u>

6. NET ASSETS WITH DONOR RESTRICTIONS

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

	2020	2019
Time-implied restrictions	\$ 5,672,074	\$ 6,126,702
Project-based restrictions	<u>3,153,260</u>	<u>34,766</u>
Total net assets with donor restrictions	<u>\$ 8,825,334</u>	<u>\$ 6,161,468</u>

7. LEASE COMMITMENTS

On June 29, 2016, the Promise entered a lease agreement to occupy office space at Hope Square, 1901-1915 Centre Avenue, Pittsburgh, Pennsylvania 15219. The lease term began August 1, 2016 and was scheduled to terminate November 30, 2018, for suites 201, 203, 204, and 206 of the Hope Square office location. 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:

2021	\$ 60,384
2022	61,328
2023	<u>62,271</u>
Total	<u>\$ 183,983</u>

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, 2020 and 2019 were \$58,286 and \$58,350, 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 10, 2020, the date the financial statements were available to be issued.

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