

# The Pittsburgh Promise Foundation

(A Controlled Supporting Organization of  
The Pittsburgh Foundation)

Audited Financial Statements as of and for the  
Years Ended June 30, 2025 and 2024, 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, 2025 and 2024, 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, 2025 and 2024, 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.

*Sistersen & Co. LLP*

November 12, 2025

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

**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2025 AND 2024**

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,354,299	\$ 3,847,087
Investment income receivable	47,168	77,565
Contributions receivable - net	2,946,881	4,127,173
Investments	50,499,655	50,972,297
Prepaid expenses and other assets	33,124	51,083
Furniture, fixtures, and equipment net of accumulated depreciation of \$639,826 and \$618,322, respectively	<u>14,116</u>	<u>35,350</u>
Total	<u>\$ 55,895,243</u>	<u>\$ 59,110,555</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$ 86,215	\$ 141,384
Scholarships payable	<u>164,523</u>	<u>191,016</u>
Total liabilities	<u>250,738</u>	<u>332,400</u>
 <b>NET ASSETS:</b>		
Without donor restrictions	52,072,162	53,978,679
With donor restrictions	<u>3,572,343</u>	<u>4,799,476</u>
Total net assets	<u>55,644,505</u>	<u>58,778,155</u>
Total	<u>\$ 55,895,243</u>	<u>\$ 59,110,555</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, 2025**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES, GAINS, AND OTHER SUPPORT:</b>			
Contributions and transfers:			
Amounts from donors	\$ 900,301	\$ 1,328,580	\$ 2,228,881
Sponsorships	140,565	-	140,565
Amounts from The Pittsburgh Foundation	1,016,792	-	1,016,792
Contributions in-kind	41,664	-	41,664
	<hr/>	<hr/>	<hr/>
Total contributions and transfers	2,099,322	1,328,580	3,427,902
Membership, ticket sales, and miscellaneous income	17,350	-	17,350
Investment income - net of fees of \$134,517	1,237,283	-	1,237,283
Net gain on investments	4,118,454	-	4,118,454
	<hr/>	<hr/>	<hr/>
Total revenues and gains	5,373,087	-	5,373,087
Net assets released resulting from the satisfaction of donor restrictions	<hr/>	<hr/>	<hr/>
	2,555,713	(2,555,713)	-
Total revenues, gains and other support	<hr/>	<hr/>	<hr/>
	10,028,122	(1,227,133)	8,800,989
<b>EXPENSES:</b>			
Scholarships approved - net of refunds	7,696,067	-	7,696,067
Other program related expenses	2,860,371	-	2,860,371
Fundraising and development	1,104,329	-	1,104,329
Management and general	273,872	-	273,872
	<hr/>	<hr/>	<hr/>
Total expenses	11,934,639	-	11,934,639
DECREASE IN NET ASSETS	(1,906,517)	(1,227,133)	(3,133,650)
NET ASSETS - Beginning of year	<hr/>	<hr/>	<hr/>
	53,978,679	4,799,476	58,778,155
NET ASSETS - End of year	<hr/>	<hr/>	<hr/>
	\$ 52,072,162	\$ 3,572,343	\$ 55,644,505

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, 2024**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES, GAINS, AND OTHER SUPPORT:</b>			
Contributions and transfers:			
Amounts from donors	\$ 1,023,272	\$ 628,397	\$ 1,651,669
Sponsorships	213,970	-	213,970
Amounts from The Pittsburgh Foundation	1,029,938	-	1,029,938
Contributions in-kind	26,500	-	26,500
	<hr/>	<hr/>	<hr/>
Total contributions and transfers	2,293,680	628,397	2,922,077
Membership, ticket sales, and miscellaneous income	16,450	-	16,450
Investment income - net of fees of \$137,099	1,219,706	-	1,219,706
Net gain on investments	4,402,563	-	4,402,563
	<hr/>	<hr/>	<hr/>
Total revenues and gains	5,638,719	-	5,638,719
Net assets released resulting from the satisfaction of donor restrictions	<hr/>	<hr/>	<hr/>
	3,000,144	(3,000,144)	-
	<hr/>	<hr/>	<hr/>
Total revenues, gains, and other support	10,932,543	(2,371,747)	8,560,796
<b>EXPENSES:</b>			
Scholarships approved - net of refunds	7,196,476	-	7,196,476
Other program related expenses	2,771,609	-	2,771,609
Fundraising and development	1,080,608	-	1,080,608
Management and general	267,439	-	267,439
	<hr/>	<hr/>	<hr/>
Total expenses	11,316,132	-	11,316,132
DECREASE IN NET ASSETS	(383,589)	(2,371,747)	(2,755,336)
NET ASSETS - Beginning of year	<hr/>	<hr/>	<hr/>
	54,362,268	7,171,223	61,533,491
NET ASSETS - End of year	<hr/>	<hr/>	<hr/>
	\$ 53,978,679	\$ 4,799,476	\$ 58,778,155

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, 2025**

	<u>Program Services</u>		<u>Fundraising</u>	<u>Management</u>	
	<u>Scholarships</u>	<u>Other</u>	<u>and Development</u>	<u>and General</u>	<u>Total</u>
Scholarships approved - net of refunds	\$ 7,696,067	\$ -	\$ -	\$ -	\$ 7,696,067
Salaries and benefits	-	1,947,976	775,691	192,465	2,916,132
Professional and administrative services	-	523,152	176,624	43,691	743,467
Rent and building expense	-	55,586	22,134	5,492	83,212
Depreciation	-	14,365	5,720	1,419	21,504
Communications and marketing	-	127,183	50,645	12,565	190,393
Information technology	-	133,878	53,311	13,227	200,416
Professional development and travel	-	28,656	11,411	2,831	42,898
Office expenses	-	29,575	8,793	2,182	40,550
	<u>\$ 7,696,067</u>	<u>\$ 2,860,371</u>	<u>\$ 1,104,329</u>	<u>\$ 273,872</u>	<u>\$ 11,934,639</u>
Total expenses	\$ 7,696,067	\$ 2,860,371	\$ 1,104,329	\$ 273,872	\$ 11,934,639

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, 2024**

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	<u>Program Services</u>		<u>Fundraising</u>	<u>Management</u>	
	<u>Scholarships</u>	<u>Other</u>	<u>and Development</u>	<u>and General</u>	<u>Total</u>
Scholarships approved - net of refunds	\$ 7,196,476	\$ -	\$ -	\$ -	\$ 7,196,476
Salaries and benefits	-	1,671,958	665,779	165,193	2,502,930
Professional and administrative services	-	511,916	183,196	44,773	739,885
Rent and building expense	-	54,512	21,707	5,386	81,605
Depreciation	-	18,774	7,476	1,855	28,105
Communications and marketing	-	101,405	40,380	10,019	151,804
Information technology	-	359,281	143,067	35,498	537,846
Professional development and travel	-	23,957	9,540	2,367	35,864
Office expenses	-	29,806	9,463	2,348	41,617
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 7,196,476</u>	<u>\$ 2,771,609</u>	<u>\$ 1,080,608</u>	<u>\$ 267,439</u>	<u>\$ 11,316,132</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, 2025 AND 2024**

	<b>2025</b>	<b>2024</b>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets	\$ (3,133,650)	\$ (2,755,336)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	21,504	28,105
Write-off of accumulated software costs	-	373,986
Net gain on investments	(4,118,454)	(4,402,563)
Contributions of stock received	(51,156)	(2,503)
Proceeds from sales of stock contributions	-	2,503
Decrease in investment income receivable	30,397	442
Decrease in contributions receivable	1,180,292	2,266,128
Decrease (increase) in prepaid expenses	17,959	(45,209)
(Decrease) increase in accounts payable and accrued liabilities	(55,169)	12,413
(Decrease) increase in scholarships payable	(26,493)	44,416
	<u>(6,134,770)</u>	<u>(4,477,618)</u>
Net cash used in operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of furniture, fixtures, and equipment	(270)	-
Purchase of investments	(6,123,022)	(11,077,209)
Proceeds from sales of investments	10,765,274	13,248,467
	<u>4,641,982</u>	<u>2,171,258</u>
Net cash provided by investing activities		
DECREASE IN CASH AND CASH EQUIVALENTS	(1,492,788)	(2,306,360)
CASH AND CASH EQUIVALENTS - Beginning of year	<u>3,847,087</u>	<u>6,153,447</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 2,354,299</u>	<u>\$ 3,847,087</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, 2025 AND 2024**

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization** — The Pittsburgh Promise Foundation (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 was established 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, 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 2025 and 2024, the Promise reimbursed the Foundation \$866,072 and \$875,991 for certain administrative and staff costs, respectively. This included purchased services of \$96,580 and \$157,500 from the Foundation during 2025 and 2024, 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.

During fiscal year 2024, the Foundation’s board approved the exploration and execution of a transition process for three controlled supporting organizations, including the Promise, to become independent 501(c)(3) public charities. Upon securing the approvals of the Court of Common Pleas of Allegheny County, Pennsylvania, Orphan’s Court Division, and Pennsylvania’s Office of the Attorney General, the Department of the Treasury, Internal Revenue Service, Tax Exempt and Government Entities granted their final approval on August 15, 2025, thus declaring the Promise as an independent 501(c)(3) public charity as defined in sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code. The transition was effective July 1, 2025, per the amended articles of incorporation.

**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 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. No amounts were received and recorded as revenue during 2025 or 2024. 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 \$2,134,869 and \$3,495,348 as of June 30, 2025 and 2024, 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 investment income, 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 and reported net of investment fees.

**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. As of June 30, 2023, the Promise recorded \$373,986 of software development costs in furniture, fixtures, and equipment. It was determined that the related project could not be completed and the capitalized software costs were written off during the year ended June 30, 2024 and are included within information technology on the 2024 statement of functional expenses.

**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, 2025 and 2024.

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 3.68% to 3.96% in 2025 and 4.33% to 5.09% in 2024. Contributions with donor-imposed restrictions that are met in the same year as received are reported as unrestricted.

**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 Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 820, Fair Value Measurement (“Topic 820”), 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:

	2025	2024
Communications and marketing	\$ <u>41,664</u>	\$ <u>26,500</u>
Total	\$ <u>41,664</u>	\$ <u>26,500</u>

**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’s 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.

**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 and are included in scholarships approved. 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, 2025 are expected to be paid during the following year.

**Functional Allocation of Expenses** — The costs of providing program services, fundraising and development, and management and general activities have been summarized on a functional basis in the statements of activities and functional expenses. 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 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, 2022 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.

## 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, 2025 and 2024 are comprised of the following:

	<b>2025</b>	<b>2024</b>
Cash and cash equivalents	\$ 2,354,299	\$ 3,847,087
Contributions receivable - net (within one year)	1,336,745	1,828,867
Short-term investments	<u>50,499,655</u>	<u>50,972,297</u>
Total	<u>\$ 54,190,699</u>	<u>\$ 56,648,251</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:

	2025	2024
Public equity	\$ 31,018,932	\$ 31,801,917
Core fixed income	<u>19,480,723</u>	<u>19,170,380</u>
Total investments	<u>\$ 50,499,655</u>	<u>\$ 50,972,297</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, 2025 and 2024.

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 mutual funds 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:

	<b>2025</b>	<b>2024</b>
Level 1 — Quoted prices in active markets for identical securities:		
American Depository Receipts	\$ 121,625	\$ 163,034
Common stocks	10,722,059	10,856,527
Exchange-traded funds	14,744,614	12,592,248
Mutual funds	<u>24,911,357</u>	<u>27,360,488</u>
Total investments	<u>\$ 50,499,655</u>	<u>\$ 50,972,297</u>

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

	<b>2025</b>	<b>2024</b>
Net realized gains on investments	\$ 2,555,849	\$ 1,859,177
Net unrealized gains on investments	<u>1,562,605</u>	<u>2,543,386</u>
Net gain on investments	<u>\$ 4,118,454</u>	<u>\$ 4,402,563</u>

#### 4. CONTRIBUTIONS RECEIVABLE

A summary of contributions receivable by expected year of receipt is as follows as of June 30, 2025:

2026	\$ 1,336,745
2027	1,007,648
2028	220,650
2029	203,650
2030	203,600
Thereafter	<u>93,000</u>
	3,065,293
Less: discount	<u>(118,412)</u>
Net present value of contributions receivable	<u>\$ 2,946,881</u>

## 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	2025	2024
Accounts payable	\$ 49,963	\$ 54,463
Due to the Foundation	<u>36,252</u>	<u>86,921</u>
Total accounts payable and accrued liabilities	<u>\$ 86,215</u>	<u>\$ 141,384</u>

## 6. NET ASSETS WITH DONOR RESTRICTIONS

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

	2025	2024
Time-implied restrictions	\$ 2,909,151	\$ 3,956,173
Project-based restrictions	<u>663,192</u>	<u>843,303</u>
Total net assets with donor restrictions	<u>\$ 3,572,343</u>	<u>\$ 4,799,476</u>

## 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. The lease was amended a second time, effective July 19, 2024 for an additional one year term. The lease was amended a third time, effective July 1, 2025 for an additional four year term with an additional one year option to renew. Rent expense under this lease for the years ended June 30, 2025 and 2024 was \$82,797 and \$78,696, respectively. These amounts are included within rent and building expense on the statements of functional expenses.

In accordance with FASB ASC 842, *Leases*, on July 1, 2025, the Promise will recognize a right-of-use operating lease asset and a right-of-use operating lease liability of \$362,383.

## 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 expense for the years ended June 30, 2025 and 2024 were \$127,952 and \$105,987, 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 12, 2025, the date the financial statements were available to be issued.

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