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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, 2023 and 2022, and
Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Pittsburgh Promise Foundation

Opinion

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, 2023 and 2022, 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 Pittsburgh Promise Foundation as of June 30, 2023 and 2022, 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 ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of The Pittsburgh Promise Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, 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 Pittsburgh Promise Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITOR'S REPORT
(continued)

Auditor's 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 auditor's 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 U.S. 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 U.S. 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 Pittsburgh Promise Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Pittsburgh Promise Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Sisterson & Co. LLP

November 14, 2023

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

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash and cash equivalents	$ 6,153,447	$ 8,255,696
Investment income receivable	78,007	58,115
Contributions receivable - net	6,393,301	8,209,254
Investments	48,740,992	42,690,627
Prepaid expenses and other assets	5,874	26,892
Furniture, fixtures, and equipment net of accumulated depreciation of $590,217 and $518,429 respectively	437,441	344,527
Total	$ 61,809,062	$ 59,585,111
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and other liabilities	$ 128,971	$ 163,422
Scholarships payable	146,600	179,000
Deferred revenue	-	360,834
Total liabilities	275,571	703,256
NET ASSETS:		
Without donor restrictions	54,362,268	49,073,460
With donor restrictions	7,171,223	9,808,395
Total net assets	61,533,491	58,881,855
Total	$ 61,809,062	$ 59,585,111

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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT:			
Contributions and transfers:			
Amounts from donors	$ 7,327,488	$ 1,395,027	$ 8,722,515
Amounts from The Pittsburgh Foundation	1,058,104	-	1,058,104
Contributions in-kind	37,511	-	37,511
Total contributions and transfers	8,423,103	1,395,027	9,818,130
Sponsorship revenue	1,133,740	-	1,133,740
Membership, ticket sales, and miscellaneous income	76,700	-	76,700
Investment income - net of fees of $123,538	1,059,825	-	1,059,825
Net gain on investments	2,922,141	-	2,922,141
Total revenues and gains	5,192,406	-	5,192,406
Net assets released resulting from the satisfaction of donor restrictions	4,032,199	(4,032,199)	-
Total revenues, gains, and other support	17,647,708	(2,637,172)	15,010,536
EXPENSES:			
Scholarships approved - net of refunds	7,429,854	-	7,429,854
Other program related expenses	3,483,365	-	3,483,365
Fundraising and development	1,157,887	-	1,157,887
Management and general	287,794	-	287,794
Total expenses	12,358,900	-	12,358,900
INCREASE (DECREASE) IN NET ASSETS	5,288,808	(2,637,172)	2,651,636
NET ASSETS - Beginning of year	49,073,460	9,808,395	58,881,855
NET ASSETS - End of year	$ 54,362,268	$ 7,171,223	$ 61,533,491

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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT:			
Contributions and transfers:			
Amounts from donors	$ 4,375,682	$ 6,150,502	$ 10,526,184
Amounts from The Pittsburgh Foundation	1,152,300	-	1,152,300
Contributions in-kind	5,000	-	5,000
Total contributions and transfers	5,532,982	6,150,502	11,683,484
Sponsorship revenue	123,130	-	123,130
Membership, ticket sales, and miscellaneous income	55,008	-	55,008
Investment income - net of fees of $147,051	777,047	-	777,047
Net gain on investments	(8,593,140)	-	(8,593,140)
Total revenues and gains	(7,637,955)	-	(7,637,955)
Net assets released resulting from the satisfaction of donor restrictions	3,499,120	(3,499,120)	-
Total revenues, gains, and other support	1,394,147	2,651,382	4,045,529
EXPENSES:			
Scholarships approved - net of refunds	7,761,194	-	7,761,194
Other program related expenses	2,072,405	-	2,072,405
Fundraising and development	1,118,170	-	1,118,170
Management and general	213,072	-	213,072
Total expenses	11,164,841	-	11,164,841
INCREASE (DECREASE) IN NET ASSETS	(9,770,694)	2,651,382	(7,119,312)
NET ASSETS - Beginning of year	58,844,154	7,157,013	66,001,167
NET ASSETS - End of year	$ 49,073,460	$ 9,808,395	$ 58,881,855

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, 2023

	Program Services		Fundraising	Management	
	Scholarships	Other	and Development	and General	Total
Scholarships approved - net of refunds	$ 7,429,854	$ -	$ -	$ -	$ 7,429,854
Salaries and benefits	-	1,430,053	678,708	161,164	2,269,925
Professional and administrative services	-	1,732,505	329,172	91,011	2,152,688
Rent and building expense	-	43,770	20,773	4,933	69,476
Depreciation	-	45,226	21,464	5,098	71,788
Communications and marketing	-	107,837	51,180	12,153	171,170
Information technology	-	87,910	41,722	9,907	139,539
Professional development and travel	-	16,356	7,763	1,843	25,962
Office expenses	-	19,708	7,105	1,685	28,498
Total expenses	$ 7,429,854	$ 3,483,365	$ 1,157,887	$ 287,794	$ 12,358,900

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, 2022

	Program Services		Fundraising	Management	
	Scholarships	Other	and Development	and General	Total
Scholarships approved - net of refunds	$ 7,761,194	$ -	$ -	$ -	$ 7,761,194
Salaries and benefits	-	1,311,512	773,172	130,708	2,215,392
Professional and administrative services	-	327,619	184,076	55,157	566,852
Rent and building expense	-	40,545	23,902	4,041	68,488
Depreciation	-	42,064	24,798	4,193	71,055
Communications and marketing	-	76,662	45,194	7,641	129,497
Information technology	-	87,960	51,855	8,766	148,581
Professional development and travel	-	15,116	8,911	1,507	25,534
Office expenses	-	170,927	6,262	1,060	178,248
Total expenses	$ 7,761,194	$ 2,072,405	$ 1,118,170	$ 213,073	$ 11,164,842

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, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	$ 2,651,636	$ (7,119,312)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	71,788	71,055
Net (gain) loss on investments	(2,922,141)	8,593,140
Contributions of stock received	(20,178)	(1,061,365)
Proceeds from sales of stock contributions	20,178	1,061,365
Increase in investment income receivable	(19,892)	(22,221)
Decrease (increase) in contributions receivable	1,815,953	(2,608,002)
(Increase) decrease in prepaid expenses	21,018	(26,892)
Increase (decrease) in accounts payable and accrued liabilities	(34,451)	(14,458)
(Decrease) increase in scholarships payable	(32,400)	64,000
(Decrease) increase in deferred revenue	(360,834)	60,834
Net cash provided by (used in) operating activities	1,190,677	(1,001,856)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of furniture, fixtures, and equipment	(164,702)	(209,285)
Purchase of investments	(24,609,559)	(10,409,433)
Proceeds from sales of investments	21,481,335	17,192,462
Net cash (used in) provided by investing activities	(3,292,926)	6,573,744
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,102,249)	5,571,888
CASH AND CASH EQUIVALENTS - Beginning of year	8,255,696	2,683,808
CASH AND CASH EQUIVALENTS - End of year	$ 6,153,447	$ 8,255,696

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

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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"). Financial and administrative oversight is provided by a twenty-five-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 2023 and 2022, the Promise reimbursed the Foundation $884,643 and $621,311 for certain administrative and staff costs, respectively. This included purchased services of $121,000 and $90,934 from the Foundation during 2023 and 2022, respectively, that are recognized within professional and administrative services in the statements of functional expenses. Transactions between the Promise and the Foundation are recorded as transfers.

The Pittsburgh Promise Foundation's Vision:

The Promise envisions a future where all 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 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. Effective June 26, 2013, UPMC executed a new agreement whereby UPMC's entire commitment would not be 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 remaining $41,091,654 receivable from UPMC which is recognized in net assets without donor restrictions on the statements of financial position.

In April 2023, UPMC committed an additional $10 million to the Promise, of which $1 million was received and recorded as revenue as of June 30, 2023. The remaining $9 million was awarded as a challenge grant to be paid annually in increments of $1 million per year, contingent upon fundraising. The remaining commitment will be recorded as revenue when the matching funds are received.

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 $2,288,232 and $6,391,486 as of June 30, 2023 and 2022, 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, 2023 and 2022.

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 4.13% to 5.4% in 2023 and 2.8% to 3.01% in 2022.

Contributions In-kind — The Promise receives contributions in-kind from donors as programmatic support. Contributions in-kind are reported separately within the statements of activities, and are offset by like amounts, which are included within the respective program expense categories on the statements of functional expenses. The Promise records contributions in-kind at their estimated fair value under Topic 820, Fair Value Measurement, as determined by established stand-alone prices at the time of the donation. The Promise's contributions in-kind are fully utilized during the year in which they are received.

The Promise received the following contributions in-kind during the years ended June 30:

	2023	2022
Communications and marketing	$ 25,000	$ -
Meetings and events	9,511	-
Program supplies	3,000	5,000
Total	$ 37,511	$ 5,000

Sponsorship Revenue — Sponsorship revenue is received from various corporations and foundations to attend the Promise's triennial fundraising gala. Sponsorship revenue also includes amounts received from post-secondary institutions for inclusion in the Promise's P2 magazine, a publication that is circulated annually to students and various community partners to prepare students for success in their pursuit of post-secondary degrees, and eventually, careers. Sponsorship revenue is recorded in the fiscal year that the event occurs, or the publication is issued. Deferred revenue represents sponsorship revenue received prior to the occurrence of the related event.

Memberships, Ticket Sales, and Miscellaneous Income — Membership revenue is received from individuals who contribute above specified thresholds. Members are recognized for their contributions through participation in special events and are named in the Promise' annual report. Revenue from ticket sales is generated from the purchase of individual tickets for events held by the Promise. Revenue for memberships and tickets sales is recorded at the time that cash is received. Revenue from ticket sales is recognized in the fiscal year that the event occurs.

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, 2023 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, 2020 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.

Adopted Accounting Standards — The provisions of these Accounting Standards Updates ("ASU") have been adopted and incorporated into these financial statements:

ASU 2016-02, *"Leases (Topic 842):"* These amendments and related amendments require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures are required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The effects of this adoption were not material to beginning net asset balances nor the statements of financial position for the periods presented.

ASU 2020-07, *"Not-For-Profit Entities (Subtopic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets."* The amendments in this update expand upon the presentation and disclosure of contributed nonfinancial assets to provide the reader of the financial statements a clearer understanding of the types of nonfinancial assets received and how they are utilized and recognized by the not-for-profit organization.

Reclassifications — Certain amounts previously reported in the fiscal year 2022 financial statements have been reclassified to conform to the fiscal year 2023 presentation.

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 of June 30, 2023 and 2022 are comprised of the following:

	2023	2022
Cash and cash equivalents	$ 6,153,447	$ 8,255,696
Accounts receivable and other assets	2,700,574	2,688,249
Short-term investments	48,740,992	42,690,627
Total	$ 57,595,013	$ 53,634,571

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:

	2023	2022
Public equity	$ 28,328,514	$ 25,164,533
Core fixed income	20,412,478	17,526,094
Total investments	$ 48,740,992	$ 42,690,627

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, 2023 and 2022.

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 Depository 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:

	2023	2022
Level 1 — Quoted prices in active markets for identical securities:		
American Depository Receipts	$ 105,865	$ 64,910
Common stocks	9,871,341	8,709,163
Exchange-traded funds	11,740,229	8,801,375
Mutual funds	27,023,557	25,115,179
Total investments	$ 48,740,992	$ 42,690,627

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

	2023	2022
Net realized (losses) gains on investments	$ (1,873,441)	$ 2,297,231
Net unrealized gains (losses) on investments	4,795,582	(10,890,371)
Net gain (loss) on investments	$ 2,922,141	$ (8,593,140)

4. CONTRIBUTIONS RECEIVABLE

A summary of contributions receivable by expected year of receipt is as follows at June 30, 2023:

2024	$ 2,694,700
2025	1,699,699
2026	1,029,985
2027	729,098
2028	220,620
Thereafter	396,600
	6,770,703
Less: discount	(377,402)
Net present value of contributions receivable	$ 6,393,301

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:

	2023	2022
Accounts payable	$ 52,152	$ 68,286
Due to the Foundation	76,819	95,136
Total accounts payable and other liabilities	$ 128,971	$ 163,422

6. NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Time-implied restrictions	$ 6,291,301	$ 8,174,147
Project-based restrictions	879,922	1,634,248
Total net assets with donor restrictions	$ 7,171,223	$ 9,808,395

7. LEASE COMMITMENTS

On June 29, 2016, the Promise entered a lease agreement to occupy office space at Hope Square, 1901 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.

During June 2023, the Promise amended the June 29, 2016 lease to further exclude suite 206, extending the lease of suites 203 and 204 through June 30, 2024. The amended lease terms commenced July 1, 2023. Future minimum lease payments under the terms of the amended lease are $78,696.

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 4% of the employees' compensation and will match an additional 50% of each employees' contributions up to 4% of eligible compensation. The Promise may also make additional discretionary contributions. Total contribution expenses for the years ended June 30, 2023 and 2022 were $95,705 and $92,550, 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, the 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 14, 2023, the date the financial statements were available to be issued.

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