BOARD OF DIRECTORS OF CITY TRUSTS

ACTING FOR THE CITY OF PHILADELPHIA

2018 ANNUAL REPORT

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2018 ANNUAL REPORT

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One Hundred Forty Eighth Annual Report

of the

Board of Directors of City Trusts

To the Council of the City of Philadelphia, to the Board of Appointment composed of the Judges of the Courts of Common Pleas of the County of Philadelphia and to the General Assembly of the Commonwealth of Pennsylvania.

In compliance with the Act of Assembly approved June 30, 1869, the Board of Directors of City Trusts (the "Board") respectfully presents this report of the several trusts under its administration for the year 2018. This report contains financial statements for the calendar year for the Collective Legal Investment Fund, Sundry Trusts and Contributory, Girard Non-Contributory and Wills Eye Health System Non-Contributory Retirement Plans, financial statements for Wills Eye Hospital and subsidiaries for the fiscal years ended June 30, 2018 and 2017 and financial statements for the Estate of Stephen Girard, Deceased (the "Girard Estate") for the fiscal years ended June 30, 2018 and 2017.

GIRARD ESTATE

The net assets of the Girard Estate available for the maintenance of Girard College amounted to $294,252,000 at June 30, 2018, exclusive of the value of real estate devised and still held.

The total expenditures for the support and maintenance of Girard College for the fiscal year ended June 30, 2018 amounted to $20,544,000. In addition, $2,316,000 was spent on long-term projects/capital expenditures benefiting future years.

At June 30, 2018 the Estate's investments totaled $313,349,000, excluding $36,930,000 that has been segregated to comply with the requirements of debt, line-of-credit and swap agreements.

GIRARD COLLEGE

During the 2017-2018 school year, Girard College inspired students to take risks, develop leadership skills, and immerse themselves in experiential learning. But Girard College is not just about who our students are here at Girard; it is about who they are when they leave our school and roam new halls, in colleges, workplaces, family homes, and communities. We strive to shape students by our values and pillars so that they are ready for the world—bright, curious, disciplined, lifelong learners, equipped to innovate and succeed.

This year, Girard College successfully capitalized on the “one-school” vision brought about in the previous year’s restructuring of Grades 1-8 into the Elementary/Middle School. Older students benefited from having their own space to engage in physical education and activities such as student council and community service while also acting as mentors for the younger students.

Students entering the High School benefited from the second year of the Summer Bridge program, which allows ninth grade students to bond with their classmates and prepare for the challenges of a college preparatory curriculum. Students in 11th and 12th Grade participated in courses to prepare them for the ACT and SAT tests, and also had the opportunity to earn college credits by attending classes at the Community College of Philadelphia.

At the beginning of the 2017-2018 school year, President Clarence D. Armbrister led 176.5 full and part-time staff members in the education of 306 students.

Student Body	
Elementary/Middle School	190 Students
High School	116 Students
Gender	
Male	46%
Female	54%
Ethnicity	
African-American	83%
Asian	3%
Hispanic/Latino	2%
Caucasian	1%
Multiracial	11%
Staff	
Dining/Laundry/Maintenance	54.0
Secretaries	6.0
Teachers/Counselors	42.0
Residential Advisors	27.0
Non-Union	47.5

In December 2017, Mr. Armbrister resigned as President of Girard College to become the President of Johnson C. Smith University. Ava Willis-Barksdale was then named Interim President and served through July 2018. In August 2018, Dr. Heather D. Wathington was appointed as the new President of Girard College.

CLASS OF 2018

Eighteen students graduated from Girard College during Commencement on June 7, 2018. One hundred percent of this class year's graduates attended a four-year college or a United States service academy. Collectively, the Class of 2018 earned a total of $1,105,000 in merit-based scholarships.

Tiffany Bass*	Pennsylvania State University
Hafizah Boyd	East Stroudsburg University
Khyree Carson	Florida A&M University
Daiquan Copeland	Frank Phillips College
Tahji Ellison*	Pennsylvania State University
Sadaqah Harris-Gaines	Lincoln University
Gary Howard	West Chester University
Remiah Hughes*	Drexel University
Emily Iplenski	Delaware State University
Zimira Jackson*	Pennsylvania State University
Richard Jenkins*	Harvard University
Craig Logan	West Chester University
Ebony Parris-Williams	United States Naval Academy
Matthew Philpot	Rutgers University
Ibrahim Saccoh	Delaware State University
Sabriya Underwood	West Chester University
Daryus Watson	Pennsylvania State University
Randi Youboty	Pennsylvania State University

**Member of the National Honor Society*

GOVERNANCE

The Girard College Committee and sub-committees met on the following dates during the 2017-2018 academic year.

Girard College Committee	Budget & Finance Committee	Student & Academic Affairs Committee	Advancement Committee
October 12, 2017	September 26, 2017	October 3, 2017	October 9, 2017
December 14, 2017	November 28, 2017	December 5, 2017	December 11, 2017
February 15, 2018	January 30, 2018	February 6, 2018	February 12, 2018
April 12, 2018	March 27, 2018	April 3, 2018	April 9, 2018
June 21, 2018	May 29, 2018	June 12, 2018	June 11, 2018

PARTNERSHIPS AND GIVING

Announced in February 2018, DREEAMS is a pilot program that partners Girard College with The Philadelphia School as a result of a leadership gift from Wilbert D. Abele ’57 and his wife, Joan Abele, through the Abele Family Foundation. DREEAMS (Diversity, Resilience, English, Engineering, Arts, Math, and Science) welcomed 30 sixth-grade students from the two schools to Girard’s campus in summer 2018 for a six-week initiative.

Members of the Class of 1968 provided funding to refurbish the Chapel Bells and add new signage to the campus entrance.

Comcast and Wells Fargo continue to be key corporate supporters of Girard College, making impactful donations through Pennsylvania’s Educational Improvement Tax Credit (EITC) and Opportunity Scholarship Tax Credit (OSTC) programs.

FACILITIES

Girard College upgraded its existing fire alarm system with a new addressable, networked fire alarm system in eight of the buildings on campus: Elementary/Middle School, the three dormitories in the Elementary School village (Navigator, Constitution and Manley Halls, for 1st-8th grade girls and boys), the High School Building, the Junior School Building (dormitories for 9th-12th grade girls) and Mariner & Merchant Halls (dormitories for 9th-12th grade boys). This project was completed in March 2018.

The existing roof of the Armory Building was removed and replaced with a new ballasted EPDM roofing system. This project commenced in the summer of 2017 and was completed in October 2017.

During summer 2017, the 3rd floor of Mariner Hall was upgraded and included new bedroom furniture, air-conditioning units, wall-to-wall carpeting and painting. This project also included new stair treads on the north and south stair towers on all three floors of the building.

PRESERVATION AND IMPROVEMENTS

The restoration of the 10 second-floor, west-facing windows and shutters of Founder’s Hall was completed in January 2018.

A Collections Management Plan was created, one of the five core documents recommended by the American Alliance of Museums.

VISITORS AND HISTORICAL PROGRAMMING

Under the direction of Katherine Haas, Director of Historical Resources, the following programs showcased the breadth of Stephen Girard’s legacy both on campus and off:

- Approximately 25 items from the Stephen Girard collection were loaned to the Heritage Center of the Union League for the exhibit “Risk & Reward: Entrepreneurship and the Making of Philadelphia,” which ran October 2017 – June 2018.

- Approximately 1,650 visitors explored the museum archives and on-campus museum programming.

- Approximately 3,200 visitors made use of the first floor of Founder's Hall for events and meetings.

- Approximately 8,900 people were exposed to Girard Collections through off-site initiatives, such as the Union League exhibit, the Founder's Hall live-stream tour for the Hidden City book launch, and Kathy's offsite programs.

- New school programs were developed, such as an "escape room" based on documents from the war of 1812 and "Girard Jeopardy!"

EVENTS

The Martin Luther King, Jr. Day of Service was hosted at Girard College on January 15, 2018. Coordinated by Global Citizen, a Philadelphia non-profit organization, this is the largest volunteer event in the nation. Participants chose from more than 100 service projects offered by a variety of community organizations, many focused on the year's theme, which was hunger. Founder's Hall was also open to tours for the first time during this event, and hundreds of people explored the museum. To cap off the day of service, attendees gathered in the Chapel for a magnificent performance by the Philadelphia Orchestra.

The third annual Spring Organ Concert was held in the Chapel on April 28, 2018, featuring renowned organist Peter Richard Conte, the Philadelphia Boys Choir and Chorale, Andrew Ennis, and the Girard College Combined Choirs.

Founder's Day was held on Saturday, May 19, 2018. Hundreds of alumni, families, and friends gathered to celebrate at Founder's Hall. Joseph Samuel '88 was honored as the 2018 Stephen Girard Award Recipient, recognized for his years of service to the Girard College Alumni Association, first as a member, then for two terms as President.

LOOKING AHEAD

The community continued to plan celebrations and special programming for the school's 170th anniversary and the 50th anniversary of desegregation, to commence in fall 2018.

SUNDRY TRUSTS

Net income from the Sundry Trusts was distributed during the year, in accordance with the terms of each individual trust, as set out in the financial statements contained on the following pages of this report.

During the calendar year 2018, income from the funds designated for the purchase of fuel for low-income families provided $257,000 in assistance to more than 1,200 recipients for the purchase of home heating oil and natural gas.

The Board approved scholarship aid totaling $98,000 to 29 students of the Philadelphia public and parochial schools. In addition, scholarship aid from various funds provided financial assistance to 62 graduates of Girard College attending institutions of higher learning totaling $258,000. Prizes and medals awarded to students attending the public schools in Philadelphia and students at Girard College amounted to $13,000.

Selection of recipients of the John Scott Medal is made with the invaluable assistance of the John Scott Award Advisory Committee composed of:

Hon. Ronald R. Donatucci, Chairman
    President, Board of Directors of City Trusts
Hai-Lung Dai, Ph.D., Secretary
    Laura H. Carnell Professor and Provost, Temple University
Clyde F. Barker, M.D.
    Donald Guthrie Professor of Surgery, Hospital of the University of Pennsylvania
Eduardo D. Glandt, Ph.D.
    Professor Emeritus, Chemical and Biomolecular Engineering, University of Pennsylvania
Marsha I. Lester, Ph.D.
    Edmund J. Kahn Distinguished Professor, Department of Chemistry, University of Pennsylvania
Katherine W. McCain, Ph.D.
    Professor Emeritus, Department of Information Science, College of Computing & Informatics, Drexel University
Amos B. Smith III, Ph.D.
    Rhodes-Thompson Professor of Chemistry, University of Pennsylvania

The 2018 John Scott Medals and cash awards were awarded to:

- Bjarne Stroustrup, Ph.D. ($15,000) for his design and implementation of the C++ programming language.

- James E. West, Ph.D. ($15,000) for his inventions relating to the foil electret microphone.

WILLS EYE HOSPITAL

MISSION AND VISION

Mission Statement

Established in 1832 as a gift from James Wills, a Philadelphia merchant, to the City of Philadelphia, Wills Eye Hospital's mission is to provide excellence in ophthalmic care to the community in need. We advance this mission through compassion for our patients, scientific discovery and educating future the leaders in ophthalmology.

Vision Statement

Wills Eye Hospital's history and tradition shines with an enduring spirit. Established in 1832 during the emergence of modern American medicine, Wills Eye Hospital served as the place where the forefathers of ophthalmology laid the foundations for the profession. However, with professional achievement comes social responsibility. Wills Eye Hospital's commitment to provide "Skill with Compassion" serves as its most cherished tradition and guide for the future. From patient education to the most complex and challenging surgical care available, Wills Eye Hospital never loses sight of the wellbeing of each and every person who turns to it for care.

THREE PILLARS: CLINICAL CARE, EDUCATION, AND RESEARCH

Clinical Care Pillar

1. Statistics

	2018	**2017**
Wills Eye Hospital Surgeries	10,810	10,848
Patient Visits – System Wide	200,000	190,000
Community ASC Surgeries	23,459	23,205

2. Hospital Services

In 2018, Wills Eye Hospital continued to invest in surgical technology. New phacoemulsification equipment was added to support increased cataract surgery volume. In addition, two ORA (optiwave refractive analysis) machines were purchased. They provide for real time measurements of the patient's eye during cataract surgery to determine the correct power intraocular lens is selected.

The hospital invested in additional nursing and ancillary personnel in the operating room, pre/post-operative and inpatient units. The hospital continues to raise the bar in patient care and patient safety. The newly formed Perioperative Steering Committee undertook studies to look at the efficiency of surgical cases. This included detailed analysis of first start times, operating room turnover times and control processing.

The Department of Information Technology undertook a number of major software improvement projects during 2018. The data from our EHR system was moved to a cloud based service. This was a major project which required extensive planning and technical support and was completed successfully with minimal operational impact. Additionally, a plan was developed to replace core computer equipment with new state of the art hardware for servers and storage. This will ultimately replace 35 core servers and will result in dramatic improvements in speed, reliability, disaster recovery and security.

3. Academic Medicine

January 2018 marked the beginning of a new physician partnerships for Wills Eye Hospital. By the year end, we added 12 world renowned physicians in four subspecialties. These physicians are steadfast supporters of the Wills Eye mission, actively teaching the residents and fellows, providing excellent care for their own patients, and conducting research with new and existing partners such as CDC, NEI/NIH, and industry companies such as Allergan, Heidelberg Engineering, and GenSight Biologics. Dr. Jonathan Myers was promoted to Chief of Glaucoma Service. Subspecialty services continue to grow and expand, and are actively recruiting for additional faculty for the upcoming year.

Information Technology was a vital aspect of the successful integration of the Glaucoma, Cornea, Neuro-Ophthalmology and Oculoplastics practices to Wills Eye. During this process all computer, peripheral and network equipment for new practices was updated, and total integrated systems lead to improved patient care across the hospital. This included adding over 30 new workstations and printers.

4. Telemedicine

In 2018, Wills Eye Telemedicine conducted several regional collaborations, while working with partners on rural, national and international telemedicine collaborations to support regions with lower socioeconomic status, lower healthcare scores, and barriers to care. Wills Eye aims to reduce barriers and increase eye health and convenience to patients with tele retinal eye screening services. Telemedicine technologies are a critical part of Wills Eye's effort to improve the vision of patients everywhere and to prepare the next generation of ophthalmologists with cutting-edge skills and knowledge.

The telemedicine program completed training and commenced full operation of tele-retinopathy screening service partnerships that include seven Jefferson University sites, Law Enforcement Health Benefits, Stephen Klein Wellness Center, Ninth Street Internal Medicine, Glaucoma CARES conference, Garces health screening, Keystone First Health Screenings and a collaboration with Independence Blue Cross and Laboratory Corporation of America (LabCorp).

In March 2018, after a beta test period with Thomas Jefferson University concluded, five additional Jefferson PCP offices have been integrated to the 'live' production platform totaling seven Jefferson sites currently utilizing the telemedicine diabetic retinopathy screening service. Retinal screenings at the primary care offices in Jefferson has served thousands of diabetic patients in which many patients were identified with some degree of pathology through early detection of eye disease via Wills Eye tele-retinal screening services.

The Law Enforcement Health Benefits (LEHB) group held 10 health screenings throughout the Philadelphia region for their police force. A total of 851 Philadelphia police force were screened and several were identified with pathology. Wills Eye Telemedicine works closely with the LEHB nurse practitioner ensuring persons identified with pathology understand their screening report outcome, follow-up recommendations and the importance of scheduling appointments with an ophthalmologist as recommended.

The Ninth Street Internal Medicine office began retinal screenings in November 2018 and ended the year with 97 of their diabetic patients screened. A few diabetic patients have been identified with pathology.

Wills Eye Telemedicine developed partnerships with health insurance companies to provide tele retinal screenings.

- Keystone First – attending scheduled health screenings to perform tele retinal screenings on members who attend the health event. We collaborated on follow-up care ensuring that their diabetic patients understand their condition and the follow-up care they need to manage their vision.

- Independence Blue Cross –Collaboration with IBC and the Laboratory Corporation of America to provide tele retinal screenings within LabCorp's Patient Service Centers.

Other small screenings were provided in which approximately 170 persons were screened.

Ongoing development of new partnerships, building our knowledge base and working with Wills Eye's research department on grant applications to develop community based research projects are efforts in 2019. Wills Eye Telemedicine is also actively working, and will continue to work with our consultants on Telemedicine legislation to change restrictions on provisions of telemedicine services and continue to develop relationships with companies who are on the cutting edge of tele-ophthalmic technology including artificial intelligence, image grading software, and development of improved retinal technology.

5. Communications

Throughout 2018, Wills Eye Hospital's Communications/Marketing/Digital team focused on showcasing the clinical department. The medical staff are national and international leaders of ophthalmology, the preeminence of Wills Eye's ophthalmology residency voted 1st in the nation, the numerous success stories of Wills Eye's patients, new research endeavors and discoveries and new clinical advancements in treatment. The hospital and its faculty and leadership appeared in a multitude of news outlets, ranging from the Philadelphia Inquirer, CBS Network News, AARP, Ophthalmology Times, Ocular Surgery News, Associated Press, Good Morning America and many others. Wills Eye continues to be viewed as a trusted source of thought leadership in ophthalmology.

In 2018, Wills Eye Hospital released Volumes 5 & 6 of its annual report series. In Volume 5, the reader is invited to see through the children's eyes into a world where they are the heroes in battles against the most cunning villains in the guise of eye disease. Volume 6 builds on 187 years of tradition as Dr. Julia Haller, Ophthalmologist-In-Chief, discusses how the traditional private practice of medicine has been augmented by new opportunities and support for academic medicine endeavors at Wills Eye.

In addition, outreach to Wills Eye's very robust alumni network continued to spotlight Wills Eye's many achievements in 2018, to present Philadelphia and Pennsylvania as a strong and appealing resource for medical education and to build strong ties between the institution and its grateful alumni.

Branding efforts this year included a redesign of the Wills Eye logo and the rollout of the Wills "Believing is Seeing" video. As the first eye hospital to establish a presence at the American Academy of

Ophthalmology Annual Meeting, Wills Eye also marked its 10 year anniversary in 2018 as an exhibitor at the world's largest gathering of ophthalmologists.

Social media continued to play an important role in the dissemination of commentary and information about ophthalmic research, treatment, and disease to an ever-increasing audience of physicians, healthcare professionals and consumers.

Lastly, Wills Eye's Communication/Marketing/Digital team conceived and implemented the "Wills Eye Everywhere" local campaign that was featured in print media, billboards, radio and television. The Wills Eye Everywhere campaign educated consumers that Wills Eye physicians are available close to home. Access to nation-leading experienced ophthalmologist has never been easier or more convenient.

6. Development

Development activities continue to focus on support for strategic clinical programs, endowed chairs, research infrastructure and studies, capital projects, and educational and community outreach programs. Cash gifts, commitments and income from trusts and estates totaled $13,014,239 during calendar year 2018.

Gifts and pledges of significance include:

- $5 million from the Farber Family Foundation for the Vision Research Center
- $1,864,612 from the Philadelphia Retina Endowment Fund for the Philadelphia Retina Endowment Retina Fund at Wills Eye Hospital
- $1,822,025 from the Vitreo Endowment Fund for the Vitreo Endowment Fund of Wills Eye Hospital
- $1 million from the Measey Foundation for Surgical Training Laboratory
- $375,000 continued support from the Deerbrook Charitable Trust for the Vision Screening Program
- $258,333 from the Estate of Luther W. Brady, Jr. MD to the Brady-Shields Endowed Chair
- $250,000 two year pledge from the Wills Eye Alumni Society and the Charles Kelman, MD Fund toward the Surgical Training Laboratory
- $250,000 residual from the Estate of Agnes I. Konig for the Brady-Shields Endowed Chair
- $216,000 from the Wills Eye Alumni Society for Academic Global Ophthalmology
- $111,307 gift from the Joseph L.K. Snyder Trust for Ocular Oncology Research
- $105,000 gift from the Percival Robert Trust for Pediatric Care Equipment
- $100,000 continued support from the Gray Charitable Trust for a Cornea Fellow

The 2018 annual campaign for the *1832 Society* and the *Fund for Vision* raised a total of $474,860. Funding from this year's effort were allocated toward establishing the new Surgical Training Laboratory on the 8th floor of Wills Eye.

On Monday, July 16, 2018 the *37th Annual Wills Eye Spring Golf Classic* was held at Whitemarsh Valley Country Club. The event proceeds resulted in $60,000 for Pediatric Eye Care.

On Monday, March 19, 2018, we hosted an extraordinarily successful *Ophthalmology All Stars* luncheon with 120 guests in attendance, more than twice the number of attendees from our previous events.

Drs. Jay Katz and Jonathan Myers spoke about advancements in the management and treatment of glaucoma. In addition, new surgical approaches to provide reduction of eye pressure with fewer risks and quicker recover time than traditional operations were discussed.

7. Give Kids Sight Day

On Saturday, November 17, 2018, Wills Eye served over 1,200 children at the annual *Give Kids Sight Day*. Of the initial children screened, 620 received two pairs of free eyeglasses and 108 children were identified as needing follow-up care. Hundreds of volunteers, physicians, foundations and businesses participated. Over the last nine years, we have provided care to 10,177 kids.

Education Pillar

In 2018, The Wills Eye at Sidney Kimmel Medical College at Thomas Jefferson University Hospital Jefferson residency program has been voted the #1 medical education training program in ophthalmology in the nation according to Doximity.com. We received over 500 applications for eight spots this year in our residency program and matched eight bright young physicians, all at the very top of the USA Medical School Class of 2018 for our Class of 2022.

In 2018, another class of outstanding residents graduated from Wills. Dr. Tim A. Arlow joined a private practice in Johnstown, PA; Dr. Ayan Chatterjee went to Duke Eye Center for a Glaucoma fellowship; Dr. Thomas L. Jenkins stayed at Wills Eye Hospital for a Surgical Retina and Vitreous fellowship; Dr. Jeffrey F. McMahon joined the Department of Ophthalmology at Weill Cornell Medical College; Dr. Melissa Sieber joined a private practice in Lansdale, PA; Dr. J. David Stephens went Vance Thompson Vision in Sioux Falls, SD for a Corneal and External Diseases Fellowship; Dr. Brett M. Weinstock joined a private practice in Woodbury, NJ; and Dr. Cindy X. Zheng stayed at Wills for a Glaucoma fellowship.

Research Pillar

The Vision Research Center, under the direction of Leslie Hyman PhD, Vice Chair for Research, exponentially grew in 2018 through a generous $5 million donation and official launch of the Vickie and Jack Farber Vision Research Center at Wills Eye. In September 2018, the Vision Research Center recruited Rose Costello, MA to join the Biostatistics Consulting Core (BCC), directed by Qiang (Ed) Zhang PhD, as Junior Biostatistician. Training in research methods and biostatistics was expanded to include additional lectures to the residents. The Vickie and Jack Farber Vision Research Center, in collaboration with Dr. Haller, implemented a formal mentoring program for faculty that includes annual meetings to identify and monitor career goals.

Through funding by Steve Korman and Stephen Kline, the Vickie and Jack Farber Vision Research Center planned a pilot study in collaboration with the Stephen Klein Wellness Center to explore how to integrate telemedicine-based fundus photography into primary care practices to be implemented in March 2019. Dr. Hyman and the Wills Eye IRIS Data Analytics Team have been working with the AAO and other Data Analytics Teams to prepare for access and analysis of the IRIS Registry data that is expected to occur summer/fall 2019. In October 2018, the Research Center cohosted a research symposium with colleagues at Jefferson titled “Neurodegeneration/Neuroprotection: Lessons Learned from the Eye and Brain – a path to collaboration” to serve as a way to foster collaboration between the clinical researchers at Wills and basic scientists at Jefferson.

Ongoing Wills Eye federally funded research included a $3 million Centers for Disease Control and Prevention (CDC) funded study titled “Wills Eye Community Intervention to Improve Glaucoma Detection and Follow-up Care” and investigates innovative ways to improve adherence to follow-up care for patients in underserved communities at high risk of visual loss from glaucoma. Wills Eye is also a Clinical Site for the NIH-funded project, “NEIGHBORHOOD Consortium for Primary Open Angle Glaucoma”, led by the Massachusetts Eye and Ear Hospital at Harvard University, with Dr. Jonathan Myers as the clinical site Principle Investigator. Dr. Alex Levin is a Co-Investigator of the NIH-funded study awarded to Michigan State University titled, “Translational Gene Therapy for CNGB1 Retinitis Pigmentosa”. Wills Eye faculty also collaborated with the Jaeb Center for Health Research as clinical site investigators for a couple of different protocols through their Clinical Trials Networks.

With the help of Monica Winter, Director of Wills Foundation, Dr. Tatyana Milman of the Pathology Department was awarded two 1-year grants from the BNY Mellon’s King Trust and the Pennsylvania Lions Sight Conservation and Eye Research Foundation for two projects studying conjunctival melanocytic lesions. Dr. Ralph Eagle of the Pathology Department was awarded a 1-year grant from the Pennsylvania Lions Sight Conservation and Eye Research Foundation for studying the pathogenesis and targetable mutations of ciliary body and retinal pigment epithelial tumors.

Industry-sponsored research has continued in 2018 in the Glaucoma, Pediatric and Neuro-ophthalmology Services. These clinical studies conducted by the Glaucoma Research Center under the leadership of Dr. L. Jay Katz and Dr. Jonathan Myers, the Pediatric Ophthalmology and Ocular Genetics Service under the leadership of Dr. Alex Levin, and the Neuro-ophthalmology Service under the leadership of Dr. Mark Moster are supported by Heidelberg Engineering, Alcon, Retrophin, Inc, Novartis, and GenSight Biologics.

The Stephen Klein Wellness Center telemedicine screenings are part of a research pilot vision service offered at the center. The project effort is work towards eliminating correctable and avoidable vision impairment, and achieving eye and vision health equity in an at-risk, underserved population. The overall goal of this partnership is to develop a sustainable model for vision screening and eye care through early detection and treatment that leads to reducing avoidable vision impairment in this community center. The pilot began in late March and over 120 patients have been screened with pathology detected in 40% of the patients..

RETIREMENT PLANS FOR EMPLOYEES OF THE BOARD OF DIRECTORS OF CITY TRUSTS

	Contributory Plan	Girard Non-Contributory Plan	Wills Eye Health System Non-Contributory Plan
DECEMBER 31, 2018:			
Active participants	19	91	16
Retired participants	36	130	259
Terminated participants with vested benefits	8	118	175
Projected benefit obligation	$ 4,461,000	$25,075,000	$36,172,000
Net assets available for plan benefits, at fair value	6,022,000	35,950,000	31,870,000
Annual rate of retirement benefits currently being paid	362,000	1,700,000	2,637,000
YEAR ENDED DECEMBER 31, 2018:			
Employer's contribution	256,000	1,476,000	1,325,000
Investment income from units of the Collective Legal Investment Fund and short-term investments	102,000	607,000	540,000

The Reports of Independent Auditors on the Accounts of each of the several Trusts under the care of the Board appear elsewhere in this report.

On behalf of the Board of Directors of City Trusts,

Hon. Ronald R. Donatucci, Esq.
President

THE ESTATE OF STEPHEN GIRARD, DECEASED

Financial Statements

June 30, 2018 and 2017

(With Independent Auditors' Report Thereon)

THE ESTATE OF STEPHEN GIRARD, DECEASED

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KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

Independent Auditors' Report

The Board of Directors of City Trusts
Philadelphia, Pennsylvania:

We have audited the accompanying financial statements of The Estate of Stephen Girard, Deceased (the Estate), which comprise the statements of net assets – FASB basis as of June 30, 2018 and 2017, and the related statements of changes in net assets – FASB basis and cash flows – FASB basis for the years then ended, and the related notes to the financial statements – FASB basis.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting described in note 1(b) to the financial statements – FASB basis; 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.

Auditors' 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 auditors' 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 entity'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 entity'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position – FASB basis of the Estate of Stephen Girard, Deceased, as of June 30, 2018 and 2017, and the changes in its net assets – FASB basis and its cash flows – FASB basis for the years then ended, on the basis of accounting described in note 1(b).

Basis of Accounting

We draw attention to note 1(b) of the financial statements, which describes the basis of accounting. As described in note 9, the Board of Directors of City Trusts is an agency of the Commonwealth of Pennsylvania, and, as such, the Estate is subject to the accounting standards promulgated by the Governmental Accounting Standards Board (GASB). The financial statements are prepared in accordance with the standards promulgated by the Financial Accounting Standards Board (FASB), which collectively represent another comprehensive basis of accounting. Our opinion is not modified with respect to this matter.

KPMG LLP

Philadelphia, Pennsylvania
October 26, 2018

THE ESTATE OF STEPHEN GIRARD, DECEASED

Statements of Net Assets – FASB Basis

June 30, 2018 and 2017

(In thousands)

Assets		**2018**	**2017**
Cash	$	1,169	1,402
Receivables, net		2,853	2,918
Prepaid and other assets		11,273	7,611
Investments		313,349	294,772
Assets held under indenture agreements		36,930	28,997
Property, plant and equipment, net		118,513	122,340
Total	$	484,087	458,040
Liabilities and Net Assets			
Liabilities:			
Accounts payable	$	958	598
Accrued expenses		3,223	3,062
Line of credit		11,728	4,000
Interest rate swap liability		20,202	24,997
Advance rents and other liabilities		77,944	83,846
Long-term debt		75,780	76,346
Total liabilities		189,835	192,849
Net assets – unrestricted		294,252	265,191
Total	$	484,087	458,040

See accompanying notes to financial statements – FASB basis.

THE ESTATE OF STEPHEN GIRARD, DECEASED

Statements of Changes in Net Assets – FASB Basis

Years ended June 30, 2018 and 2017

(In thousands)

		2018	2017
Revenues:			
Realized and unrealized investment gains	$	28,465	28,902
Income from investments		5,811	6,192
Real estate		24,748	24,773
Girardville area		1,872	1,772
Reimbursements under government programs		771	584
Contributions to Girard College		1,049	1,169
Other		318	998
Total revenues		63,034	64,390
Expenses:			
Girard College		20,544	20,867
Management of Girard Estate:			
Real estate		15,515	15,400
Girardville area		536	552
Administration		1,399	1,443
Interest expense		4,302	4,261
Other		160	207
Total expenses		42,456	42,730
Unrealized gain on interest rate swap		(4,795)	(7,188)
Decrease in pension benefit obligations		(3,688)	(4,286)
Increase in net assets		29,061	33,134
Net assets, beginning of year		265,191	232,057
Net assets, end of year	$	294,252	265,191

See accompanying notes to financial statements – FASB basis.

THE ESTATE OF STEPHEN GIRARD, DECEASED

Statements of Cash Flows – FASB Basis

Years ended June 30, 2018 and 2017

(In thousands)

		2018	2017
Cash flows from operating activities:			
Change in net assets	$	29,061	33,134
Adjustments to reconcile change in net assets to net cash used in operating activities:			
Depreciation and amortization		7,448	7,538
Loss on asset sales		—	158
Realized and unrealized investment gains		(28,465)	(28,902)
Unrealized gain on interest rate swap		(4,795)	(7,188)
Change in operating assets and liabilities:			
Receivables, net		65	(990)
Prepaid and other assets		(3,662)	432
Accounts payable and accrued expenses		521	(685)
Advance rents and other liabilities		(5,902)	(7,750)
Net cash used in operating activities		(5,729)	(4,253)
Cash flows from investing activities:			
Property additions		(3,604)	(2,595)
Proceeds from asset sales		—	2,365
Proceeds from sales of investments		2,500	4,500
Purchases of investments		(448)	(1,212)
Investments in joint ventures		(13,560)	(3,661)
Proceeds from joint ventures		13,463	5,097
Net cash (used in) provided by investing activities		(1,649)	4,494
Cash flows from financing activities:			
Proceeds from line of credit		12,728	1,000
Payments on line of credit		(5,000)	(500)
Payments on long-term debt		(583)	(561)
Net cash provided by (used in) financing activities		7,145	(61)
Net (decrease) increase in cash		(233)	180
Cash, beginning of year		1,402	1,222
Cash, end of year	$	1,169	1,402
Supplemental disclosures of cash flow information:			
Interest paid	$	4,302	4,261

See accompanying notes to financial statements – FASB basis.

(1) The Estate and Summary of Significant Accounting Policies

(a) The Estate

Upon his death in 1831, Stephen Girard bequeathed cash and real estate to the City of Philadelphia for the primary purpose of establishing a boarding school for orphans (Girard College). Girard College, in continuous operation since 1848, is now a full scholarship boarding school for grades 1 through 12 situated on a 43-acre campus in Philadelphia for academically capable students from qualified families of limited financial resources. The City of Philadelphia serves as Trustee under the will of Stephen Girard, Deceased, acting by the Board of Directors of City Trusts (hereinafter referred to as the Girard Estate or the Estate) and retains ownership of the assets and obligations of the Estate, which it administers for the benefit of the Estate. The Estate comprises personal property and real estate, principally acquired properties and improvements thereto in Philadelphia and throughout the Commonwealth of Pennsylvania (the Commonwealth) and anthracite coal lands in Schuylkill, Columbia, and Northumberland counties in the Commonwealth in the general vicinity of Girardville, Pennsylvania. The primary operations of the Estate include the funding and operation of Girard College. The funding is derived primarily from the Estate's investment portfolio, real estate assets and anthracite coal assets.

(b) Basis of Accounting

As described in note 9, the Board is an agency of the Commonwealth of Pennsylvania and, as such, the Estate is subject to the accounting standards promulgated by the Governmental Accounting Standards Board (GASB). However, to prepare the financial statements and notes thereto, the Estate has chosen to follow accounting standards promulgated by the Financial Accounting Standards Board (FASB) applicable to not-for-profit organizations to reflect a presentation that is consistent with historical practices and that is followed by other trusts. Estate management believes that the FASB format presents the results of its diversified educational, investment and real estate activities in a manner that is more meaningful to third parties and to the Board.

If the Estate's financial statements were prepared in accordance with GASB standards rather than FASB standards, the following significant differences would exist:

- Management's discussion and analysis would be required supplementary information.
- Net position, rather than net assets, would be presented. Net position would include, in addition to an unrestricted component, a component for net investment in capital assets.
- Recorded obligations for retirement plans would be accounted for similar to pension obligations under FASB standards, with differences in the rate used to discount future pension benefits to their present value and the method used to attribute pension liabilities to specific periods. Additionally, information on funding progress for the plans would be required supplementary information.
- The Estate would be required to evaluate the effectiveness of its interest rate swaps as potential hedging derivative instrument. If deemed effective, changes in fair value of the swaps would be recorded as a deferred outflow of resources or a deferred inflow of resources rather than unrealized gain or loss on the statements of changes in net assets – FASB basis.
- Gains and losses related to debt defeasance would be deferred and amortized over the life of the debt rather than recorded as gain or loss at the time of the defeasance.

(Continued)

- Debt issuance costs, except any portion related to prepaid insurance costs, would be recognized as an expense in the period incurred, rather than amortized over the life of the related debt.
- Additional disclosures would be provided regarding:
  - interest rate risk, credit risk, custodial credit risk and concentrations of credit risk related to the Estate's investments and the Estate's policies for managing such risks;
  - a description of the risks of loss to which the entity is exposed and the ways in which the risks of loss are managed;
  - pledged revenue under the Estate's debt agreements; and
  - additions to and deductions from the Estate's capital assets and long-term debt and maturities of interest payments on long-term debt.

(c) Net Assets

In accordance with accounting standards promulgated by the FASB applicable to not-for-profit organizations, net assets, revenue and expenses are classified based on the existence or absence of donor-imposed restrictions. Temporarily and permanently restricted net assets are not significant and, therefore, all net assets and changes therein are classified and reported as unrestricted net assets in the accompanying financial statements – FASB basis.

(d) Receivables

Receivables include investment income receivable and accounts receivable. Accounts receivable are net of an allowance for bad debts, which is estimated based upon the Estate's assessment of factors related to the collectibility of such receivables. Actual losses may vary from current estimates. These estimates are reviewed periodically and if changes to such estimates are deemed necessary, they are recorded in the period in which they become reasonably estimable.

(e) Investments

At June 30, 2018 and 2017, the Estate's investments were primarily invested in the Collective Legal Investment Fund (the CLIF), which is a pooled investment fund of the assets of all the trusts administered by the Board of Directors of City Trusts (the Board). Such investments are stated at fair value. Units of the CLIF are normally purchased and sold based on the available cash and cash requirements of the Estate. Gains and losses from the sales of such units, determined on the last-in, first-out method, are included in the statements of changes in net assets – FASB basis. The change in the difference between aggregate market value and the cost of investments from the beginning to the end of the year is reflected in the statements of changes in net assets – FASB basis. Earnings from the CLIF are allocated based on units held.

(Continued)

The CLIF participates in a securities lending program as a means to generate incremental income. Through this program, the CLIF may lend its securities to qualified borrowers, through its lending agent, that meet certain guidelines as established by the Board. All borrowings are initially secured by collateral in an amount equal to at least 102% of the fair value of the securities loaned and are marked to market daily. Each business day, the amount of collateral is adjusted based on the prior day's closing fair value. The collateral is invested in cash and cash equivalents. Income from lending activity is determined by the amount of interest earned on the invested collateral, a portion of which is allocated to the lending agent. The CLIF also is entitled to receive interest and dividends from securities on loan.

As of June 30, 2018 and 2017, the CLIF had loaned out certain securities, returnable on demand, with a market value of $158,223,000 and $160,399,000, respectively, to several financial institutions that have deposited collateral with respect to such securities of $161,943,000 and $164,266,000, respectively.

The Estate is a partner in several joint ventures, which are accounted for on the equity method.

(f) Assets Held under Indenture Agreements

The Collateral Pledge and Security Agreement related to the Series of 2014 Refunding Bonds requires funds to be deposited with a trustee as security for outstanding debt obligations related to the Estate's associated interest rate swap agreement. Assets held under indenture agreements consist of cash equivalents and securities segregated for this purpose within the CLIF.

(g) Interest Rate Swap

The Estate's interest rate swap related to its debt is measured at fair value and is recognized as assets or liabilities in the statements of net assets – FASB basis. Changes in the fair value from year to year are recognized in the statements of changes in net assets – FASB basis.

(h) Property, Plant, and Equipment

Property, plant, and equipment comprise land, equipment, real estate improved and acquired, Girard College real property and facilities and construction in progress.

Expenditures for property, plant, and equipment are recorded at cost. Improvements to buildings and Girard College capital assets are stated at cost less accumulated depreciation calculated on a straight-line basis over the estimated useful lives, ranging primarily from 5 to 35 years. Alterations for tenants are stated at cost less accumulated depreciation calculated on a straight-line basis over the terms of the respective leases. Equipment is stated at cost less accumulated depreciation calculated on a straight-line basis over the estimated useful lives, ranging primarily from 5 to 20 years.

Long-lived assets to be held and used are assessed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. If circumstances indicate a long-lived asset is impaired, the asset value will be reduced to fair value. Fair value is determined through various valuation techniques, including quoted market values and third-party independent appraisals, as considered necessary.

(Continued)

(i) Fair Value

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

There are three levels of inputs that may be used to measure fair value:

Level 1: Quoted or published prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market and U.S. Treasury securities.

Level 2: Observable inputs other than Level 1 prices such as quoted or published prices for similar assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. government and agency mortgage-backed debt securities and corporate debt securities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The Estate measures its investments and interest rate swap related to its debt at fair value. The Estate's valuation methodology for each of these items is described in the paragraphs below. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest-level input that is significant to the fair value measurement.

(i) Collective Legal Investment Fund

At June 30, 2018 and 2017, the Estate's investments include shares owned in the CLIF, which invests in the following types of securities:

Equity Securities

Securities traded on a national securities exchange (or reported on the NASDAQ national market) are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded, they are categorized in Level 1 of the fair value hierarchy.

Debt Securities

U.S. government securities are generally valued at the closing price reported in the active market in which the individual security is traded, if available (Level 1 inputs), or yields currently available on comparable securities (Level 2 inputs).

(Continued)

Listed asset-backed securities are valued based on quoted market prices from the active market in which the instrument is principally traded and are categorized in Level 2 of the fair value hierarchy. If such quoted prices are not available, the fair value of the security is estimated based on models considering the estimated cash flows and expected yield. Such investments are categorized as Level 2 or Level 3 based on the extent inputs are observable and timely.

Other debt securities are valued at the closing price reported in the active market in which the security is traded, if available. If such information is not available, debt is valued based on yields currently available on comparable securities for issuers with similar credit ratings (Level 2 inputs).

Private Equity Funds

Net asset values (NAV) provided by limited partnership investees are based on the net asset value per share as reported by the investee as a practical expedient. NAV may differ from fair value as otherwise calculated. Such investments, which are measured at NAV per share as a practical expedient to fair value, have not been categorized in the fair value hierarchy table below.

(ii) Interest Rate Swap

The fair value of the Estate's interest rate swap related to its debt obligations is based on a discounted cash flow model with Level 2 inputs, including the value of the relevant market index upon which the swap is based.

(j) Use of Estimates

The preparation of financial statements in conformity with the basis of accounting described in note 1(b) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The Estate's most significant estimates include actuarial assumptions used to determine pension benefit obligations and interest rate swaps. Actual results may differ from those estimates and assumptions.

(k) Asset Retirement Obligation

Substantially all of the Estate's asset retirement obligations represent estimated costs to remove asbestos within the Estate properties. The following is a reconciliation of the Estate's remaining asset retirement obligation for the years ended June 30, 2018 and 2017 (in thousands):

Balance, June 30, 2016	$	910
Remediation		(4)
Accretion expense		48
Balance, June 30, 2017		954
Remediation		(1)
Accretion expense		59
Balance, June 30, 2018	$	1,012

(Continued)

The liability is recorded as a component of advance rents and other liabilities in the statements of net assets – FASB basis.

(2) Investments and Assets Held under Indenture Agreements

The following summarizes the Estate's investments as of June 30, 2018 and 2017 (in thousands):

		2018	2017
Investment in Collective Legal Investment Fund	$	283,724*	273,060*
Joint ventures		29,426	21,516
Money market funds		199	196
Total investments	$	313,349	294,772

* Amounts exclude $36,930,000 at June 30, 2018 and $28,997,000 at June 30, 2017 that are segregated within the CLIF to comply with the requirements of certain debt, line-of-credit and swap agreements. Such amounts have been included in assets held under indenture agreements to reflect the restriction on their use.

The composition of the Estate's investment returns for the years ended June 30, 2018 and 2017 are as follows (in thousands):

		2018	2017
Net realized gain on sales of CLIF investments	$	2,505	2,171
Unrealized appreciation in fair value of CLIF investments		18,147	25,083
Dividend and interest income, net		5,794	6,153
Total CLIF income		26,446	33,407
Gain on sales of joint ventures		7,564	636
Share in joint ventures' operating income		249	1,012
Total joint venture income		7,813	1,648
Other income		17	39
Total investment income	$	34,276	35,094

(a) Collective Legal Investment Fund

The CLIF is a balanced portfolio composed primarily of equity, fixed-income and short-term investment securities. It is intended to be more aggressive than income-oriented portfolios and less aggressive than equity-oriented portfolios. All asset classes, other than alternative investments, must have a readily ascertainable market value and must be readily marketable. The Board's investment policy does allow private investment funds on a limited basis. As of June 30, 2018, 2.9% of the CLIF assets have been invested in this asset class.

The equity portfolio is well diversified to avoid undue exposure to any single economic sector, industry group, or individual security.

Risk, volatility and the possibility of loss in purchasing power are present to some degree in all types of investment vehicles. While high levels of risk are normally avoided, the assumption of risk is warranted and encouraged in order to allow the opportunity to achieve satisfactory long-term results consistent with objectives and fiduciary character of the CLIF. The volatility of returns are monitored and evaluated on a continuing basis.

At June 30, 2018 and 2017, the Estate owned approximately 59.61% and 59.16%, respectively, of the total units in the CLIF. The total investments of the CLIF at fair value as of June 30, 2018 and 2017 are as follows (in thousands):

		2018	2017
Short-term investments	$	17,176	14,558
Equities:			
Common stock		248,622	221,869
Exchange-traded funds		63,371	62,590
International equity mutual funds		34,377	33,060
Fixed income:			
U.S. government and agency obligations		41,597	33,420
Corporate and other bonds		73,311	87,876
Asset-backed securities		1,742	1,449
Mutual funds		17,158	23,511
Global tactical asset allocation mutual funds		24,976	24,993
Private equity		15,586	7,249
Total investments in the CLIF	$	537,916	510,575

The CLIF's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no transfers into or out of Level 1, Level 2, or Level 3 for the years ended June 30, 2018 or 2017.

The following table presents the CLIF's fair value hierarchy for assets held in the CLIF measured at fair value on a recurring basis as of June 30, 2018 (in thousands):

	2018 Fair value	Fair value measurements at June 30, 2018 using Level 1	Level 2
Short-term investments	$ 17,176	17,176	—
Equity securities:			
U.S. common stocks:			
Industrials	33,060	33,060	—
Consumer discretionary	35,127	35,127	—
Consumer staples	13,583	13,583	—
Energy	18,172	18,172	—
Financial	34,578	34,578	—
Materials	10,802	10,802	—
Information technology	59,194	59,194	—
Utilities	3,460	3,460	—
Healthcare	31,492	31,492	—
Telecommunications and other	9,154	9,154	—
Total U.S. common stocks	248,622	248,622	—
Exchange-traded funds:			
S&P 500 Index SPDR	29,562	29,562	—
Select Sector SPDRs	33,809	33,809	—
Total exchange-traded funds	63,371	63,371	—
International equity mutual funds	34,377	34,377	—
Total equity securities	346,370	346,370	—
Fixed income:			
Debt securities issued by the United States Treasury and other U.S. government corporations and agencies	40,814	40,650	164
Debt securities issued by states of the United States and political subdivisions of the states	516	—	516
Debt securities issued by foreign governments	267	—	267
Corporate debt securities	73,311	—	73,311
Asset-backed securities	1,362	—	1,362
Residential mortgage-backed securities	380	—	380
Mutual funds	17,158	17,158	—
Total fixed income	133,808	57,808	76,000
Global tactical asset allocation mutual funds	24,976	24,976	—
Total	522,330	$ 446,330	76,000
Private equity funds reported at NAV per share as a practical expedient	15,586		
Total investments in the CLIF	$ 537,916		

(Continued)

The following table presents the CLIF's fair value hierarchy for assets held in the CLIF measured at fair value on a recurring basis as of June 30, 2017 (in thousands):

	2017 Fair value	Fair value measurements at June 30, 2017 using Level 1	Level 2
Short-term investments	$ 14,558	14,558	—
Equity securities:			
U.S. common stocks:			
Industrials	27,086	27,086	—
Consumer discretionary	32,934	32,934	—
Consumer staples	13,859	13,859	—
Energy	12,509	12,509	—
Financial	38,842	38,842	—
Materials	8,207	8,207	—
Information technology	47,019	47,019	—
Utilities	3,202	3,202	—
Healthcare	28,084	28,084	—
Telecommunications and other	10,127	10,127	—
Total U.S. common stocks	221,869	221,869	—
Exchange-traded funds:			
S&P 500 Index SPDR	29,475	29,475	—
Select Sector SPDRs	33,115	33,115	—
Total exchange-traded funds	62,590	62,590	—
International equity mutual funds	33,060	33,060	—
Total equity securities	317,519	317,519	—
Fixed income:			
Debt securities issued by the United States Treasury and other U.S. government corporations and agencies	32,822	31,829	993
Debt securities issued by states of the United States and political subdivisions of the states	533	—	533
Debt securities issued by foreign governments	65	—	65
Corporate debt securities	87,876	—	87,876
Asset-backed securities	919	—	919
Residential mortgage-backed securities	438	—	438
Commercial mortgage-backed securities	92	—	92
Mutual funds	23,511	23,511	—
Total fixed income	146,256	55,340	90,916
Global tactical asset allocation mutual funds	24,993	24,993	—
Total	503,326	$ 412,410	90,916
Private equity funds reported at NAV per share as a practical expedient	7,249		
Total investments in the CLIF	$ 510,575		

(Continued)

(b) Joint Ventures

The Estate has invested in various joint ventures that own diversified real estate assets, including an office building leased as an automotive research facility, student housing, apartment complexes, a parking garage and office/warehouse facilities for lease in several states. The Estate is entitled to preferred cumulative dividends and/or operational cash flow from net operating income. These investments are accounted for on the equity method.

The following table summarizes the Estate's investments in joint ventures as of June 30, 2018 and 2017 (in thousands):

		2018	2017
Joint ventures, beginning balance	$	21,516	21,304
Additional investments		13,560	3,661
Proceeds from sales of joint ventures		(9,849)	(1,149)
Cash distributions		(3,384)	(3,948)
Return of capital		(230)	—
Gain on sales		7,564	636
Share in joint ventures		249	1,012
Joint ventures, ending balance	$	29,426	21,516

(3) Property, Plant and Equipment

Property, plant, and equipment of the Estate as of June 30, 2018 and 2017 are as follows (in thousands):

		2018	2017
Real estate operations:			
Land	$	27,187	27,187
Buildings and improvements		123,820	123,029
Tenant alterations		4,579	4,138
Equipment		529	516
		156,115	154,870
Accumulated depreciation		(62,235)	(57,663)
		93,880	97,207
Coal operations:			
Equipment		302	295
		302	295
Accumulated depreciation		(262)	(239)
		40	56
Girard College operations:			
Capital assets		62,468	60,447
Equipment		1,933	1,638
		64,401	62,085
Accumulated depreciation		(39,808)	(37,008)
		24,593	25,077
Total property, plant, and equipment, net	$	118,513	122,340

Land and other real estate received under the will of Stephen Girard after his death in 1831 have been assigned no value in the accounts of the Estate and represent various properties in Philadelphia, Schuylkill and Columbia counties in Pennsylvania. Subsequent improvements to buildings and real estate have been capitalized and depreciated.

The Estate recorded depreciation expense of $7,431,000 and $7,521,000 in 2018 and 2017, respectively.

(Continued)

(4) Retirement Plans

(a) Defined Benefit Plans

Nonunion employees of the Estate and Girard College hired prior to September 1, 2010 and certain union employees participate in the Board of Directors of City Trusts Girard Non-Contributory Retirement Plan (Non-Contributory Plan). Certain other union employees participate in the Board of Directors of City Trusts Contributory Retirement Plan (Contributory Plan). Contributions to the Contributory and Non-Contributory plans (the Plans) provide for the payment of estimated normal cost and amortization of the unfunded prior service liability over a 25-year period.

The Estate recorded a net pension asset of $662,000 and a net pension liability of $4,710,000 at June 30, 2018 and 2017, respectively for the Estate's unfunded status. In the statements of net assets – FASB basis, the net pension asset is included as a component of prepaid and other assets while the net pension liability is included as a component of advance rents and other liabilities.

The following presents the projected funded status and accrued cost of the Plans for the year ended June 30, 2018 (in thousands):

		Contributory Plan	Non-Contributory Plan
Projected benefit obligations – June 30	$	(6,531)	(38,124)
Fair value of plan assets – June 30		6,507	38,810
Funded status	$	(24)	686
Accrued cost recognized in the Estate's statement of net assets	$	(24)	686
Accumulated benefit obligation		6,304	36,919
Benefit expense		127	338
Employer contribution		308	1,927
Plan participants' contribution		37	—
Benefits paid		371	1,537
Weighted average assumptions used to determine benefit obligation and net periodic benefit cost:			
Discount rate		4.14 %	4.14 %
Expected long-term return on plan assets		7.75	7.75
Rate of compensation increase		3.00	3.00

(Continued)

The following presents the projected funded status and accrued cost of the Plans for the year ended June 30, 2017 (in thousands):

		Contributory Plan	Non-Contributory Plan
Projected benefit obligations – June 30	$	(6,761)	(39,511)
Fair value of plan assets – June 30		6,068	35,494
Funded status	$	(693)	(4,017)
Accrued cost recognized in the Estate’s statement of net assets	$	(693)	(4,017)
Accumulated benefit obligation		6,496	38,018
Benefit expense		177	918
Employer contribution		353	1,927
Plan participants’ contribution		39	—
Benefits paid		371	1,475
Weighted average assumptions used to determine benefit obligation and net periodic benefit cost:			
Discount rate		3.79 %	3.77 %
Expected long-term return on plan assets		7.75	7.75
Rate of compensation increase		3.00	3.00

The components of net periodic benefit cost for the years ended June 30, 2018 and 2017 are as follows (in thousands):

		2018	2017
Amounts recognized in net assets but not yet recognized in net periodic benefit cost:			
Prior service costs	$	108	139
Net loss		8,929	12,499
Total amount recognized in net assets	$	9,037	12,638
Components of net periodic benefit cost:			
Service cost	$	1,149	1,106
Interest cost		1,705	1,612
Expected return on plan assets		(3,183)	(2,834)
Amortization of prior service cost		32	32
Recognized actuarial cost		762	1,179
Net periodic benefit cost	$	465	1,095

(Continued)

The Estate expects to contribute $244,000 and $481,000 to the Contributory and Non-Contributory Plans, respectively, in fiscal year 2019.

The expected benefit payments from the Plans for the next 10 years are as follows (in thousands):

		Contributory Plan	Non-Contributory Plan
2019	$	370	1,838
2020		398	1,858
2021		387	1,860
2022		408	1,925
2023		393	1,988
Years 2024–2028		1,816	11,311
	$	3,772	20,780

The Plans' investments were held in the CLIF at June 30, 2018 and 2017.

	June 30, 2018		June 30, 2017	
	CLIF units held	Percentage of CLIF held	CLIF units held	Percentage of CLIF held
Contributory Plan	61,669	1.21 %	61,264	1.18 %
Non-Contributory Plan	366,538	7.17	357,854	6.90

(b) Defined Contribution Plan

Girard Estate and Girard College nonunion employees hired after August 31, 2010 participate in the Girard Estate/Girard College Retirement Plan, a 403(b) defined contribution retirement plan. Employees may choose to defer a portion of their compensation in accordance with Internal Revenue Services (IRS) regulations. Employee contributions are immediately fully vested and are not subject to forfeiture for any reason. Eligible participants receive a discretionary annual employer contribution, which is determined each year. The employer contributions for fiscal years 2018 and 2017 were set at 3% of eligible compensation and in the aggregate were $18,000 and $22,000, respectively.

(5) Line of Credit

In April 2016, the Estate entered into a secured revolving line of credit agreement with a bank, which provides that the Estate may borrow up to $15,000,000. Amounts outstanding under this line bear interest at the daily LIBOR plus 0.90%. If the average amount of the unused line is greater than 50% of the total available line, an unused fee equal to 0.15% on the average daily amount of the unused portion is due annually. The Estate is required to pledge as collateral certain marketable securities with an adjusted (as defined) market value at least equal to the monthly outstanding balance. Such collateral is held in the CLIF and presented as assets held under indenture agreements in the statements of net assets – FASB basis. In

(Continued)

April 2018, the line was renewed by the bank for another year to April 2019 with a mutual option to renew by both parties annually.

In February 2018, the Estate issued a standby letter of credit under the line of credit agreement in the amount of $5,000,000 for financial obligations related to a commercial lease. The term of the letter is for one year expiring in February 2019. At June 30, 2018 there were no draws against the letter.

In June 2018, the line of credit agreement was amended increasing the borrowing limit to $25,000,000. The amendment also allows the Estate to draw unsecured advances at its option under the line which bear interest at the daily LIBOR rate plus 1.30%. At June 30, 2018, the Estate had outstanding borrowings of $11,728,000 under this line of which all were secured.

(6) Long-Term Debt

(a) 1101 Market Street Financing

In May 2012, an insurance company issued a $20,000,000, 3.95% fixed rate, 10-year term, 25-year amortization note as a partial refinancing of the fee and leasehold interest in the office building located at 1101 Market Street in Philadelphia, Pennsylvania. Repayments of principal and interest began in July 2012 and are due monthly for 10 years up to and including June 2022. At that time, a significant portion of the principal will remain outstanding and will require refinancing or satisfaction.

(b) Series of 2014 Revenue Refunding Bonds

On December 1, 2014, The Philadelphia Authority for Industrial Development issued $59,200,000 of Tax-Exempt Revenue Bonds (Girard Estate Project) Series of 2014 Revenue Refunding Bonds (the 2014 Bonds) with a bank being the sole holder. The proceeds were used to refinance and redeem the Series of 2001 and Series of 2002 Bonds. The loan agreement is a general obligation of the Estate payable from the unrestricted revenue of the Estate.

The bank, in its sole discretion, has the option within 90 days prior to and 90 days after the 10-year anniversary following the bond issuance date to declare the entire principal balance and accrued and unpaid interest of the 2014 Bonds payable in full. If exercised, payment on this call option would be due within 90 days of such written notification from the bank.

In connection with the issuance of the 2014 Bonds, the Estate entered into an interest rate swap contract in order to convert the variable interest rate for the 2014 Bonds to a synthetic fixed rate plus the applicable credit spread. The swap contract has a notional amount of $59,200,000 with a final maturity of June 1, 2032. The fair value of the rate swap at June 30, 2018 and 2017 was $20,202,000 and $24,997,000, respectively.

(c) Debt Covenants

The Estate has covenanted that it will not lease, sell, or otherwise dispose of all or a part of the project facilities of the facilities leasing projects to a person other than a governmental unit. In the event that the Commonwealth or any other lessee of all or a portion of the 2014 project facilities assigns its rights as lessee to an assignee that is not a governmental unit, the Estate is required to take remedial action (if any) in order to maintain the exclusion of interest on the 2014 Bonds from gross income for federal income tax purposes.

(Continued)

The debt covenants under the bond purchase and loan agreement require that the Estate maintain a ratio of market value of unrestricted cash and investments to funded debt equal to or greater than 1.50 as those terms are defined in the agreement. Also, the Estate may not issue or incur any additional general obligation indebtedness without the prior written consent of the swap counterparty, which consent will not be unreasonably withheld.

Under the Collateral Pledge and Security Agreement to the 2014 swap master agreement, the Estate is required to pledge as collateral certain marketable securities with an adjusted (as defined) market value equal to the monthly net fair value loss of the Estate's rate swap. Such collateral is held in the CLIF and presented as assets held under indenture agreements in the statements of net assets – FASB basis. In addition, the counterparty has a priority secured position, in the event of default, against the Estate's marketable securities.

The Estate was in compliance with the Bond covenant, swap agreement, line-of-credit agreement and mortgage note as of June 30, 2018 and 2017.

Long-term debt consists of the following at June 30, 2018 and 2017:

	2018		2017	
	Principal	Unamortized issuance costs	Principal	Unamortized issuance costs
	(In thousands)			
2014 Bonds, interest paid monthly, variable rate swapped to a fixed rate of 4.9035%, no principal payments until $23,200,000 in November 2031 and $36,000,000 in June 2032. The loan agreement is a general obligation of the Estate.	$ 59,200	242	59,200	259
Mortgage payable, 3.95% fixed rate note, 10-year term to June 2022, 25-year amortization	16,822	—	17,405	—
	$ 76,022	242	76,605	259

(Continued)

Maturities of the long-term debt outstanding are as follows (in thousands):

Year ending June 30:		
2019	$	607
2020		631
2021		656
2022		14,928
2023		—
Thereafter		59,200
	$	76,022

(7) Interest Rate Swap

The following is a summary of the Estate's interest rate swap agreement (in thousands):

Series	Effective date	Notional amount	Estate pays	Estate receives	Expiration date
2014 Bonds	12/01/2014	$ 59,200	4.9035% plus 69% of 30-day LIBOR	69% of 30-day LIBOR	6/1/2032

The fair value of the interest rates swap is recorded in the financial statements as follows (in thousands):

	Statement of Net Assets classification	Location of gain (loss)	Fair value 2018	Fair value 2017	Gain 2018	Gain 2017
Interest rate swap agreement	Interest rate swap liability	Unrealized loss on interest rate swaps	$ 20,202	24,997	4,795	7,188

The following table presents the fair value hierarchy classification of the Estate's swap obligations as of June 30, 2018 with a comparative total for 2017 (in thousands):

	Fair value 2018	Fair value measurements at June 30, 2018 using: Level 1	Level 2	Level 3	Fair value 2017
Financial liabilities:					
Interest rate swap obligation	$ 20,202	—	20,202	—	24,997

(Continued)

(8) Real Estate Leases

Tenant leases have various expiration dates ranging through fiscal year 2036. Minimum rentals on noncancelable operating leases at June 30, 2018, which represent future income to the Estate, are as follows (in thousands):

2019	$	12,423
2020		8,859
2021		8,210
2022		8,083
2023		9,931
Thereafter		184,386
	$	231,892

In September 2016, the largest tenant in the Estate's 1101 Market Street office building in Philadelphia announced it would be relocating when its lease expires in September 2018. The tenant subsequently advised the Estate that it expects to remain in holdover status until December 31, 2018. The tenant occupied approximately 365,000 square feet of office space representing 55% of the combined retail and office components of the building. Anticipating the announcement, in July 2016, the Estate retained the services of an international commercial real estate brokerage firm to assist it in the repositioning strategy and lease-up of the building in advance of an anticipated fiscal 2019 vacancy.

In December 2017, the Estate entered into a long term lease agreement with a new tenant in its 1101 Market Street office building. The new lease is effective January 1, 2019 with rent and expected occupancy commencing during the first quarter of fiscal 2020 for approximately 238,000 square feet of office space. The tenant has also contractually committed to lease approximately 122,000 square feet of additional office space beginning on July 1, 2025. The lease for all 360,000 square feet runs until August 31, 2035. The lease contains renewal provisions.

In June 2007, the Estate entered into a long-term ground lease with a lessee, in the form of two leases, for the land and existing buildings located in the City of Philadelphia, between Market and Chestnut Streets and between 11th and 12th Streets and received an up-front payment of $90,000,000. In addition, the Estate will receive basic net rent, for each lease, of $1 per year.

The leases are triple net leases with all income, expenses, taxes and liabilities transferring to the lessee for a term of 75 years. At the lessee's option, the lease term can be extended for an additional term of 75 years for the then current market rate to be determined by binding arbitration in either the 50th, 60th, or 74th year of the lease. Title to the property remains with the Estate and, as a result, the lease is accounted for as an operating lease. The $90,000,000 up-front payment was recorded as unearned rental income and is included in advance rents and other liabilities in the statements of net assets – FASB basis. The unamortized balances at June 30, 2018 and 2017 were $76,737,000 and $77,937,000, respectively. The lessee has been granted the right to perform property improvements up to and including the demolishing of current structures and the development of new properties. Title to new properties and improvements passes to the Estate at the end of the lease term. The leases do not contain bargain purchase options. In July 2008, the leases were assigned by the lessee, with the Estate's consent, to a third party. In

(Continued)

September 2014, the ground lease covering the land and existing buildings fronting on Market, 11th and Chestnut Streets was divided into three separate ground leases, each of which was then assigned, with the Estate's consent, to an affiliate of the then-existing ground lessee.

(9) Tax Status

The City of Philadelphia, Trustee Under the Will of Stephen Girard, Deceased, Acting by the Board of Directors of City Trusts, statutory agent for the City of Philadelphia, has been determined to be an agency of the Commonwealth of Pennsylvania and, as such, is exempt from federal income taxes.

U.S. generally accepted accounting principles require management to evaluate income tax positions taken by the Estate and recognize a tax liability (or asset) if the Estate has taken an uncertain tax position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Estate and has concluded that, as of June 30, 2018 and 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Estate is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

(10) Commitments and Contingencies

The Estate is party to various claims and legal proceedings that arise in the normal course of business. Management, after consultation with legal counsel, does not believe that the resolution of these matters will have a material adverse effect on the Estate's financial condition or results of operations.

(11) Related-Party Transactions

The Estate has a written conflict of interest policy that requires, among other things, that no member of the Board can participate in any decision in which he or she (or an immediate family member) has a material financial interest. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable and for the benefit of the Estate, and are in accordance with applicable conflict of interest laws.

(12) Subsequent Events

In connection with the preparation of the financial statements, the Estate evaluated subsequent events after the balance sheet date of June 30, 2018 through October 26, 2018, which was the date the financial statements were issued. No items were identified that required additional disclosure.

KPMG

WILLS EYE HOSPITAL
AND SUBSIDIARIES

Consolidated Financial Statements – FASB Basis and
Supplemental Schedules – FASB Basis

June 30, 2018 and 2017

(With Independent Auditors' Report Thereon)

WILLS EYE HOSPITAL
AND SUBSIDIARIES

Table of Contents

KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

Independent Auditors' Report

The Board of Directors of City Trusts:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Wills Eye Hospital and Subsidiaries, which comprise the consolidated balance sheets – FASB basis as of June 30, 2018 and 2017, and the related consolidated statements of operations – FASB basis, changes in net assets – FASB basis, and cash flows – FASB basis for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position – FASB basis of Wills Eye Hospital and Subsidiaries as of June 30, 2018 and 2017, and the results of their consolidated operations – FASB basis, changes in their consolidated net assets – FASB basis, and their consolidated cash flows – FASB basis for the years then ended, in conformity with the basis of accounting described in note 2(a) to the consolidated financial statements.

Basis of Accounting

As described in note 2(a) to the consolidated financial statements, these consolidated financial statements were prepared in accordance with the standards promulgated by the Financial Accounting Standards Board (FASB), which collectively represent a comprehensive basis of accounting other than generally accepted accounting principles for governmental entities, which are promulgated by the Governmental Accounting Standards Board.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included in schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is presented fairly in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Philadelphia, Pennsylvania
November 21, 2018

WILLS EYE HOSPITAL
AND SUBSIDIARIES

Consolidated Balance Sheets – FASB Basis

June 30, 2018 and 2017

(In thousands)

Assets		2018	2017
Current assets:			
Cash and cash equivalents	$	4,110	2,775
Investments		25,386	26,179
Patient accounts receivable, net of allowance for doubtful accounts of $2,046 and $1,345, respectively		8,219	6,231
Inventory		1,549	1,413
Assets whose use is limited or restricted, current		15,014	—
Pledge and Grant Receivable		6,004	3,743
Other current assets		4,716	1,676
Total current assets		64,998	42,017
Assets whose use is limited or restricted:			
By board for research		4,146	4,146
By board for other		1,029	1,052
Donor-restricted		37,097	30,597
Held under debt agreements		6,086	22,707
Total assets whose use is limited or restricted		48,358	58,502
Investments in joint ventures		3,272	3,288
Property and equipment, net		32,785	33,371
Other assets		842	561
Total	$	150,255	137,739
Liabilities and Net Assets			
Current liabilities:			
Current portion of long-term debt	$	20,773	1,403
Financing obligation		477	468
Accounts payable		13,719	11,832
Accrued salaries and other expenses		4,500	3,665
Other liabilities		1,084	778
Total current liabilities		40,553	18,146
Long-term debt, net of current portion		2,376	22,594
Financing obligation		5,392	5,850
Pension benefit obligation		16,891	21,408
Interest rate swap liability		5,850	7,194
Other liabilities		136	122
Total liabilities		71,198	75,314
Net assets:			
Unrestricted – undesignated		29,921	25,192
Unrestricted – board-designated		5,175	5,198
Unrestricted – noncontrolling interest		907	881
Unrestricted		36,003	31,271
Temporarily restricted		17,018	11,052
Permanently restricted		26,036	20,102
Total net assets		79,057	62,425
Total liabilities and net assets	$	150,255	137,739

See accompanying notes to consolidated financial statements – FASB basis.

WILLS EYE HOSPITAL
AND SUBSIDIARIES

Consolidated Statements of Operations – FASB Basis

Years ended June 30, 2018 and 2017

(In thousands)

		2018	2017
Unrestricted revenues:			
Patient service revenue (net of contractual allowances and discounts)	$	63,368	56,381
Provision for bad debts		(1,580)	(1,544)
Net patient service revenue less provision for bad debts		61,788	54,837
Other revenue		6,752	6,798
Net assets released from restrictions		2,680	2,961
Total revenues		71,220	64,596
Expenses:			
Salaries and benefits other than pensions		32,048	28,494
Pension costs		1,160	1,219
Supplies and other expenses		35,812	32,848
Insurance		1,630	1,550
Professional – legal and consulting		1,828	2,346
Professional – medical		1,795	2,259
Depreciation and amortization		3,400	3,327
Interest		1,737	1,687
Total expenses		79,410	73,730
Operating loss		(8,190)	(9,134)
Other income:			
Net realized and unrealized gains on investments		4,726	5,849
Interest rate swaps valuation adjustment		1,344	1,942
Investment income, net		1,659	1,486
Contributions		1,283	1,806
Total other income		9,012	11,083
Excess of revenues over expenses	$	822	1,949

See accompanying notes to consolidated financial statements – FASB basis.

WILLS EYE HOSPITAL
AND SUBSIDIARIES

Consolidated Statements of Changes in Net Assets – FASB Basis

Years ended June 30, 2018 and 2017

(In thousands)

		2018	2017
Unrestricted net assets:			
Excess of revenues over expenses	$	822	1,949
Net assets released from restrictions used for purchases of property and equipment		277	1,121
Adjustment to pension benefit obligation		4,072	2,666
Distribution to noncontrolling interests in consolidated subsidiary		(439)	(309)
Increase in unrestricted net assets		4,732	5,427
Temporarily restricted net assets:			
Contributions		7,777	1,702
Interest and dividend income		455	413
Net realized and unrealized gains on investments		584	1,564
Net assets released from restrictions		(2,850)	(4,082)
Increase (decrease) in temporarily restricted net assets		5,966	(403)
Permanently restricted net assets:			
Contributions		5,926	77
Net assets released from restrictions		(107)	—
Increase (decrease) in cash value life insurance policy		115	(58)
Increase in permanently restricted net assets		5,934	19
Increase in net assets		16,632	5,043
Net assets, beginning of year		62,425	57,382
Net assets, end of year	$	79,057	62,425

See accompanying notes to consolidated financial statements – FASB basis.

WILLS EYE HOSPITAL
AND SUBSIDIARIES

Consolidated Statements of Cash Flows – FASB Basis

Years ended June 30, 2018 and 2017

(In thousands)

		2018	2017
Cash flows from operating activities:			
Increase in net assets	$	16,632	5,043
Adjustments to reconcile increase in net assets to net cash used in operating activities:			
Net realized and unrealized gains on investments		(5,310)	(7,413)
Equity in earnings of joint ventures		(687)	(504)
Change in fair value of swap contracts		(1,344)	(1,942)
Adjustment to pension benefit obligation		(4,072)	(2,666)
Provision for bad debts		1,580	1,544
Depreciation and amortization		3,400	3,327
Distribution/purchases of noncontrolling interests holders		439	309
Amortization of deferred financing costs		26	26
Restricted contributions		(8,342)	(1,745)
Loss on asset sales		52	62
Changes in operating assets and liabilities:			
Patient accounts receivable, net		(3,568)	(1,020)
Inventory		(136)	91
Other assets		(5,575)	1,970
Accounts payable		1,887	1,040
Accrued salaries and other expenses		835	(589)
Other liabilities		320	(235)
Pension benefit obligation		(445)	(323)
Net cash used in operating activities		(4,308)	(3,025)
Cash flows from investing activities:			
Purchases of property and equipment		(2,866)	(3,005)
Distribution from investments in joint ventures		701	532
Proceeds from sale of investments, net		1,228	5,181
Net cash used (provided by) in investing activities		(937)	2,708
Cash flows from financing activities:			
Proceeds from restricted contributions		8,342	1,745
Distributions/purchases of noncontrolling interest holders		(439)	(309)
Proceeds from issuance of long-term debt		883	712
Payments on financing obligation		(449)	(440)
Payments on short- and long-term debt		(1,757)	(1,361)
Net cash provided by financing activities		6,580	347
Net increase in cash and cash equivalents		1,335	30
Cash and cash equivalents, beginning of year		2,775	2,745
Cash and cash equivalents, end of year	$	4,110	2,775
Supplemental cash flow information:			
Cash paid for interest	$	1,730	1,678

See accompanying notes to consolidated financial statements – FASB basis.

(1) Organization and Nature of Operations

Wills Eye Hospital (the Hospital), established in 1832 through a bequest of James Wills, a Quaker merchant, to the City of Philadelphia, is administered by the Board of Directors of City Trusts (the Board). The Hospital, located in Philadelphia, is a trust that owns and operates various facilities that provide medical services to area residents. Certain of these services are provided through affiliated organizations controlled by the Hospital. The Hospital's subsidiaries include:

- Wills Eye Foundation, Inc. (the Foundation), a domestic nonprofit corporation, established to solicit, collect, and administer charitable donations made in order to further the institutional objectives of the Trust under the Will of James Wills, as determined from time to time by the Board
- Ambulatory Surgery Centers (the Centers), established to provide high-quality, cost-effective, outpatient surgical services at five locations more accessible to its patients
- AASOP, Inc. (AASOP), a wholly owned subsidiary of the Hospital, established to own and operate physician practices
- Wills Eye Surgical Network, L.L.C. (the Management Company), established to provide certain management services to the Centers. The Management Company is 99% owned by one of the Hospital's controlled corporations and 1% by the Hospital
- Wills Eye Community Surgical Services Corp., (Services Corp.) and Wills Community Surgical Services of Cottman – Buxmont, Inc. (Services of Cottman – Buxmont), established to be the majority owner of the Centers
- Wills Eye Ophthalmology Clinic Inc. (WEOC), a wholly owned subsidiary of the Hospital, established to provide outpatient clinical services
  - Wills Eye Optical One, LLC (OP1), a wholly owned subsidiary of WEOC, established to provide high-quality eyewear at our main Hospital location
  - Wills Eye Optical Two, LLC (OP2), a wholly owned subsidiary of WEOC, established to provide high-quality eyewear at offsite locations
- Abbot, Inc. (Abbot), a wholly owned subsidiary of the Hospital, established to own and operate real estate for leasing purposes
- The Hospital and its subsidiaries are collectively known as the Organization.

Ambulatory Surgery Centers

The Hospital has developed a network of Ambulatory Surgery Centers in the Delaware Valley area to provide outpatient surgery. The Network was established through acquisitions of existing centers and development of new centers. The Centers provide both single specialty (ophthalmology) and multispecialty services.

The Centers include Cherry Hill Ambulatory Surgical Center, LLC (Cherry Hill), Cottman Ambulatory Surgical Center, LLC (Cottman), Warminster Ambulatory Surgical Center, LLC (Warminster), Plymouth Meeting Ambulatory Surgical Center, LLC (Plymouth Meeting), and Stadium Campus Ambulatory Surgical

(Continued)

Center, LLC (Stadium). At June 30, 2018 and 2017, Plymouth Meeting is 55% owned by the Hospital and 45% owned by physicians; Cherry Hill is 50.5% owned by the Hospital and 49.5% owned by physicians; Stadium is 57.5% owned by the Hospital and 42.5% owned by physicians; Cottman is 60% owned by the Hospital and 40% owned by physicians, Warminster is 75% owned by the Hospital and 25% owned by physicians.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

As described in note 1, the Board administers the Organization. The Board is an instrumentality of the Commonwealth of Pennsylvania, and as such, the Organization is subject to the accounting standards promulgated by the Governmental Accounting Standards Board (GASB). However, to prepare the consolidated financial statements and notes thereto, the Organization has chosen to follow accounting standards promulgated by the Financial Accounting Standards Board (FASB) applicable to healthcare organizations to reflect a presentation that is consistent with historical practices and that of similar entities.

If the Organization's consolidated financial statements were prepared in accordance with GASB standards rather than FASB standards, the following significant differences would exist:

- Management's discussion and analysis would be required supplementary information.
- The Organization's recorded obligations for retirement plans would be accounted for similar to pension obligations under FASB, standards, with differences in the rate used to discount future pension benefits to their present value and the method used to attribute pension liabilities to specific periods. Additionally, information on funding progress for the plan would be required supplementary information.
- Losses and gains related to debt defeasance would be deferred and amortized over the life of the new debt rather than recorded as a gain or loss at the time of defeasance.
- According to FASB issued standards, not-for-profits are allowed to utilize the direct or indirect method to present the cash flow statement. GASB requires the direct method.
- Net assets would be categorized as unrestricted, restricted, or invested in capital assets net of related debt.
- Additional disclosures would be provided regarding:
  - Interest rate risk, credit risk, custodial credit risk, and concentrations of credit risk related to the Organization's investments and the Organization's policies for managing such risks
  - A description of the risks of loss to which the entity is exposed and the ways in which the risks of loss are managed
  - Pledged revenue under the Organization's debt agreements
  - Additions to and deductions from the Organization's capital assets and long-term debt, and maturities of interest payments on long-term debt

(Continued)

- Segments, which are defined as an identifiable activity or group of activities that has one or more bonds or other debt instruments outstanding with a revenue stream pledged in support of the debt and that is required by an external party to account separately for its assets, liabilities, revenue, and expenses
- Information about the classification of the Organization's assets and liabilities measured at fair value on a recurring basis in a hierarchy based on the nature of the inputs to fair value would not be provided

(b) Use of Estimates

The preparation of consolidated financial statements in conformity with the basis of presentation described in note 2(a) 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 consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management believes the most significant estimates to the consolidated financial statements are the valuation of net patient accounts receivables and pension benefit obligation.

(c) Cash and Cash Equivalents

The Organization considers all certificates of deposit and commercial paper with an original maturity of three months or less from the date of purchase to be cash equivalents, excluding amounts whose use is limited by board designation or other arrangements under trust or debt agreements.

(d) Patient Accounts Receivable

The Organization provides care to patients under various reimbursement arrangements, including Medicare, Medicaid, and various managed care payors. These arrangements provide for payment for covered services at agreed-upon rates based on applicable fee schedules and discounts from charges. Provisions have been made for estimated contractual adjustments under these arrangements, representing the difference between the customary charges for services rendered and the related expected reimbursement. Revenues received from third-party payors are subject to audit and retroactive adjustments. Such adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change.

The Organization establishes an allowance for doubtful accounts to report the estimated net realizable amounts to be received from patients or others. Increases to this reserve are reflected as a provision for bad debts in the consolidated statements of operations. The Organization regularly performs an analysis of the collectability of patient accounts receivable and considers such factors as prior collection experience and the age of the receivables.

(Continued)

(e) Inventories

Inventories are stated at the lower of cost or market. Cost is determined by using the first-in, first-out method of accounting.

(f) Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided over the useful lives of the assets on a straight-line basis.

(g) Long-Lived Assets

The Organization continually evaluates whether circumstances have occurred that indicate the remaining useful life of long-lived assets might warrant revision or that the remaining balance of such assets may not be recoverable. Management has reviewed the carrying amount of these assets and has determined that they are not impaired.

Useful lives range as follows:

Buildings and building improvements	5–40 years
Movable equipment (including software and hardware)	3–20 years
Fixed equipment	10–20 years

(h) Investments and Investment Risks

At June 30, 2018 and 2017, the Organization's investments were primarily invested in the Collective Legal Investment Fund (the CLIF), which is a pooled investment fund of the assets of all the trusts administered by the Board. Such investments are stated at net asset value. The net asset value is determined by the fair value of the underlying securities. Units of the CLIF are normally purchased and sold based on the available cash and cash requirements of the Organization. Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value in the consolidated balance sheets. Investment income (including realized gains and losses on investments, interest, and dividends) is included in the excess or deficiency of revenue over expenses unless the income or losses are restricted by donor or law. The Organization's investments are considered a trading portfolio. Accordingly, realized and unrealized gains and losses are included in other income in the accompanying consolidated statements of operations.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect the amounts reported in the accompanying consolidated balance sheets, consolidated statements of operations, and consolidated statements of changes in net assets.

(Continued)

(i) Fair Value

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. government and agency mortgage-backed debt securities, corporate-debt securities, and alternative investments that can be liquidated at net asset value at or near the consolidated balance sheet date.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes illiquid alternative investments such as private equity funds.

The Organization measures its investments and interest rate swaps related to its debt at fair value. Additionally, the Organization discloses the fair value of the Organization’s outstanding debt. The Organization’s valuation methodology for each of these items is described below. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement.

The following methods and assumptions were used by the Organization in estimating the fair value of its financial instruments:

Cash and Cash Equivalents – The carrying amount reported in the consolidated balance sheets for cash and cash equivalents approximates its fair value.

(Continued)

Accounts Payable and Accrued Expenses – The carrying amount reported in the consolidated balance sheets for accounts payable and accrued expenses approximates its fair value due to the short period to maturity.

(i) *Investments*

Collective Legal Investment Fund

At June 30, 2018 and 2017, the Organization's investments were primarily invested in the CLIF. Such investments are stated at net asset value, which approximates fair value (note 5). Within the CLIF, the Organization owns shares that invest in the following types of securities:

Equity Securities

Securities traded on a national securities exchange (or reported on the NASDAQ national market) are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded, they are categorized in Level 1 of the fair value hierarchy.

Debt Securities

U.S. government securities are generally valued at the closing price reported in the active market in which the individual security is traded.

Listed asset-backed securities are valued based on quoted market prices from the active market in which the instrument is principally traded and are categorized in Level 1 of the fair value hierarchy. If such quoted prices are not available, the fair value of the security is estimated based on models considering the estimated cash flows and expected yield. Such investments are categorized as Level 2 or Level 3 based on the extent inputs are observable and timely.

Other debt securities are valued at the closing price reported in the active market in which the security is traded, if available. If such information is not available, debt is valued based on yields currently available on comparable securities for issuers with similar credit ratings.

Private Equity Funds

Net asset values provided by limited partnership investees are based on estimates, appraisals, assumptions, and methods that are reviewed by CLIF management. The CLIF estimates the fair value of its limited partnership investments using the net asset value per share as reported by the investee as a practical expedient. Net asset value may differ from fair value as otherwise calculated.

(ii) *Related Interest Rate Swaps*

The fair value of the Organization's interest rate swaps related to its debt obligations as further discussed in note 7 is based on a discounted cash flow model with Level 2 inputs including the value of the relevant market index upon which the swap is based.

(Continued)

(j) Deferred Financing Costs

Deferred financing costs, which are included in long term debt, represent legal fees and bond issuance costs associated with the Variable Rate Revenue Bonds, Series 2012 (Series 2012 Bonds). At June 30, 2018 and 2017, the unamortized portion of deferred financing costs amounted to $20 and $45, net of accumulated amortization of $160 and $135, respectively.

(k) Investments in Joint Ventures

Investments in joint ventures represent the Organization's investment in certain ambulatory surgical centers for which the Organization has less than a controlling interest. The Organization accounts for these investments using the equity method.

(l) Donor-Restricted

Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received. Gifts are reported as either temporarily or permanently restricted contributions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions. Conditional contributions received are not recognized until such time that the conditions are met. The Organization records as unrestricted net assets those gifts for which purpose restrictions are met in the same year as receipt.

(m) Patient Service Revenue

Patient service revenue represents the estimated net realizable amounts due from patients and third-party payors for medical services rendered. The Organization provides care to patients under various reimbursement arrangements, including Medicare, Medicaid, and various managed care payors. These arrangements provide for payment for covered services at agreed-upon rates based on applicable fee schedules and discounts from charges. Provisions have been made for estimated contractual adjustments under these arrangements, representing the difference between the customary charges for services rendered and the related expected reimbursement. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change.

(Continued)

(Dollars in thousands)

The following table reflects the estimated percentages of patient service revenue, net of the provision for bad debts, for the years ended June 30:

	2018	2017
Medicare	49 %	43 %
Medicaid	5	6
Managed care	32	34
Other third-party payors	12	14
Self-pay	2	3
	100 %	100 %

(n) Interest

Interest incurred in connection with financing related to construction, net of income earned on the unexpended proceeds, is capitalized during the construction period and subsequently amortized into expense over the useful life of the related property. Other interest is charged to expense as incurred.

(o) Federal and State Income Taxes

The Hospital, the Foundation, WEOC, and Services Corp. are tax-exempt organizations and are not subject to federal or state income taxes, in accordance with Section 501(c)(3) of the Internal Revenue Code (the Code), except on unrelated business income, as defined by the Code. The Centers, OP1, OP2, and the Management Company are incorporated as limited liability companies. Accordingly, no federal income taxes are payable and none have been provided for in the accompanying consolidated financial statements. The Centers' members are required to include their respective share of the Centers' profits or losses in their individual tax returns. AASOP is a nonprofit taxable corporation and pay federal, state, and local income taxes. The Organization does not believe it has any uncertain tax positions for which accrual of a liability would be required under generally accepted accounting principles.

On December 22, 2017, the President signed into law H.R. 1, originally known as the Tax Cuts and Jobs Act. The new law includes several provisions that result in substantial changes to the tax treatment of tax-exempt organizations and their donors. The Organization has reviewed these provisions and the potential impact and concluded the enactment of H.R. 1 will not have a material impact on the operations of the Organization.

(p) (Deficiency) Excess of Revenues over Expenses

The accompanying consolidated statements of operations include a caption entitled (deficiency) excess of revenues over expenses. Changes in unrestricted net assets that are excluded from this caption, consistent with industry practice, include changes in the funded status of the Organization's defined-benefit pension plans and contributions received for additions of long-lived assets.

(Continued)

(q) New Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU establishes principles for reporting useful information to users of consolidated financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Particularly, that an entity recognizes revenue to depict the transfer of services to customers in amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. ASU 2014-09 is effective for fiscal year 2019. The Organization expects to record a decrease in net patient service revenue and a corresponding decrease in bad debt expense upon adoption of the standard.

In August 2016, the FASB issued ASU No. 2016-14*, Presentation of Financial Statements of Not-for-Profit Entities*, which decreases the net asset classifications from three to two. The remaining classes are net assets with restrictions and net assets without restrictions. It requires further disclosure related to underwater endowments, liquidity of the organization, functional expenses, and changes in cash flow statements. The new standard applies to all companies and is effective for the annual period beginning after December 15, 2017.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (ASU 2016-02), which will require lessees to recognize most leases on-balance sheet, increasing their reported assets and liabilities – sometimes very significantly. This update was developed to provide financial statement users with *more information about an entity's leasing activities, and will require changes in processes and internal* controls. The adoption of ASU 2016-02 is effective for annual and interim periods beginning after December 15, 2018, and will require application of the new guidance at the beginning of the earliest comparable period presented. Early adoption is permitted. The Organization is currently assessing the impact of the adoption of ASU No. 2016-02, which is expected to have a material impact on its consolidated financial condition and results of operations.

In March 2017, the FASB issued ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* (ASU 2017-07), which requires companies to present the service cost component of net benefit cost in the income statement line items where they report compensation cost, and all other components of net benefit cost outside of operating income, if this subtotal is presented. Additionally, the service cost component will be the only component that can be capitalized. The adoption of ASU 2017-07 is effective for the fiscal years beginning after December 15, 2018, with early adoption permitted. This ASU requires retrospective application for the amendments related to the presentation of the service cost component and other components of net benefit cost, and prospective application for the amendments related to the capitalization requirements for the service cost components of net benefit cost.

(3) Charity Care

The Organization provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. As the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

(Continued)

(Dollars in thousands)

The Organization maintains records to identify the level of charity care it provides. The amount of costs foregone for services, supplies, and wages furnished under its charity care policy totaled $1,187 and $1,007 in 2018 and 2017, respectively. These amounts do not include losses incurred in treating patients of certain governmental payors that reimburse the Organization at rates less than cost.

(4) Concentrations of Credit Risk

The Organization grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The Organization recognizes patient service revenue provided to patients with third-party coverage on the basis of contractual rates for the services rendered. For self-pay patients who do not qualify for charity, the Organization recognizes revenue at the standard rates for services. A certain percentage of insured patients will be unable or unwilling to pay their co-pay and or deductible and these amounts can ultimately be reclassified to the self-pay category and an allowance taken. Also, uninsured patient balances that do not qualify for charity care may require a provision for bad debts to ensure that patient accounts receivable balances are recorded at net realizable value. The analysis to determine the sufficiency of the allowance for doubtful accounts is based upon hindsight analysis using collection history, among other things.

The mix of net receivables from patients and third-party payors at June 30, 2018 and 2017 was as follows:

	2018	2017
Medicare	44 %	31 %
Medicaid	5	8
Managed care	30	38
Other third-party payors	13	15
Self-pay	8	8
	100 %	100 %

The following table sets forth the components of the change in the allowance for doubtful accounts for the years ended June 30:

		2018	2017
Balance at beginning of year	$	1,345	1,199
Provision for bad debts		1,580	1,544
Write-offs, net of recoveries		(879)	(1,398)
Balance at end of year	$	2,046	1,345

(Continued)

(Dollars in thousands)

(5) Investments and Assets Whose Use is Limited or Restricted

The Organization's investments at June 30, 2018 and 2017 include the following:

		2018	2017
Held in the CLIF:			
Investments (current assets)	$	25,386	26,179
Assets whose use is limited or restricted, current		11,520	—
Assets whose use is limited or restricted:			
Donor-restricted		4,039	4,609
Donor-restricted endowments		27,330	24,869
Board-designated funds		5,175	5,198
Held under debt agreements		5,850	18,715
		79,300	79,570
Investments held outside the CLIF for donor-restricted endowments and temporarily restricted funds		5,728	1,119
Held under debt agreements		3,730	3,992
Total investments	$	88,758	84,681

(a) Investments Held in the CLIF

The Organization's undivided interest in the CLIF represents approximately 14.7% and 15.6% of the total value, or $79,300 and $79,570 at June 30, 2018 and 2017, respectively.

The Organization's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no significant transfers into or out of Level 1, Level 2, or Level 3 for the years ended June 30, 2018 or 2017.

(Continued)

(Dollars in thousands)

The CLIF's investments at June 30, 2018 and 2017, stated at fair value, are as follows:

		2018	2017
Short-term investments	$	17,176	14,558
Equities:			
U.S. common stocks		248,622	221,869
Exchange-traded funds		63,371	62,590
International mutual funds		34,377	33,060
Bonds and notes payable:			
U.S. government and agency obligations		41,597	33,420
Corporate and other bonds		73,311	87,876
Asset-backed securities		1,742	1,449
Mutual funds		17,158	23,511
Global tactical asset allocation mutual funds		24,976	24,993
Private equity		15,586	7,249
	$	537,916	510,575

The CLIF participates in a securities lending program as a means to generate incremental income. Through this program, the CLIF, through its lending agent, may lend its securities to qualified borrower, that meet certain guidelines as established by the Board. All borrowings are initially secured by collateral in an amount equal to at least 102% of the fair value of the securities loaned and are marked to market daily. Each business day, the amount of collateral is adjusted based on prior day's closing fair value. The collateral is invested in cash and cash equivalents. Income from lending activity is determined by the amount of interest earned on the invested collateral, a portion of which is allocated to the lending agent. The CLIF also is entitled to receive interest and dividends from securities on loan

As of June 30, 2018 and 2017, the CLIF had loaned out certain securities, returnable on demand, with a market value of $158,223 and $160,399, respectively, to several financial institutions that have deposited collateral with respect to such securities of $161,943 and $164,266, respectively.

(Continued)

CLIF'S fair value hierarchy:

The following table presents the CLIF's fair value hierarchy for assets held in the CLIF measured at fair value on a recurring basis as of June 30, 2018 (in thousands):

	2018 Fair value	Fair value measurements at June 30, 2018 using		
		Level 1	Level 2	Level 3
Short-term investments	$ 17,176	17,176	—	—
Marketable equity securities:				
U.S. common stocks:				
Industrials	33,060	33,060	—	—
Consumer discretionary	35,127	35,127	—	—
Consumer staples	13,583	13,583	—	—
Energy	18,172	18,172	—	—
Financial	34,578	34,578	—	—
Materials	10,802	10,802	—	—
Information technology	59,194	59,194	—	—
Utilities	3,460	3,460	—	—
Healthcare	31,492	31,492	—	—
Telecommunications and other	9,154	9,154	—	—
Total U.S. common stocks	248,622	248,622	—	—
Exchange-traded funds:				
S&P 500 Index SPDR	29,562	29,562	—	—
Select Sector SPDRs	33,809	33,809	—	—
Total exchange-traded funds	63,371	63,371	—	—
International equity mutual funds	34,377	34,377	—	—
Total marketable equity securities	346,370	346,370	—	—
Fixed income:				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	40,814	40,650	164	—
Debt securities issued by states of the United States and political subdivisions of the states	516	—	516	—
Debt securities issued by foreign governments	267	—	267	—
Corporate debt securities	73,311	—	73,311	—

(Continued)

WILLS EYE HOSPITAL
AND SUBSIDIARIES

Notes to Consolidated Financial Statements – FASB Basis

June 30, 2018 and 2017

(Dollars in thousands)

	2018 Fair value	Fair value measurements at June 30, 2018 using		
		Level 1	Level 2	Level 3
Asset-backed securities	$ 1,362	—	1,362	—
Residential mortgage-backed securities	380	—	380	—
Commercial mortgage-backed securities	—	—	—	—
Mutual funds	17,158	17,158	—	—
Total fixed income	133,808	57,808	76,000	—
Global tactical asset allocation mutual funds	24,976	24,976	—	—
Subtotal	522,330	446,330	76,000	—
Private equity funds reported at net asset value per share as a practical expedient	15,586			
Total investments in the CLIF	$ 537,916			

The following table presents the CLIF's fair value hierarchy for assets held in the CLIF measured at fair value on a recurring basis as of June 30, 2017 (in thousands):

	2017 Fair value	Fair value measurements at June 30, 2017 using		
		Level 1	Level 2	Level 3
Short-term investments	$ 14,558	14,558	—	—
Marketable equity securities:				
U.S. common stocks:				
Industrials	27,086	27,086	—	—
Consumer discretionary	32,934	32,934	—	—
Consumer staples	13,859	13,859	—	—
Energy	12,509	12,509	—	—
Financial	38,842	38,842	—	—
Materials	8,207	8,207	—	—
Information technology	47,019	47,019	—	—
Utilities	3,202	3,202	—	—
Healthcare	28,084	28,084	—	—

(Continued)

(Dollars in thousands)

	2017 Fair value	Fair value measurements at June 30, 2017 using Level 1	Level 2	Level 3
Telecommunications and other	$ 10,127	10,127	—	—
Total U.S. common stocks	221,869	221,869	—	—
Exchange-traded funds:				
S&P 500 Index SPDR	29,475	29,475	—	—
Select Sector SPDRs	33,115	33,115	—	—
Total exchange-traded funds	62,590	62,590	—	—
International equity mutual funds	33,060	33,060	—	—
Total marketable equity securities	317,519	317,519	—	—
Fixed income:				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	32,822	31,829	993	—
Debt securities issued by states of the United States and political subdivisions of the states	533	—	533	—
Debt securities issued by foreign governments	65	—	65	—
Corporate debt securities	87,876	—	87,876	—
Asset-backed securities	919	—	919	—
Residential mortgage-backed securities	438	—	438	—
Commercial mortgage-backed securities	92	—	92	—
Mutual funds	23,511	23,511	—	—
Total fixed income	146,256	55,340	90,916	—
Global tactical asset allocation mutual funds	24,993	24,993	—	—
Subtotal	503,326	$ 412,410	90,916	—
Private equity funds reported at net asset value per share as a practical expedient	7,249			
Total investments in the CLIF	$ 510,575			

(Continued)

(Dollars in thousands)

At June 30, 2018 and 2017, $5,850 and $7,194, respectively, of investments held by the Organization in the CLIF are designated as collateral for the interest rate swap under the Series 2013 Bond Indenture. At June 30, 2018 and 2017, $11,520 of investments held by the Organization in the CLIF are designated as collateral for the Series 2012 Bond Indenture.

(b) Investments Held Outside the CLIF

Certain temporarily restricted funds are maintained in separately invested accounts, which were invested in cash and cash equivalents at June 30, 2018 and 2017.

(c) Amounts Held by Trustee/Bank under Debt Agreements

At June 30, 2018 and 2017, cash held by a bank as collateral for the Cottman, Services Corp., and Warminster debt (note 7) was $236 and $499 respectively. Amounts held by trustee for the Series 2012 bonds, which are invested in commercial paper and money market funds and are valued using Level 1 inputs were $3,494 at June 30, 2018 and 2017.

(d) Net Investment Income

The composition of the Organization's net investment income for the years ended June 30, 2018 and 2017 is as follows:

		2018	2017
Investment income:			
Interest and dividends	$	2,114	1,899
Net realized gains on investments		4,291	2,631
Net unrealized gains on investments		1,019	4,782
Total investment income	$	7,424	9,312
Recognized as:			
Consolidated statements of operations:			
Investment income, net	$	1,659	1,486
Net realized and unrealized gains on investments		4,726	5,849
Consolidated statements of changes in net assets:			
Interest and dividend income – temporarily restricted		455	413
Net realized and unrealized gains on investments – temporarily restricted		584	1,564
Total investment income	$	7,424	9,312

(Continued)

(Dollars in thousands)

(6) Property and Equipment

Property and equipment at June 30, 2018 and 2017 consist of the following:

		2018	2017
Land and improvements	$	2,923	2,905
Buildings and leasehold improvements		50,927	50,726
Equipment		31,326	29,934
Property and equipment, at cost		85,176	83,565
Accumulated depreciation		(52,391)	(50,194)
Property and equipment, net	$	32,785	33,371
Depreciation and amortization expense	$	3,400	3,327

The net book value of assets under capital leases included in equipment amounted to $2,525 and $2,427 at June 30, 2018 and 2017, respectively.

(Continued)

(Dollars in thousands)

(7) Debt

Long-term debt consists of the following at June 30, 2018 and 2017:

		2018	2017
Series 2012 Variable Rate Revenue Bonds issued by the Hospital, due 2030, accrues interest at a variable rate of (2.26% at June 21, 2018), payable in monthly interest only payments	$	15,000	15,000
Committed line of credit borrowed by Wills Eye Hospital with a security agreement due March 1, 2019, Accrues interest at a variable rate (3.70% at June 20, 2018), payable in monthly installments of principle plus interest		4,732	5,058
Commercial bank debt borrowed by Abbot, due in July 2018, accrues interest at a variable rate (3.23% at June 29, 2017), payable in monthly installments of principal plus interest; collateralized by certain building and land assets		—	266
Commercial bank debt borrowed by Warminster, due July 1, 2022, accrues interest at a variable rate (3.68% at June 21, 2018), payable in monthly installments of principal plus interest; collateralized by restricted deposit		735	840
Commercial bank debt borrowed by Cottman, due January 2019, accrues interest at a variable rate (2.50% at June 20, 2018), payable in monthly installments of principal plus interest; collateralized by restricted deposit		44	118
Commercial bank debt borrowed by Services Corp., due February 2019, accrues interest at a variable rate (3.96% at June 25, 2018), payable in monthly installments of principal plus interest		133	333
Finance agreements, various, payments due monthly based in part on supply purchases		2,525	2,427
		23,169	24,042
Less:			
Current portion		(20,773)	(1,403)
Net bond issue costs		(20)	(45)
Total long-term debt	$	2,376	22,594

(Continued)

(Dollars in thousands)

On February 28, 2013, the Hospital negotiated a committed line of credit from the Trustee of the Series 2012 bond issue for $6,200. The purpose of this line of credit was to convert the seventh floor of the Organization's current location to a four-bed inpatient hospital. In January 2014, with construction complete, the loan converted to principal and interest payments.

On March 1, 2012, the Hospitals and Higher Education Facilities Authority of Philadelphia (the Authority) loaned to the Hospital the proceeds resulting from the issuance of its Variable Rate Revenue Bonds, Series 2012, the aggregate principal amount of $15,000 (Series 2012 Bonds). The single bondholder is the Trustee. At this time, the swap corresponding to the Series 2000 bonds was novated to the Trustee. The Registered Owner, in its sole discretion, shall have an option (each such option, a "Tender Option"), during each of the periods commencing ninety (90) days prior to (i) the seventh anniversary of the Dated Date of this Bond, March 2019, (ii) the twelfth anniversary of the Dated Date of this Bond, March 2024 and (iii) the seventeenth anniversary of the Dated Date of this Bond, March 2029 (each, a "Designated Anniversary Date") and ending one hundred eighty (180) days after each such Designated Anniversary Date (each such 270 day period, a "Tender Option Period"), to tender this Bond for mandatory purchase by the Borrowers on or before the applicable Tender Option Payment Date. As part of the Series 2012 bond issuance a Collateral Pledge and Security Agreement among the Hospital and Center City ASC (now closed) granted rights to certain accounts held within the CLIF (note 5) and at the Trustee for the purposes of collateralizing the entire principal balance and the entire fair market value of the swap.

On October 2, 2014, the Hospital entered into a master lease purchase facility for the purpose of financing its equipment needs. In December 2017, the Hospital renewed the master lease for the second year. The facility lease term depends on the type of equipment, but can range from 36 to 120 months with rates from 3.05% to 4.29%. At June 30, 2018, $1,379 in equipment is currently leased under this facility.

Annual principal payments on long-term debt are as follows as of June 30, 2018:

June 30:		
2019	$	20,773
2020		751
2021		658
2022		438
2023		482
Thereafter		67
Total payments	$	23,169

Cottman, Services Corp., and Warminster are subject to financial covenants under loans with a commercial bank. These covenants include the maintenance of minimum historical debt service coverage ratios and minimum days cash on hand amounts, as defined in the respective agreements.

(Continued)

Based on borrowing rates currently available to the Organization for debt with similar terms and remaining maturities, the fair values of long-term debt are estimated to approximate their carrying values. The variable rate of the Series 2012 Bonds is a market rate based on 72% of the 30-day London Interbank Offered Rate (LIBOR) plus 83 basis points.

Interest Rate Swaps

The Hospital entered into an interest rate swap agreement to hedge against the risk of changes in interest rates associated with its variable rate Series 2012 Bonds on March 1, 2012. The fair value of this interest rate swap has been reported in other liabilities. This interest rate swap had a notional value of $15,000 with a term expiring in November 2030 and carried a fixed rate of 5.74%. The fair value of the interest rate swap was $(5,851) and $(7,195) at June 30, 2018 and 2017, respectively. As this swap does not qualify for hedge accounting, the change in fair value is reported as other income (loss) in the consolidated statements of operations.

In addition, Services Corp. has entered into a certain interest rate swap agreement in order to synthetically convert certain variable rate debt into fixed-rate debt. As this swap does not qualify for hedge accounting, the Organization records the changes in fair value in the consolidated statements of operations. The fair value of these interest rate swaps has been reported in other liabilities. These interest rate swaps are as follows as of June 30, 2018:

	Notional value	Effective date	Term	Fixed rate	Fair value at June 30, 2018 (in 000s)	Floating rate	Entity
$	15,000	03/01/12	Nov. 2030	5.74	5,851	72% of 30-day LIBOR+83bp	Wills Eye Hospital
	133	04/06/16	Feb. 2019	3.09	(1)	30-day LIBOR+200bp	Services Corp.

The fair value of the above interest rate swaps total $5,850.

At June 30, 2017, the Hospital and Services Corp. were entered into certain interest rate swap agreements. The fair value of these interest rate swaps was reported in other liabilities. The fair value is detailed in the below table.

	Notional value	Effective date	Term	Fixed rate	Fair value at June 30, 2017 (in 000s)	Floating rate	Entity
$	15,000	03/01/12	Nov. 2030	5.74	7,195	72% of 30-day LIBOR+83bp	Wills Eye Hospital
	333	04/06/16	Feb. 2019	3.09	(1)	30-day LIBOR+200bp	Services Corp.

The fair value of the above interest rate swaps total $7,194.

(Continued)

(8) Leases and Lease Commitments

Financing Obligation

In July 2002, the Hospital entered into an agreement to lease finished space from a third party for the purpose of subleasing the space to individual physicians. The initial lease term is 25 years commencing July 1, 2002. The Hospital has the right and option of extending the term for two periods of five years each beyond the initial term.

Future minimum payments for the next five years and thereafter under the lease at June 30, 2018 are as follows (in thousands):

Year ending June 30:		
2019	$	879
2020		878
2021		878
2022		879
2023		879
Thereafter		3,588
Total future minimum lease payments		7,981
Less amount representing interest		(2,112)
Financing obligation	$	5,869

Additionally, the Hospital has entered into various subleases of this space to physicians for terms of five years. These sublease agreements were further extended to various dates through September 2023.

Future minimum sublease payments at June 30, 2018 are as follows:

	Sublease revenue
June 30:	
2019	2,215
2020	660
2021	679
2022	700
2023	721
Thereafter	—

(Dollars in thousands)

Operating Leases

The Hospital and Centers lease buildings and property through lease agreements expiring on various dates through December 2023. Certain of these leases contain options to extend the lease terms. Rental expense for the years ended June 30, 2018 and 2017 was $1,770 and $1,728, respectively. The Organization records lease expenses in the consolidated statements of operations, supplies and other expenses. The Centers are responsible for the payment of all real property taxes. Future minimum lease payments at June 30, 2018 are as follows:

June 30:		
2019	$	1,768
2020		1,289
2021		1,127
2022		962
2023		544
Thereafter		140

(9) Retirement Plans

Pension Plan

The Hospital participates in a defined-benefit retirement plan (the Plan), administered by the Board, which covers nonunion Hospital employees hired prior to September 30, 2010. Effective October 1, 2010, new employees of the Hospital participate in a 403(b) plan as documented below. There were no required contributions to the Plan for the year ended June 30, 2018 or 2017. Although no contributions were required, the Hospital contributed $1,200 to the Plan during the years ended June 30, 2018 and 2017. The Hospital anticipates contributing $1,475 to the Plan in 2019. The Hospital uses a July 1 measurement date for the Plan.

(Continued)

(Dollars in thousands)

The following table sets forth the funded status of the Hospital's Plan at June 30, 2018 and 2017:

		2018	**2017**
Change in benefit obligation:			
Projected benefit obligation at beginning of year	$	54,792	55,598
Service cost		488	470
Interest cost		1,947	1,815
Actuarial gain		(3,069)	(571)
Benefits paid		(2,579)	(2,520)
Projected benefit obligation at end of year	$	51,579	54,792
Change in plan assets:			
Fair value of plan assets at beginning of year	$	33,383	31,201
Actual return on plan assets		2,747	3,560
Employer contribution		1,200	1,200
Benefits paid		(2,579)	(2,520)
Administrative expenses paid		(63)	(58)
Fair value of plan assets at end of year	$	34,688	33,383
Funded status and liability recognized (recorded as other noncurrent liabilities)	$	16,891	21,408

Significant assumptions utilized in determining the benefits obligations are as follows:

	2018	**2017**
Discount rate	4.08 %	3.65 %
Rate of compensation increase	3.00	3.00

(Continued)

(Dollars in thousands)

Net periodic benefit cost recognized for the years ended June 30, 2018 and 2017 totaled $754 and $877, respectively. The amounts recognized in net assets, but not yet recognized in net periodic benefit cost and the components of net periodic benefit cost are as follows:

		2018	2017
Amounts recognized in net assets but not yet recognized in net periodic benefit cost:			
Prior service costs	$	19	39
Net loss		20,139	24,191
Total amount recognized in net assets	$	20,158	24,230
Components of net periodic benefit cost:			
Service cost	$	488	470
Interest cost		1,947	1,815
Expected return on plan assets		(2,551)	(2,394)
Amortization of prior service cost		19	19
Recognized actuarial loss		851	967
Net periodic benefit cost	$	754	877

For the defined-benefit pension plan, the net actuarial loss and prior service cost that will be amortized from unrestricted net assets into net periodic benefit cost in fiscal year 2018 total $851 and $19, respectively. The net actuarial loss and prior service cost that was amortized from unrestricted net assets in net periodic benefit cost in fiscal year 2017 total $967 and $19, respectively.

Significant assumptions utilized in determining the net periodic benefit cost are as follows:

	2018	2017
Discount rate	3.7 %	3.4 %
Expected return on plan assets	7.8	7.8
Rate of compensation increase	3.0	3.0

The expected return on plan assets is developed based on applying historical average total returns by asset class to the Plan's current asset allocation.

The Plan's investments were held in the CLIF at June 30, 2018 and 2017. The Plan held units representing 6.39% and 6.41% of the CLIF at June 30, 2018 and 2017, respectively. See note 5 for allocation of assets within the CLIF.

(Dollars in thousands)

The pension funding obligations are long term in nature; consequently, the investment of the pension assets should have a long-term focus. The assets are invested in accordance with sound investment practices that emphasize long-term fundamentals. The investment objectives for the assets are:

- To achieve a positive rate of return over the long term that significantly contributes to meeting pension obligations, including actuarial interest and benefit payment obligations
- To earn long-term returns that keep pace with or exceed the long run inflation rate
- To diversify the assets in order to reduce the risk of significant fluctuations in market value from period to period in accordance with the Organization's asset allocation goals of 60% to 80% equity securities and 20% to 30% bonds and notes payable.

Estimated future benefit payments, which reflect future service, as appropriate, are expected to be paid as follows:

2019	$	2,968
2020		3,090
2021		3,097
2022		3,226
2023		3,241
2024–2028		17,463

Defined-Contribution Plans

The Centers offer their employees the right to participate in a 401(k) plan after completing one year of service and after having reached the age of 21. Employees may choose to defer 1% to 15% of their compensation that would have been received in the plan year. Employee contributions are fully vested at all times and are not subject to forfeiture for any reason. Participants who have completed one year of service and are actively employed on the last day of the plan year are eligible to receive a discretionary employer matching contribution. The Hospital and WEOC have established 403(b) plans with the same criteria as above. The Hospital's plan became effective as of October 1, 2010 for all new hires. For the years ended June 30, 2018 and 2017, the employer match for all eligible employees is up to 2.25% for June 30, 2018 and 2017, of an employee's compensation with a maximum compensation of $270. The employer's contributions for the years ended June 30, 2018 and 2017 relating to the 401(k) and 403(b) plans were $406 and $342, respectively. The employer match is included in the consolidated statements of operations, pension costs.

(Continued)

(Dollars in thousands)

(10) Other Revenue

The Organization recognizes revenue outside the patient services provided by the Organization. The Organizations' other revenue streams are as follows as of June 30, 2018 and 2017:

		2018	2017
Grant supported	$	2,105	2,690
Rental		2,588	2,648
Miscellaneous		2,059	1,460
Total	$	6,752	6,798

(11) Functional Expenses

The Organization primarily provides ophthalmology and other ambulatory surgical services to residents within its geographic location. The Organization's expenses for these services are as follows as of June 30, 2018 and 2017:

		2018	2017
Healthcare services	$	70,456	64,890
General and administrative		8,954	8,840
	$	79,410	73,730

(12) Endowments

The Hospital's endowment consists of approximately 30 individual funds established for a variety of purposes by donors. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Interpretation of Relevant Law

The Hospital classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Hospital in a manner consistent with the standard of prudence prescribed by relevant law. Pennsylvania law permits the Board of Trustees to make an election to annually appropriate for expenditure a selected percentage between 2% and 7% of the fair value of the assets related to donor-restricted endowment funds averaged over a period of three or more

(Continued)

preceding years, provided the Board has determined that such percentage is consistent with the long-term preservation of the real value of such assets.

(b) Return Objectives and Risk Parameters

The Hospital has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. The Hospital expects its endowment funds, over time to provide an average rate of return of 8% annually. Actual returns in any given year may vary from that amount.

(c) Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Hospital targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints, through its investment in the CLIF.

(d) Spending Policy and How the Investment Objectives Relate to Spending Policy

The Hospital has a policy of appropriating for distribution each year up to 5% of its donor-restricted endowment funds based on the average market value over the prior 20 quarters preceding each December 31. In establishing this policy, the Hospital considered the long-term expected return on its funds. This is consistent with the Hospital's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The spending rate for both 2018 and 2017 was 5% for donor-restricted funds.

(e) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original gift amount maintained as permanently restricted net assets. There were no deficiencies of this nature as of June 30, 2018 or 2017. Such deficiencies, if they exist, are recorded in unrestricted net assets.

(Continued)

(Dollars in thousands)

(f) Net Asset Classifications of Endowments

Net asset classifications by type of restriction as of June 30, 2018 are as follows:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$	—	5,347	26,036	31,383
	$	—	5,347	26,036	31,383

Changes in restricted net assets for the year ended June 30, 2018 are as follows:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Restricted net assets, beginning of year	$	—	5,039	20,102	25,141
Investment return:					
Investment income		—	425	—	425
Net appreciation (realized and unrealized gains and losses)		—	584	—	584
Total investment return		—	1,009	—	1,009
Contributions		—	—	5,819	5,819
Appropriation of restricted assets for expenditure		—	(701)	—	(701)
Other changes:					
Increase in cash value life insurance policy		—	—	115	115
	$	—	5,347	26,036	31,383

Net asset classifications by type of restriction as of June 30, 2017 are as follows:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$	—	5,038	20,102	25,140
	$	—	5,038	20,102	25,140

(Continued)

(Dollars in thousands)

Changes in endowment net assets for the year ended June 30, 2017 are as follows:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Restricted net assets, beginning of year	$	—	3,779	20,083	23,862
Investment return:					
Investment income		—	397	—	397
Net appreciation (realized and unrealized gains and losses)		—	1,564	—	1,564
Total investment return		—	1,961	—	1,961
Contributions		—	—	77	77
Appropriation of restricted assets for expenditure		—	(702)	—	(702)
Other changes:					
Decrease in cash value life insurance policy		—	—	(58)	(58)
	$	—	5,038	20,102	25,140

(13) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets consist of contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Such assets are restricted for research, education, and other activities of the Organization. At June 30, 2018, $5,347 of the $17,018 temporarily restricted net asset balance represents accumulated gains on donor-restricted endowments, and the remaining $11,671 represents amounts temporarily restricted for research, education, and other activities. At June 30, 2017, $5,038 of the $11,052 temporarily restricted net asset balance represents accumulated gains on donor-restricted endowments, and the remaining $6,014 represents amounts temporarily restricted for research, education, and other activities.

Permanently restricted net assets consist of contributions whose use by the Organization is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. At June 30, 2018 and 2017, permanently restricted net assets of $26,036 and $20,102, respectively, are required to be held in perpetuity with the expendable income earned thereon to be used to support healthcare services, education, and research.

(Continued)

(Dollars in thousands)

(14) Noncontrolling Interest

The reconciliation of the noncontrolling interest reported in unrestricted net assets is as follows:

		Wills Eye Hospital	Noncontrolling interest	Unrestricted net assets
Balance at June 30, 2016	$	25,019	825	25,844
Operating loss		(9,499)	365	(9,134)
Other income		11,083	—	11,083
Excess of revenues over expenses		1,584	365	1,949
Adjustment to pension benefit obligation		2,666	—	2,666
Net assets released for purchase of property and equipment		1,121	—	1,121
Distributions to noncontrolling interest in consolidated subsidiaries		—	(309)	(309)
Change in net assets		5,371	56	5,427
Balance at June 30, 2017		30,390	881	31,271
Operating loss		(8,655)	465	(8,190)
Other income		9,012	—	9,012
Excess of revenues over expenses		357	465	822
Adjustment to pension benefit obligation		4,072	—	4,072
Net assets released for purchase of property and equipment		277	—	277
Distributions to noncontrolling interest in consolidated subsidiaries		—	(439)	(439)
Change in net assets		4,706	26	4,732
Balance at June 30, 2018	$	35,096	907	36,003

(Continued)

(15) Commitments and Contingencies

General

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity has continued with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Management believes that the Organization is in compliance with fraud and abuse, as well as other applicable government laws and regulations. While no regulatory inquiries have been made that are expected to have a material effect on the consolidated financial statements, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Malpractice Insurance

The Organization has primary claims made medical malpractice insurance from various commercial insurers, as well as excess coverage for claims that exceed the primary limits. The Organization's accrual for estimated medical malpractice claims was $412 and $353 at June 30, 2018 and 2017, respectively. This includes estimates of the ultimate costs for both reported claims and claims incurred, but not reported, and is included in other liabilities on the consolidated balance sheets. Total medical malpractice insurance costs were $1,013 and $856 for the years ended June 30, 2018 and 2017, respectively. Medical malpractice insurance costs is included in the consolidated statement of operations.

(16) Subsequent Events

Type I – Recognized subsequent events

The Organization has considered Subsequent events through November 21, 2018.

On November 6th, 2018, the Organization settled an ongoing matter with CMS associated with services provided to Medicare patients in 2013 to 2018. The Organization is due $2.5 million to be paid in fiscal year 2019. As this event related to prior periods, Other Current Assets and Patient Service Revenue (net of contractual allowance and discounts) increased $2.5 million as of June 30, 2018 and for the year then ended.

Type II – Non-recognized subsequent events

The Organization has considered subsequent events through November 21, 2018. No events or transactions occurring subsequent to June 30, 2018 require disclosure in the consolidated financial statements.

Schedule 1

WILLS EYE HOSPITAL
AND SUBSIDIARIES

Consolidating Balance Sheet Information – FASB Basis

June 30, 2018

(In thousands)

Assets	Wills Eye Hospital	Wills Eye Foundation	Cherry Hill	Warminster	Cottman	AASOP	Plymouth Meeting	Stadium
Current assets:								
Cash and cash equivalents	$ 2,665	46	242	172	135	13	254	194
Investments	25,386	—	—	—	—	—	—	—
Patient accounts receivable, net of allowance for doubtful accounts	4,950	—	686	381	274	72	235	473
Inventory	527	—	311	143	96	—	138	240
Assets whose use is limited or restricted, current	15,014	—	—	—	—	—	—	—
Pledge and Grant Receivable	5,379	625	—	—	—	—	—	—
Other current assets	3,574	11	124	42	61	24	62	85
Due from affiliates	1,518	—	—	—	—	—	—	
Total current assets	59,013	682	1,363	738	566	109	689	992
Assets whose use is limited or restricted:								
By board for research	4,146	—	—	—	—	—	—	—
By board for other	1,029	—	—	—	—	—	—	—
Donor-restricted	32,970	4,127	—	—	—	—	—	—
Held under debt agreements	5,852	—	—	—	—	—	—	—
Total assets whose use is limited or restricted	43,997	4,127	—	—	—	—	—	—
Investments in joint ventures	—	—	—	—	—	—	—	—
Investments in subsidiaries	7,692	—	—	—	—	—	—	—
Property and equipment, net	25,409	—	927	399	662	12	327	540
Other assets	572	—	—	—	—	—	—	—
Total	$ 136,683	4,809	2,290	1,137	1,228	121	1,016	1,532

(Continued)

Schedule 1

WILLS EYE HOSPITAL
AND SUBSIDIARIES

Consolidating Balance Sheet Information – FASB Basis

June 30, 2018

(In thousands)

Assets		Wills Eye Surgical Network L.L.C.	Wills Eye Community Surgical Services Corp.	Wills Eye Community Surgical Cottman/ Buxmont	Wills Eye Ophthalmology Clinic	Abbot	Total eliminations	Consolidated totals
Current assets:								
Cash and cash equivalents	$	57	33	30	262	7	—	4,110
Investments		—	—	—	—	—	—	25,386
Patient accounts receivable, net of allowance for doubtful accounts		—	—	—	1,148	—	—	8,219
Inventory		—	—	—	94	—	—	1,549
Assets whose use is limited or restricted		—	—	—	—	—	—	15,014
Pledge and Grant Receivable		—	—	—	—	—	—	6,004
Other current assets		334	—	—	399	—	—	4,716
Due from affiliates		7	—	—	375	—	(1,900)	—
Total current assets		398	33	30	2,278	7	(1,900)	64,998
Assets whose use is limited or restricted:								
By board for research		—	—	—	—	—	—	4,146
By board for other		—	—	—	—	—	—	1,029
Donor-restricted		—	—	—	—	—	—	37,097
Held under debt agreements		—	—	234	—	—	—	6,086
Total assets whose use is limited or restricted		—	—	234	—	—	—	48,358
Investments in joint ventures		—	3,272	—	—	—	—	3,272
Investments in subsidiaries		—	—	—	—	—	(7,692)	—
Property and equipment, net		80	—	—	289	4,140	—	32,785
Other assets		—	—	—	269	—	1	842
Total	$	478	3,305	264	2,836	4,147	(9,591)	150,255

(Continued)

Schedule 1

WILLS EYE HOSPITAL
AND SUBSIDIARIES

Consolidating Balance Sheet Information – FASB Basis

June 30, 2018

(In thousands)

Liabilities and Net Assets		Wills Eye Hospital	Wills Eye Foundation	Cherry Hill	Warminster	Cottman	AASOP	Plymouth Meeting	Stadium
Current liabilities:									
Current portion of long-term debt	$	20,194	—	112	129	77	—	25	103
Financing obligation		477	—	—	—	—	—	—	—
Accounts payable		8,836	61	729	608	200	—	481	681
Accrued salaries and other expenses		2,643	78	249	91	127	67	98	127
Other liabilities		941	—	—	—	—	—	—	—
Due to affiliates		—	105	75	12	12	71	59	(2)
Total current liabilities		33,091	244	1,165	840	416	138	663	909
Long-term debt, net of current portion		1,062	—	337	670	112	—	18	177
Financing obligation		5,392	—	—	—	—	—	—	—
Pension benefit obligation		16,891	—	—	—	—	—	—	—
Interest rate swap liability		5,851	—	—	—	—	—	—	—
Other liabilities		98	—	—	—	—	—	—	—
Total liabilities		62,385	244	1,502	1,510	528	138	681	1,086
Net assets:									
Unrestricted – undesignated		29,921	(194)	788	(373)	700	(17)	335	446
Unrestricted – noncontrolling interest		907	—	—	—				
Unrestricted – board-designated		5,175	—	—	—				
Unrestricted		36,003	(194)	788	(373)	700	(17)	335	446
Temporarily restricted		14,258	2,760	—	—	—	—	—	—
Permanently restricted		24,037	1,999	—	—	—	—	—	—
Total net assets		74,298	4,565	788	(373)	700	(17)	335	446
Total liabilities and net assets	$	136,683	4,809	2,290	1,137	1,228	121	1,016	1,532

(Continued)

Schedule 1

WILLS EYE HOSPITAL
AND SUBSIDIARIES

Consolidating Balance Sheet Information – FASB Basis

June 30, 2018

(In thousands)

Liabilities and Net Assets		Wills Eye Surgical Network L.L.C.	Wills Eye Community Surgical Services Corp.	Wills Eye Community Surgical Cottman/ Buxmont	Wills Eye Ophthalmology Clinic	Abbot	Total eliminations	Consolidated totals
Current liabilities:								
Current portion of long-term debt	$	—	133	—	—	—	—	20,773
Financing obligation		—	—	—	—	—	—	477
Accounts payable		2	—	—	2,121	—	—	13,719
Accrued salaries and other expenses		205	—	—	815	—	—	4,500
Other liabilities		—	—	—	142	—	1	1,084
Due to affiliates		193	—	—	1,035	340	(1,900)	—
Total current liabilities		400	133	—	4,113	340	(1,899)	40,553
Long-term debt, net of current portion		—	—	—	—	—	—	2,376
Financing obligation		—	—	—	—	—	—	5,392
Pension benefit obligation		—	—	—	—	—	—	16,891
Interest rate swap liability		—	—	—	—	—	(1)	5,850
Other liabilities		—	—	—	37	—	1	136
Total liabilities		400	133	—	4,150	340	(1,899)	71,198
Net assets:								
Unrestricted – undesignated		78	3,172	264	(1,314)	3,807	(7,692)	29,921
Unrestricted – noncontrolling interest		—	—	—	—	—	—	907
Unrestricted – board-designated		—	—	—	—	—	—	5,175
Unrestricted		78	3,172	264	(1,314)	3,807	(7,692)	36,003
Temporarily restricted		—	—	—	—	—	—	17,018
Permanently restricted		—	—	—	—	—	—	26,036
Total net assets		78	3,172	264	(1,314)	3,807	(7,692)	79,057
Total liabilities and net assets	$	478	3,305	264	2,836	4,147	(9,591)	150,255

See accompanying independent auditors' report – FASB Basis. off balance

Schedule 2

WILLS EYE HOSPITAL
AND SUBSIDIARIES

Consolidating Statement of Operations and Changes in Net Assets Information – FASB Basis

Year ended June 30, 2018

(In thousands)

	Wills Eye Hospital	Wills Eye Foundation	Cherry Hill	Warminster	Cottman	AASOP	Plymouth Meeting	Stadium
Unrestricted revenues:								
Patient service revenue (net of contractual allowances and discounts)	$ 28,223	—	9,857	4,224	3,345	761	3,827	3,955
Provisions for bad debts	(923)	—	(53)	6	1	(8)	(9)	(18)
Net patient service revenue less provision for bad debts	27,300	—	9,804	4,230	3,346	753	3,818	3,937
Other revenue	5,612	—	6	—	—	—	—	1
Net assets released from restrictions	1,928	752	—	—	—	—	—	—
Total revenues	34,840	752	9,810	4,230	3,346	753	3,818	3,938
Expenses:								
Salaries and benefits other than pensions	13,888	774	2,761	995	1,257	995	1,176	1,474
Pension costs	937	11	39	13	22	17	15	18
Supplies and other expenses	17,982	522	5,877	2,746	1,793	139	2,360	2,097
Insurance	666	15	178	77	67	85	73	78
Professional – legal and consulting	1,427	97	19	11	13	1	14	13
Professional – medical	508	156	35	36	35	—	35	35
Depreciation and amortization	2,636	—	170	100	119	4	95	151
Interest	1,645	—	15	35	11	—	6	11
Total expenses	39,689	1,575	9,094	4,013	3,317	1,241	3,774	3,877
Operating loss	(4,849)	(823)	716	217	29	(488)	44	61
Other income (loss):								
Net realized and unrealized losses on investments	4,726	—	—	—	—	—	—	—
Interest rate swaps valuation adjustment	1,344	—	—	—	—	—	—	—
Investment income, net	(1,452)	—	(7)	—	4	—	—	1
Contributions	588	695	—	—	—	—	—	—
Total other income (loss)	5,206	695	(7)	—	4	—	—	1
Excess (deficiency) of revenue over expenses	357	(128)	709	217	33	(488)	44	62
Net assets released from restrictions used for purchases of property and equipment	277	—	—	—	—	—	—	—
Adjustment to pension benefit obligation	4,072	—	—	—	—	—	—	—
Distribution to noncontrolling interests in consolidated subsidiary	—	—	(550)	(305)	(80)	406	(130)	—
Increase (decrease) in unrestricted net assets	$ 4,706	(128)	159	(88)	(47)	(82)	(86)	62

(Continued)

Schedule 2

WILLS EYE HOSPITAL
AND SUBSIDIARIES

Consolidating Statement of Operations and Changes in Net Assets Information – FASB Basis

Year ended June 30, 2018

(In thousands)

	Wills Eye Surgical Network L.L.C.	Wills Eye Community Surgical Services Corp.	Wills Eye Community Surgical Cottman/ Buxmont	Wills Eye Ophthalmology Clinic	Abbot	Total eliminations	Consolidated totals
Unrestricted revenues:							
Patient service revenue (net of contractual allowances and discounts)	$ —	—	—	9,176	—	—	63,368
Provisions for bad debts	—	—	—	(576)	—	—	(1,580)
Net patient service revenue less provision for bad debts	—	—	—	8,600	—	—	61,788
Other revenue	820	—	—	1,044	333	(1,064)	6,752
Net assets released from restrictions	—	—	—	—	—	—	2,680
Total revenues	820	—	—	9,644	333	(1,064)	71,220
Expenses:							
Salaries and benefits other than pensions	683	—	—	8,045	—	—	32,048
Pension costs	—	—	—	88	—	—	1,160
Supplies and other expenses	174	2	1	3,179	4	(1,064)	35,812
Insurance	9	—	—	382	—	—	1,630
Professional – legal and consulting	26	—	—	207	—	—	1,828
Professional – medical	—	—	—	955	—	—	1,795
Depreciation and amortization	23	—	—	35	67	—	3,400
Interest	—	8	—	6	10	(10)	1,737
Total expenses	915	10	1	12,897	81	(1,074)	79,410
Operating loss	(95)	(10)	(1)	(3,253)	252	10	(8,190)
Other income (loss):							
Net realized and unrealized losses on investments	—	—	—	—	—	—	4,726
Interest rate swaps valuation adjustment	—	—	—	—	—	—	1,344
Investment income, net	—	687	12	—	—	2,414	1,659
Contributions	—	—	—	—	—	—	1,283
Total other income (loss)	—	687	12	—	—	2,414	9,012
Excess (deficiency) of revenue over expenses	(95)	677	11	(3,253)	252	2,424	822
Net assets released from restrictions used for purchases of property and equipment	—	—	—	—	—	—	277
Adjustment to pension benefit obligation	—	—	—	—	—	—	4,072
Distribution to noncontrolling interests in consolidated subsidiary	—	(529)	(265)	2,854	243	(2,083)	(439)
(Decrease) increase in unrestricted net assets	$ (95)	148	(254)	(399)	495	341	4,732

See accompanying independent auditors' report – FASB Basis.

COLLECTIVE LEGAL INVESTMENT FUND

Financial Statements – FASB Basis and
Sundry Trusts Supplementary Information

December 31, 2018

(With Independent Auditors' Report Thereon)

COLLECTIVE LEGAL INVESTMENT FUND

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COLLECTIVE LEGAL INVESTMENT FUND

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COLLECTIVE LEGAL INVESTMENT FUND

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KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

Independent Auditors' Report

The Board of Directors of City Trusts
Philadelphia, Pennsylvania:

We have audited the accompanying financial statements – Financial Accounting Standards Board (FASB) basis of the Collective Legal Investment Fund, which comprise the statement of assets and liabilities – FASB basis and the schedule of investments – FASB basis as of December 31, 2018 and the related statements of operations – FASB basis, changes in net assets – FASB basis, and cash flows – FASB basis for the year then ended, and the related notes to the financial statements – FASB basis.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the FASB basis of accounting described in note 1(b). Management's responsibilities include 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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 entity'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 entity'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities of the Collective Legal Investment Fund as of December 31, 2018, and the results of its operations, changes in net assets, and cash flows for the year then ended, in accordance with the FASB basis of accounting described in note 1(b) to the financial statements – FASB basis.

Other Matters

Basis of Accounting

We draw your attention to note 1(b), which describes the basis of accounting. The financial statements are prepared in accordance with standards promulgated by the FASB, which is a basis of accounting other than U.S. generally accepted accounting principles for government entities, which are promulgated by the Governmental Accounting Standards Board. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents for the year ended December 31, 2018 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

Philadelphia, Pennsylvania
July 3, 2019

COLLECTIVE LEGAL INVESTMENT FUND

Statement of Assets and Liabilities – FASB Basis

December 31, 2018

Assets:		
Investments in securities, at fair value	$	488,037,556
Cash and cash equivalents		1,490,402
Investment income receivable		1,495,720
Receivables		579,047
Collateral received for securities on loan		161,362,722
Total assets		652,965,447
Liabilities:		
Accrued expenses		1,888,011
Due to participating trusts		1,520,454
Payable for securities on loan		161,362,722
Total liabilities		164,771,187
Net assets	$	488,194,260

See accompanying notes to financial statements – FASB basis.

COLLECTIVE LEGAL INVESTMENT FUND

Schedule of Investments – FASB Basis

December 31, 2018

Short-term investments (cost $13,621,844) – 2.8%	$	13,621,844
Equities – 62.0%:		
U.S. common stocks – 43.5%:		
Industrials – 5.6%		27,160,597
Consumer discretionary – 5.6%		27,494,337
Consumer staples – 2.0%		9,869,905
Energy – 2.7%		12,954,653
Financial – 6.2%		30,150,704
Materials – 1.8%		8,719,155
Information technology – 7.9%		38,615,041
Utilities – 0.7%		3,271,249
Healthcare – 5.9%		28,838,350
Telecommunications and other – 5.2%		25,289,230
Total U.S. common stocks (cost $200,354,373)		212,363,221
Exchange-traded funds – 12.3%:		
S&P 500 Index SPDR – 5.6%		27,234,032
Select Sector SPDRs – 6.7%		33,014,928
Total exchange traded funds (cost $45,959,250)		60,248,960
International equity mutual funds (cost $27,148,548) – 6.2%		30,121,300
Total equities (cost $273,462,171)		302,733,481
Fixed income – 27.3%:		
U.S. government and agency obligations – 9.3%:		
U.S. Treasury bonds and notes – 9.1%		44,405,468
Other – 0.2%		781,312
Total U.S. government and agency obligations (cost $45,413,203)		45,186,780
U.S. corporate and other bonds (cost $71,126,487) – 14.1%		68,798,401
Asset-backed securities (cost $1,411,146) – 0.3%		1,411,806
Mortgage-backed securities (cost $382,063) – 0.1%		379,027
Mutual funds (cost $18,230,335) – 3.5%		17,286,566
Total fixed income (cost $136,563,234)		133,062,580
Global tactical asset allocation mutual funds (cost $24,688,555) – 4.6%		22,327,269
Private equity funds (cost $15,731,536) – 3.3%		16,292,382
Total investments (cost $464,067,340) – 100.0%	$	488,037,556

See accompanying notes to financial statements – FASB basis.

COLLECTIVE LEGAL INVESTMENT FUND

Statement of Operations – FASB Basis

Year ended December 31, 2018

Income:		
Interest income	$	5,471,317
Dividend income		6,123,026
Net income from securities lending		289,360
Other income		316,566
Total investment income		12,200,269
Expenses:		
Investment fees and other expenses		4,119,434
Total expenses		4,119,434
Net investment income		8,080,835
Net realized and unrealized activity on investments:		
Net realized gain from investment transactions		20,228,362
Net change in unrealized depreciation of investments		(57,764,241)
Net depreciation in fair value of investments		(37,535,879)
Change in net assets from operations	$	(29,455,044)

See accompanying notes to financial statements – FASB basis.

COLLECTIVE LEGAL INVESTMENT FUND

Statement of Changes in Net Assets – FASB Basis

Year ended December 31, 2018

Operations:		
Net investment income	$	8,080,835
Net realized gain from investment transactions		20,228,362
Net change in unrealized depreciation of investments		(57,764,241)
Change in net assets from operations		(29,455,044)
Net distributions to unit holders:		
Net investment income		(8,836,625)
Cash received for units issued during the year		5,547,182
Cash paid for units redeemed during the year		(18,083,124)
Change in net assets		(50,827,611)
Net assets:		
Beginning of year		539,021,871
End of year	$	488,194,260

See accompanying notes to financial statements – FASB basis.

COLLECTIVE LEGAL INVESTMENT FUND

Statement of Cash Flows – FASB Basis

Year ended December 31, 2018

Operating activities:		
Change in net assets	$	(50,827,611)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized investment gains		37,535,879
Net cash paid to unit holders		12,535,942
Changes in assets and liabilities, which provided (used) cash:		
Investment income receivable		296,526
Receivables		277,438
Accrued expenses		720,015
Due to participating trusts		(392,906)
Net cash provided by operating activities		145,283
Investing activities:		
Proceeds from sales of marketable securities		271,724,079
Purchases of marketable securities		(254,046,395)
Proceeds from private equity funds		3,460,956
Investments in private equity funds		(7,722,619)
Net purchases from short-term investments		(1,488,637)
Net cash provided by investing activities		11,927,384
Financing activities:		
Net cash received for units issued		5,547,182
Net cash paid for units redeemed		(18,083,124)
Net cash used in financing activities		(12,535,942)
Net decrease in cash and cash equivalents		(463,275)
Cash and cash equivalents, beginning of year		1,953,677
Cash and cash equivalents, end of year	$	1,490,402

See accompanying notes to financial statements – FASB basis.

(1) Summary of Significant Accounting Policies

(a) Description of the Entity

The Collective Legal Investment Fund (the CLIF) was created by the Board of Directors of City Trusts (the Board) to pool for investment management purposes the collective assets of the trusts it manages on behalf of the City of Philadelphia that are available for investment purposes, including certain assets of the Girard Estate, Wills Eye Institute, the three retirement plans of the Board, and 117 smaller trusts collectively referred to as the "Sundry Trusts." The financial statements of the CLIF are not intended to represent all assets, liabilities, and activities of the investor trusts, only their collective investments in securities through the CLIF and related income, expenses, gains, and losses.

(b) Basis of Accounting

As described in note 1(g), the Board is an agency of the Commonwealth of Pennsylvania, and as such, the CLIF is subject to U.S. generally accepted accounting principles (U.S. GAAP) promulgated by the Governmental Accounting Standards Board (GASB). However, the Board has chosen to prepare the financial statements and notes thereto following the accounting standards promulgated by the Financial Accounting Standards Board (FASB) applicable to investment companies because it believes that the disclosures required for investment companies better reflect the purpose and operations of the CLIF.

A summary of the differences between the financial statements of the CLIF prepared in accordance with U.S. GAAP for investment companies and U.S. GAAP for state and local governments is as follows:

	Investment company GAAP	State and local GAAP
Management's discussion and analysis	Not required	Required
Schedule of investments	Required	Not required
Statement of operations	Required	Not required
Investment risk disclosures	Not required	Required
Financial highlights	Required	Not required

There are no differences in the reported amounts of assets, liabilities, net assets, investment operations, distributions, or fund unit transactions between U.S. generally accepted accounting principles for investment companies and U.S. generally accepted accounting principles for state and local governments.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and highly liquid investments, which are readily convertible to known amounts of cash and which have original maturities of three months or less when purchased, except for such amounts held in the investment accounts of the CLIF for long-term investment purposes.

(d) Investments in Securities Valuation

All investments in securities are reported at their estimated fair value, as described in note 2.

(e) Security Loans

The CLIF participates in a securities lending program as a means to generate incremental income. Through this program, the CLIF may lend its securities to qualified borrowers, through its lending agent, that meet certain guidelines established by the Board. All borrowings are initially secured by collateral in an amount equal to at least 102% of the fair value of the securities loaned and are marked to market daily. Each business day, the amount of collateral is adjusted based on the prior day's closing fair value. The collateral is invested in cash and cash equivalents. Income from lending activity is determined by the amount of interest earned on the invested collateral, a portion of which is allocated to the lending agent. The CLIF also is entitled to receive interest and dividends from securities on loan. As of December 31, 2018, the CLIF had loaned out certain securities, returnable on demand, with a market value of approximately $157,610,000 to several financial institutions that have deposited collateral with respect to such securities of approximately $161,363,000.

(f) Distributions to Investor Trusts

Units of the CLIF are generally purchased and sold based on the available cash and cash requirements of each of the participating trusts. Earnings from the CLIF are allocated to each participating trust on a monthly basis. Gains and losses from the sales of such units are determined on the last-in, first-out (LIFO) method. Distributions from the CLIF are used by the investor trusts for the purposes established by the creator of the trust. Expenditures by the investor trusts in fulfillment of trust purposes are not included in the financial statements of the CLIF.

(g) Income Taxes

The Board, statutory agent for the City of Philadelphia, has been determined to be an agency of the Commonwealth of Pennsylvania and, as such, is exempt from federal income taxes.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if it is more likely than not that the position would not be sustained upon examination by the IRS. Management has considered and assessed the impact of uncertain tax positions on the CLIF's financial statements in accordance with Accounting Standards Codification Topic 740, *Income Taxes*, and has concluded that no provision for income taxes is required as of December 31, 2018.

(h) Security Transactions and Investment Income

The CLIF records security transactions based on trade date. Dividend income is recognized on the ex-dividend date, and interest income is recognized on an accrual basis. Premiums and discounts on bonds owned are not amortized but are reflected in gains or losses on securities upon the disposition of the bonds.

The CLIF's accounting records are maintained in U.S. dollars. For valuation of assets and liabilities on each date of net asset value determination, foreign denominations are translated into U.S. dollars using the current exchange rate. Security transactions, income, and expenses are translated at the prevailing rate of exchange on the date of the event. The effect of changes in foreign exchange rates on securities and foreign currencies is included with the net realized and unrealized gain or loss on investments.

(i) Use of Estimates

The preparation of the financial statements in conformity with the basis of accounting described in note 1(b) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. Significant estimates and assumptions include the valuation of investments.

(2) Securities Valuations

Three levels of inputs may be used to measure fair value as follows:

- *Level 1*: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.
- *Level 2*: Observable inputs other than Level 1 prices such as quoted prices for similar assets and liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. government and agency mortgage-backed debt securities, and corporate debt securities.
- *Level 3*: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. The CLIF held no Level 3 securities at December 31, 2018.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

(a) Equity Securities

Securities traded on a national securities exchange (or reported on the NASDAQ national market) are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded, they are categorized in Level 1 of the fair value hierarchy.

(b) Debt Securities

U.S. government and other debt securities are valued at the closing price reported in the active market in which the security is traded, if available, and categorized in Level 1 of the fair value hierarchy. If such information is not available, debt is valued based on yields currently available on comparable securities for issuers with similar credit ratings, and characterized in Level 2 of the fair value hierarchy.

Listed asset-backed securities are valued based on quoted market prices from the active market in which the instrument is principally traded and are categorized in Level 1 of the fair value hierarchy. If such quoted prices are not available, the fair value of the security is estimated based on models considering the estimated cash flows and expected yield. Such investments are categorized as Level 2 based on the extent inputs are observable and timely.

(c) Private Equity Funds

Net asset values provided by limited partnership investees are based on estimates, appraisals, assumptions, and methods that are reviewed by CLIF management. The CLIF estimates the fair value of its limited partnership investments using the net asset value per share as reported by the investee as a practical expedient. Private equity funds, which are measured at net asset value per share as a practical expedient to fair value, have not been categorized in the fair value hierarchy table below. The amounts presented in the table for these investments are intended to permit reconciliation of the fair value hierarchy table to the investment amounts presented in the financial statements. The investments in private equity funds are expected to liquidate in half to seven years and have $11,422,638 in unfunded commitments.

The following table presents the investments in securities measured at fair value on a recurring basis as of December 31, 2018 (in thousands):

	Fair value measurements at December 31, 2018 using		
	Fair value	Level 1	Level 2
Short-term investments	$ 13,622	13,622	—
Equity securities:			
U.S. common stocks:			
Industrials	27,161	27,161	—
Consumer discretionary	27,494	27,494	—
Consumer staples	9,870	9,870	—
Energy	12,955	12,955	—
Financial	30,151	30,151	—
Materials	8,719	8,719	—
Information technology	38,615	38,615	—
Utilities	3,271	3,271	—
Healthcare	28,838	28,838	—
Telecommunications and other	25,289	25,289	—
Total U.S. common stocks	212,363	212,363	—
Exchange-traded funds:			
S&P 500 Index SPDR	27,234	27,234	—
Select Sector SPDRs	33,015	33,015	—
Total exchange-traded funds	60,249	60,249	—
International equity mutual funds	30,121	30,121	—
Total equity securities	302,733	302,733	—

(Continued)

	Fair value measurements at December 31, 2018 using		
	Fair value	Level 1	Level 2
Fixed income:			
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	$ 44,406	43,462	944
Debt securities issued by states of the United States and political subdivisions of the states	512	—	512
Debt securities issued by foreign governments	269	—	269
Corporate debt securities	68,798	—	68,798
Asset-backed securities	1,412	—	1,412
Residential mortgage-backed securities	3	—	3
Commercial mortgage-backed securities	376	—	376
Mutual funds	17,287	17,287	—
Total fixed income	133,063	60,749	72,314
Global tactical asset allocation mutual funds	22,327	22,327	—
Subtotal	471,745	399,431	72,314
Private equity funds reported at net set value per share as a practical expedient	16,293		
Total	$ 488,038		

(3) Financial Highlights

The total return on investments is calculated using the Bank Administration Institute (BAI) method, a daily weighted rate of return.

Total return on investments	(4.03)%
Net assets, end of year	$ 488,194,000
Average net assets	513,608,000
Ratios to average net assets:	
Expenses	0.80%
Net investment income	1.57%
Change in net assets from operations	(5.73)%

(4) Risks and Uncertainties

The CLIF invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of assets and liabilities.

(5) Subsequent Events

In connection with the preparation of the financial statements, CLIF management has evaluated subsequent events through July 3, 2019, which was the date that the financial statements were available to be issued, and noted no matters requiring disclosure.

DAVID J. ABRAMS FUND

Created 1967

By Bequest for the Use of Girard College

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	1,830,770
Increases:		
Income from invested funds		28,418
Net realized gain on sale of units		30,294
Total increases		58,712
Decreases:		
Net change in unrealized depreciation in fair value of units		153,872
Administrative expenses		1,011
Distributions on behalf of Girard College		84,800
Total decreases		239,683
Change in net assets		(180,971)
Balance, December 31, 2018, at fair value	$	1,649,799

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	160
Investment income receivable		8,246
16,926 units of Collective Legal Investment Fund, at fair value		1,642,238
Accrued expenses		(845)
Balance, December 31, 2018, at fair value	$	1,649,799

See accompanying independent auditors’ report.

RICHARD C. ANDERSON FUND

Created 1980

To be held in trust and the net income distributed annually to the athlete graduating from Girard College with the best academic record in their senior year.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	16,231
Increases:		
Income from invested funds		250
Net realized gain on sale of units		262
Total increases		512
Decreases:		
Net change in unrealized depreciation in fair value of units		1,362
Administrative expenses		9
Awards		700
Total decreases		2,071
Change in net assets		(1,559)
Balance, December 31, 2018, at fair value	$	14,672

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	149
Investment income receivable		73
149 units of Collective Legal Investment Fund, at fair value		14,457
Accrued expenses		(7)
Balance, December 31, 2018, at fair value	$	14,672

See accompanying independent auditors’ report.

ANN ARMITT FUND

Created 1797

"To the Overseers of the poor or the Managers of the Bettering House."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	6,046
Increases:		
Income from invested funds		91
Net realized gain on sale of units		20
Total increases		111
Decreases:		
Net change in unrealized depreciation in fair value of units		421
Administrative expenses		3
Fuel office expenses		28
Cost of fuel distributed to the poor		225
Total decreases		677
Change in net assets		(566)
Balance, December 31, 2018, at fair value	$	5,480

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	314
Investment income receivable		26
53 units of Collective Legal Investment Fund, at fair value		5,143
Accrued expenses		(3)
Balance, December 31, 2018, at fair value	$	5,480

See accompanying independent auditors' report.

SAMUEL H. ASHBRIDGE FUND

Created 1948

"The net income when, and as often as, same is sufficient in amount shall be used for the support and maintenance, without charge, cost or expense to them, in appropriate homes, public or private, in the City of Philadelphia or its immediate suburbs, of indigent and worthy widows and single women, irrespective of race, creed or religion, of not less than fifty years of age, whose circumstances and necessities compel them to seek shelter and maintenance."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	267,053
Increases:		
Income from invested funds		4,153
Net realized gain on sale of units		5,821
Total increases		9,974
Decreases:		
Net change in unrealized depreciation in fair value of units		23,814
Administrative expenses		148
Support and maintenance of indigent widows and single women		12,300
Total decreases		36,262
Change in net assets		(26,288)
Balance, December 31, 2018, at fair value	$	240,765

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	126
Investment income receivable		1,206
2,469 units of Collective Legal Investment Fund, at fair value		239,556
Accrued expenses		(123)
Balance, December 31, 2018, at fair value	$	240,765

See accompanying independent auditors' report.

HELEN CHEYNEY BAILEY SCHOLARSHIP FUND

Created 1966

"To provide scholarships for graduates of Philadelphia High School for Girls."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	82,959
Increases:		
Income from invested funds		1,291
Net realized gain on sale of units		1,753
Total increases		3,044
Decreases:		
Net change in unrealized depreciation in fair value of units		7,330
Administrative expenses		46
Scholarship distributions		3,800
Total decreases		11,176
Change in net assets		(8,132)
Balance, December 31, 2018, at fair value	$	74,827

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	171
Investment income receivable		373
766 units of Collective Legal Investment Fund, at fair value		74,321
Accrued expenses		(38)
Balance, December 31, 2018, at fair value	$	74,827

See accompanying independent auditors' report.

DANIEL BAUGH MEDAL FUND

Created 1915

By Decree of Court, dated August 24, 1942, the net income is paid to the Firemen's Pension Fund of the City of Philadelphia for the benefit of its members.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	6,767
Increases:		
Income from invested funds		103
Net realized gain on sale of units		95
Total increases		198
Decreases:		
Net change in unrealized depreciation in fair value of units		543
Administrative expenses		4
Contribution to Firemen's Pension Fund		300
Total decreases		847
Change in net assets		(649)
Balance, December 31, 2018, at fair value	$	6,118

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	172
Investment income receivable		30
61 units of Collective Legal Investment Fund, at fair value		5,919
Accrued expenses		(3)
Balance, December 31, 2018, at fair value	$	6,118

See accompanying independent auditors' report.

PAUL BECK FUEL FUND

Created 1844

Income "to purchase fuel for the use and benefit of the Outdoor poor, residing within the Corporate Limits of said City."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	64,534
Increases:		
Income from invested funds		992
Net realized gain on sale of units		4,304
Total increases		5,296
Decreases:		
Net change in unrealized depreciation in fair value of units		8,473
Administrative expenses		34
Fuel office expense		311
Cost of fuel distributed to the poor		2,961
Total decreases		11,779
Change in net assets		(6,483)
Balance, December 31, 2018, at fair value	$	58,051

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	2,879
Investment income receivable		283
566 units of Collective Legal Investment Fund, at fair value		54,917
Accrued expenses		(28)
Balance, December 31, 2018, at fair value	$	58,051

See accompanying independent auditors' report.

PAUL BECK SOUP FUND

Created 1844

Income to be paid "to such Soup Societies established in the (old) City of Philadelphia to aid such Societies in their humane endeavors to supply the poor with soup."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	14,801
Increases:		
Income from invested funds		233
Real estate income		500
Total increases		733
Decreases:		
Net realized loss on sale of units		2
Net change in unrealized depreciation in fair value of units		1,057
Administrative expenses		8
Contribution to St. Francis Inn		600
Total decreases		1,667
Change in net assets		(934)
Balance, December 31, 2018, at fair value	$	13,867

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	127
Investment income receivable		69
141 units of Collective Legal Investment Fund, at fair value		13,678
Accrued expenses		(7)
Balance, December 31, 2018, at fair value	$	13,867

See accompanying independent auditors' report.

RUDOLPH BLANKENBURG PENSION FUND

Created 1909

"To divide the interest derived there from annually in three equal parts and pay one-third each to the Police Pension Fund, Firemen's Pension Fund and Teachers' Annuity Fund." By Court adjudication, the Simon Gratz Teachers' Fund was substituted for the Teachers' Annuity Fund, which Fund went out of existence in 1960.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	84,417
Increases:		
Income from invested funds		1,318
Net realized gain on sale of units		2,368
Total increases		3,686
Decreases:		
Net change in unrealized depreciation in fair value of units		8,014
Administrative expenses		47
Distribution to:		
Firemen's Pension Fund		1,300
Police Pension Fund		1,300
Simon Gratz Teachers' Fund		1,300
Total decreases		11,961
Change in net assets		(8,275)
Balance, December 31, 2018, at fair value	$	76,142

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	121
Investment income receivable		380
780 units of Collective Legal Investment Fund, at fair value		75,680
Accrued expenses		(39)
Balance, December 31, 2018, at fair value	$	76,142

See accompanying independent auditors' report.

ELIAS BOUDINOT FUND

Created 1821

Income “for supplying the poor inhabitants of the City...at a price during winter Season not in any case exceeding the moderate average price of Wood during the preceding summer...with fuel.”

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	2,090,042
Increases:		
Income from invested funds		32,330
Net realized gain on sale of units		126,490
Total increases		158,820
Decreases:		
Net change in unrealized depreciation in fair value of units		263,180
Administrative expenses		1,110
Fuel office expenses		9,900
Cost of fuel distributed to the poor		86,400
Total decreases		360,590
Change in net assets		(201,770)
Balance, December 31, 2018, at fair value	$	1,888,272

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	87,326
Investment income receivable		9,341
18,475 units of Collective Legal Investment Fund, at fair value		1,792,527
Accrued expenses		(922)
Balance, December 31, 2018, at fair value	$	1,888,272

See accompanying independent auditors’ report.

HARRY BROCKLEHURST FUND

Created 1926

"To be applied for the use and benefit of former students of Girard College."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	250,380
Increases:		
Income from invested funds		3,882
Net realized gain on sale of units		7,588
Total increases		11,470
Decreases:		
Net change in unrealized depreciation in fair value of units		24,534
Administrative expenses		123
Scholarship awards		11,600
Total decreases		36,257
Change in net assets		(24,787)
Balance, December 31, 2018, at fair value	$	225,593

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	259
Investment income receivable		1,127
2,312 units of Collective Legal Investment Fund, at fair value		224,322
Accrued expenses		(115)
Balance, December 31, 2018, at fair value	$	225,593

See accompanying independent auditors' report.

MAJOR CHARLES BROWN SCHOLARSHIP FUND

Created 1976

Income to aid and assist the further development and education of graduates of Girard College.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	464,568
Increases:		
Income from invested funds		7,242
Net realized gain on sale of units		8,775
Total increases		16,017
Decreases:		
Net change in unrealized depreciation in fair value of units		40,352
Administrative expenses		256
Scholarship awards		21,300
Total decreases		61,908
Change in net assets		(45,891)
Balance, December 31, 2018, at fair value	$	418,677

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	175
Investment income receivable		2,092
4,294 units of Collective Legal Investment Fund, at fair value		416,624
Accrued expenses		(214)
Balance, December 31, 2018, at fair value	$	418,677

See accompanying independent auditors' report.

JOSEPH W. CALHOUN FUND

Created 1979

To be “used in helping the poor.”

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	35,568
Increases:		
Income from invested funds		546
Net realized gain on sale of units		2,180
Total increases		2,726
Decreases:		
Net change in unrealized depreciation in fair value of units		4,486
Administrative expenses		19
Fuel office expense		170
Cost of fuel distributed to the poor		1,562
Total decreases		6,237
Change in net assets		(3,511)
Balance, December 31, 2018, at fair value	$	32,057

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	1,646
Investment income receivable		156
312 units of Collective Legal Investment Fund, at fair value		30,271
Accrued expenses		(16)
Balance, December 31, 2018, at fair value	$	32,057

See accompanying independent auditors’ report.

WILLIAM CARTER FUND

Created 1739

Income “to and for ye use and service of ye alms houses belonging to ye said City (Philadelphia), and for ye relief of ye poor people in the same forever.”

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	10,520
Increases:		
Income from invested funds		161
Net realized gain on sale of units		561
Total increases		722
Decreases:		
Net change in unrealized depreciation in fair value of units		1,243
Administrative expenses		6
Fuel office expense		49
Cost of fuel distributed to the poor		397
Total decreases		1,695
Change in net assets		(973)
Balance, December 31, 2018, at fair value	$	9,547

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	579
Investment income receivable		46
92 units of Collective Legal Investment Fund, at fair value		8,927
Accrued expenses		(5)
Balance, December 31, 2018, at fair value	$	9,547

See accompanying independent auditors’ report.

MARGARET E. CAVANAUGH FUND

Created 1926

For the purchase of delicacies for the patients in the Philadelphia Nursing Home (successor to Philadelphia General Hospital) suffering from cancer and for no other purpose.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	14,662
Increases:		
Income from invested funds		226
Net realized gain on sale of units		293
Total increases		519
Decreases:		
Net change in unrealized depreciation in fair value of units		1,278
Administrative expenses		8
Distribution to Philadelphia Nursing Home		700
Total decreases		1,986
Change in net assets		(1,467)
Balance, December 31, 2018, at fair value	$	13,195

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	38
Investment income receivable		66
135 units of Collective Legal Investment Fund, at fair value		13,098
Accrued expenses		(7)
Balance, December 31, 2018, at fair value	$	13,195

See accompanying independent auditors' report.

PAT AND RITA CERMELE FUND

Created 2003

Established in memory of the parents of Dominic M. Cermele, Girard College Class of 1959, to fund an annual Girard College Employee Distinguished Service Award. The first award was presented in 1999. The Fund was formally transferred to the Board of Directors of City Trusts in 2004.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	47,437
Increases:		
Income from invested funds		734
Net realized gain on sale of units		680
Total increases		1,414
Decreases:		
Net change in unrealized depreciation in fair value of units		3,881
Administrative expenses		26
Girard College Distinguished Service Award		2,200
Total decreases		6,107
Change in net assets		(4,693)
Balance, December 31, 2018, at fair value	$	42,744

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	154
Investment income receivable		213
437 units of Collective Legal Investment Fund, at fair value		42,399
Accrued expenses		(22)
Balance, December 31, 2018, at fair value	$	42,744

See accompanying independent auditors’ report.

ANDREW R. CHAMBERS FUND

Created 1871

Income to be paid "to the various 'Soup Societies' of the City of Philadelphia every year so long as the said Societies shall continue their charities to the poor."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	13,544
Increases:		
Income from invested funds		209
Net realized gain on sale of units		291
Total increases		500
Decreases:		
Net change in unrealized depreciation in fair value of units		1,200
Administrative expenses		7
Contribution to St. Francis Inn		600
Total decreases		1,807
Change in net assets		(1,307)
Balance, December 31, 2018, at fair value	$	12,237

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	153
Investment income receivable		60
124 units of Collective Legal Investment Fund, at fair value		12,030
Accrued expenses		(6)
Balance, December 31, 2018, at fair value	$	12,237

See accompanying independent auditors' report.

CITY FUEL FUND

Created 1793–1809

Consists of the following five funds consolidated:

The Freemason's Fund	1793
Mr. Rickett's Donation	1793–1796
The Mayor's Court Fund	1796–1809
Elizabeth Kearpatrick Legacy	1801
John Bleakley Legacy	1802

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	47,647
Increases:		
Income from invested funds		733
Net realized gain on sale of units		3,000
Total increases		3,733
Decreases:		
Net change in unrealized depreciation in fair value of units		6,098
Administrative expenses		22
Fuel office expenses		78
Cost of fuel distributed to the poor		2,097
Total decreases		8,295
Change in net assets		(4,562)
Balance, December 31, 2018, at fair value	$	43,085

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	2,242
Investment income receivable		210
419 units of Collective Legal Investment Fund, at fair value		40,654
Accrued expenses		(21)
Balance, December 31, 2018, at fair value	$	43,085

See accompanying independent auditors' report.

JAMES CLAYPOOLE FUND

Created 1769

"For the Benefit and relief of the poor of the said City of Philadelphia."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	8,019
Increases:		
Income from invested funds		121
Net realized gain on sale of units		363
Total increases		484
Decreases:		
Net change in unrealized depreciation in fair value of units		887
Administrative expenses		4
Fuel office expenses		13
Cost of fuel distributed to the poor		336
Total decreases		1,240
Change in net assets		(756)
Balance, December 31, 2018, at fair value	$	7,263

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	438
Investment income receivable		35
70 units of Collective Legal Investment Fund, at fair value		6,793
Accrued expenses		(3)
Balance, December 31, 2018, at fair value	$	7,263

See accompanying independent auditors' report.

E. NEWBOLD COOPER MEMORIAL FUND

Created 1960

Established by the Elementary School Club of Girard College to provide an annual award to be presented to the student of the highest grade of the elementary school adjudged as having an outstanding record for the year based on scholarship, deportment, citizenship and extracurricular activities.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	12,105
Increases:		
Income from invested funds		181
Total increases		181
Decreases:		
Net realized loss on sale of units		7
Net change in unrealized depreciation in fair value of units		822
Administrative expenses		7
Student award		600
Total decreases		1,436
Change in net assets		(1,255)
Balance, December 31, 2018, at fair value	$	10,850

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	131
Investment income receivable		54
110 units of Collective Legal Investment Fund, at fair value		10,670
Accrued expenses		(5)
Balance, December 31, 2018, at fair value	$	10,850

See accompanying independent auditors’ report.

SOPHIE E. F. COPE FUND

Created 1974

To help provide scholarship funds to send graduates of Philadelphia High Schools to College.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	117,673
Increases:		
Income from invested funds		1,842
Net realized gain on sale of units		1,774
Total increases		3,616
Decreases:		
Net change in unrealized depreciation in fair value of units		9,645
Administrative expenses		65
Scholarship awards		4,500
Total decreases		14,210
Change in net assets		(10,594)
Balance, December 31, 2018, at fair value	$	107,079

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	188
Investment income receivable		532
1,096 units of Collective Legal Investment Fund, at fair value		106,414
Accrued expenses		(55)
Balance, December 31, 2018, at fair value	$	107,079

See accompanying independent auditors' report.

CHARLES HENRY AND CHARLOTTE WILKINSON DADING SCHOLARSHIP FUND

Created 1983

Income to be expended in assisting worthy graduates of Girard College by payment of their living expenses in further pursuit of advanced courses of learning at universities or colleges.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	398,178
Increases:		
Income from invested funds		6,204
Net realized gain on sale of units		7,974
Other		1,500
Total increases		15,678
Decreases:		
Net change in unrealized depreciation in fair value of units		35,261
Administrative expenses		220
Scholarship awards		18,400
Total decreases		53,881
Change in net assets		(38,203)
Balance, December 31, 2018, at fair value	$	359,975

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	148
Investment income receivable		1,795
3,692 units of Collective Legal Investment Fund, at fair value		358,216
Accrued expenses		(184)
Balance, December 31, 2018, at fair value	$	359,975

See accompanying independent auditors’ report.

HORACE DEAL FUND

Created 1951

Income to be distributed equally between the two awards:

George O. Frey Memorial Award:

To a member of Girard College Band who most typifies the spirit of Girard College, is proficient in their instrument, shows the greatest progress in music during the year, and is respected by the other students in the College. Prize to be awarded upon the recommendation of the President of Girard College and the Instructor of the Band.

James M. Hamilton Award:

To a member of the Junior High School who has made a consistently worthwhile contribution to the well-being of the Girard College community (this is in lieu of an award to a Battalion member, the Battalion having been discontinued).

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	9,200
Increases:		
Income from invested funds		140
Net realized gain on sale of units		89
Total increases		229
Decreases:		
Net change in unrealized depreciation in fair value of units		714
Administrative expenses		5
Awards		400
Total decreases		1,119
Change in net assets		(890)
Balance, December 31, 2018, at fair value	$	8,310

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	123
Investment income receivable		41
84 units of Collective Legal Investment Fund, at fair value		8,150
Accrued expenses		(4)
Balance, December 31, 2018, at fair value	$	8,310

See accompanying independent auditors’ report.

DELAWARE AVENUE FUND

Created 1831

Fund for the improvement of the Delaware front of the City, removal of wooden buildings, etc., created under the will of Stephen Girard.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	9,563,607
Increases:		
Income from invested funds		148,777
Net realized gain on sale of units		203,562
Total increases		352,339
Decreases:		
Net change in unrealized depreciation in fair value of units		860,112
Administrative expenses		5,289
Distributions to:		
Delaware River Waterfront Corporation		125,000
Historic Philadelphia, Inc.		75,000
Independence Visitor Center Corporation		125,000
The African American Museum in Philadelphia		100,000
Total decreases		1,290,401
Change in net assets		(938,062)
Balance, December 31, 2018, at fair value	$	8,625,545

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	81
Investment income receivable		43,116
88,501 units of Collective Legal Investment Fund, at fair value		8,586,765
Accrued expenses		(4,417)
Balance, December 31, 2018, at fair value	$	8,625,545

Note 1: Includes Board-designated funds for future projects of $775,000.

See accompanying independent auditors' report.

RUTH DENE AWARD FUND

Created 1931

"Income from $500 to be presented annually at the mid-year Commencement of the Philadelphia High School for Girls, to a student of the graduating class who, in the judgment of the Principal and the Award Committee, shall have shown marked growth in character during her high school years." By Court adjudication, award is to be made at the June Commencement, the midyear Commencement being discontinued in the public schools.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	3,309
Increases:		
Income from invested funds		49
Total increases		49
Decreases:		
Net realized loss on sale of units		7
Net change in unrealized depreciation in fair value of units		226
Student prize		100
Total decreases		333
Change in net assets		(284)
Balance, December 31, 2018, at fair value	$	3,025

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	101
Investment income receivable		15
30 units of Collective Legal Investment Fund, at fair value		2,911
Accrued expenses		(2)
Balance, December 31, 2018, at fair value	$	3,025

See accompanying independent auditors' report.

DIRECTORS AND OFFICERS FIDUCIARY LIABILITY FUND

Created 1977

Created by the Board of Directors of City Trusts to self-insure, for fiduciary liability risks, the directors and officers of the Board of Directors of City Trusts.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	7,454,225
Increases:		
Income from invested funds		115,848
Net realized gain on sale of units		53,006
Total increases		168,854
Decreases:		
Net change in unrealized depreciation in fair value of units		560,877
Administrative expenses		4,107
Insurance premiums		333,151
Litigation expenses		22,613
Total decreases		920,748
Change in net assets		(751,894)
Balance, December 31, 2018, at fair value	$	6,702,331

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	134
Investment income receivable		33,644
68,766 units of Collective Legal Investment Fund, at fair value		6,671,985
Accrued expenses		(3,432)
Balance, December 31, 2018, at fair value	$	6,702,331

See accompanying independent auditors’ report.

HANNAH MATILDA DODD FUND

Created 1872

Income "to procure gold and silver medals to be presented to the most distinguished graduates of the Girls High School, with their name and year of graduating engraved thereon."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	16,943
Increases:		
Income from invested funds		263
Net realized gain on sale of units		16
Total increases		279
Decreases:		
Net change in unrealized depreciation in fair value of units		1,171
Administrative expenses		9
Cost of medals		390
Total decreases		1,570
Change in net assets		(1,291)
Balance, December 31, 2018, at fair value	$	15,652

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	251
Investment income receivable		77
158 units of Collective Legal Investment Fund, at fair value		15,332
Accrued expenses		(8)
Balance, December 31, 2018, at fair value	$	15,652

See accompanying independent auditors' report.

MICHAEL F. DOYLE FUND
(PENN TREATY PARK)

Created 1961

"To reconstruct and re-establish Penn Treaty Park."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	32,965
Increases:		
Income from invested funds		514
Net realized gain on sale of units		862
Total increases		1,376
Decreases:		
Net change in unrealized depreciation in fair value of units		3,067
Administrative expenses		18
Distribution to Penn Treaty Park		1,500
Total decreases		4,585
Change in net assets		(3,209)
Balance, December 31, 2018, at fair value	$	29,756

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	127
Investment income receivable		148
304 units of Collective Legal Investment Fund, at fair value		29,496
Accrued expenses		(15)
Balance, December 31, 2018, at fair value	$	29,756

See accompanying independent auditors' report.

JAMES DUTTON FUND

Created 1813

Income to be expended "in the purchase of Food, Clothing and Firewood Fuel."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	42,398
Increases:		
Income from invested funds		653
Net realized gain on sale of units		2,738
Total increases		3,391
Decreases:		
Net change in unrealized depreciation in fair value of units		5,499
Administrative expenses		22
Fuel office expenses		201
Cost of fuel distributed to the poor		1,700
Total decreases		7,422
Change in net assets		(4,031)
Balance, December 31, 2018, at fair value	$	38,367

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	2,007
Accounts receivable		—
Investment income receivable		187
373 units of Collective Legal Investment Fund, at fair value		36,192
Accrued expenses		(19)
Balance, December 31, 2018, at fair value	$	38,367

See accompanying independent auditors' report.

EARLY EIGHTIES PRIZE FUND

Created 1925

"The income of this fund is to be used for prizes for pupils of Girard College."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	82,556
Increases:		
Income from invested funds		1,279
Net realized gain on sale of units		1,855
Total increases		3,134
Decreases:		
Net change in unrealized depreciation in fair value of units		7,428
Administrative expenses		45
Prizes		3,800
Total decreases		11,273
Change in net assets		(8,139)
Balance, December 31, 2018, at fair value	$	74,417

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	151
Investment income receivable		372
762 units of Collective Legal Investment Fund, at fair value		73,932
Accrued expenses		(38)
Balance, December 31, 2018, at fair value	$	74,417

See accompanying independent auditors' report.

FRAN EGAN CIVIC AWARD FUND

Created 2006

Fran Egan was a long-time friend and supporter of Project H.O.M.E. who passed in 2005. This Award, given in conjunction with Fran's family, honors her memory and legacy, which was one of a deep commitment to improving our community. This Award is intended for adults or teens who intend to use their education to improve civic life in Philadelphia. The award will include a financial grant.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	61,140
Increases:		
Income from invested funds		954
Net realized gain on sale of units		144
Total increases		1,098
Decreases:		
Net change in unrealized depreciation in fair value of units		4,256
Administrative expenses		34
Awards		2,600
Total decreases		6,890
Change in net assets		(5,792)
Balance, December 31, 2018, at fair value	$	55,348

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	185
Investment income receivable		276
566 units of Collective Legal Investment Fund, at fair value		54,915
Accrued expenses		(28)
Balance, December 31, 2018, at fair value	$	55,348

See accompanying independent auditors' report.

GEORGE EMLEN FUND

Created 1776

Income "to be laid out and distributed in wood . . . during the three Winter Months . . . to Objects included either in the City of two Suburbs of Phila . . . and if . . . a sufficient Number of such Objects Cannot Sometimes be found . . . to Buying some warm cheap Clothing to be given to such Objects as are discharged for said Bettering House and Hospital . . . "

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	54,167
Increases:		
Income from invested funds		835
Net realized gain on sale of units		3,458
Total increases		4,293
Decreases:		
Net change in unrealized depreciation in fair value of units		6,979
Administrative expenses		29
Fuel office expenses		261
Cost of fuel distributed to the poor		2,317
Total decreases		9,586
Change in net assets		(5,293)
Balance, December 31, 2018, at fair value	$	48,874

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	2,379
Investment income receivable		239
477 units of Collective Legal Investment Fund, at fair value		46,280
Accrued expenses		(24)
Balance, December 31, 2018, at fair value	$	48,874

See accompanying independent auditors' report.

JOSEPH C. FERGUSON PRIZE FUND

Created 1922

"To provide cash prizes for the boy and girl in the highest class of the JOSEPH C. FERGUSON SCHOOL at 7th and Norris Streets, Phila., passing the best examinations or whose work in the last term of attendance at the school shall be most satisfactory, the certificate of the Supervising Principal to be the authority for the award of the prizes."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	5,545
Increases:		
Income from invested funds		85
Total increases		85
Decreases:		
Net realized loss on sale of units		5
Net change in unrealized depreciation in fair value of units		388
Total decreases		393
Change in net assets		(308)
Balance, December 31, 2018, at fair value	$	5,237

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	177
Investment income receivable		25
52 units of Collective Legal Investment Fund, at fair value		5,045
Accrued expenses		(10)
Balance, December 31, 2018, at fair value	$	5,237

See accompanying independent auditors' report.

GEORGE W. FETTER SCHOLARSHIP FUND

Created 1943

To collect the income therefrom and expend it in the purchase of Scholarships in the higher institutions of learning for such poor, young students of the City of Philadelphia as may in the judgment of the Board of City Trusts be most worthy of the benefit.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	358,460
Increases:		
Income from invested funds		5,604
Net realized gain on sale of units		9,247
Total increases		14,851
Decreases:		
Net change in unrealized depreciation in fair value of units		33,864
Administrative expenses		199
Scholarship awards		15,000
Total decreases		49,063
Change in net assets		(34,212)
Balance, December 31, 2018, at fair value	$	324,248

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	100
Investment income receivable		1,616
3,326 units of Collective Legal Investment Fund, at fair value		322,705
Accrued expenses		(173)
Balance, December 31, 2018, at fair value	$	324,248

See accompanying independent auditors’ report.

RUFUS M. FETTER SCHOLARSHIP FUND

Created 1998

"A Scholarship in memory of Rufus M. Fetter to be disbursed at the discretion of the Girard College Trustees."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	142,821
Increases:		
Income from invested funds		2,209
Net realized gain on sale of units		1,513
Total increases		3,722
Decreases:		
Net change in unrealized depreciation in fair value of units		11,160
Administrative expenses		79
Scholarship awards		6,600
Total decreases		17,839
Change in net assets		(14,117)
Balance, December 31, 2018, at fair value	$	128,704

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	248
Investment income receivable		643
1,318 units of Collective Legal Investment Fund, at fair value		127,879
Accrued expenses		(66)
Balance, December 31, 2018, at fair value	$	128,704

See accompanying independent auditors' report.

DANIEL FINK PRIZE FUND

Created 1953

The income therefrom to be distributed and awarded annually as cash prizes "To Sixth and Twelfth grade students for the best performance-based project/presentation, which demonstrates the integration of technology into the curriculum."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	12,286
Increases:		
Income from invested funds		186
Net realized gain on sale of units		547
Total increases		733
Decreases:		
Net change in unrealized depreciation in fair value of units		1,281
Administrative expenses		6
Prizes		600
Total decreases		1,887
Change in net assets		(1,154)
Balance, December 31, 2018, at fair value	$	11,132

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	1,673
Investment income receivable		51
97 units of Collective Legal Investment Fund, at fair value		9,413
Accrued expenses		(5)
Balance, December 31, 2018, at fair value	$	11,132

See accompanying independent auditors' report.

DANIEL FINK SCHOLARSHIP FUND

Created 1953

"The income therefrom to be capitalized so as to form part of the principal until the amount of principal of this trust shall reach the sum of $10,000 and thereafter the income shall be used annually to provide scholarship assistance to graduates of Girard College, as recommended by the President of Girard College, provided that first preference shall be given to worthy graduates who show superior performance in technical and related courses of study while pupils at Girard College."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	67,435
Increases:		
Income from invested funds		1,045
Net realized gain on sale of units		1,903
Total increases		2,948
Decreases:		
Net change in unrealized depreciation in fair value of units		6,458
Administrative expenses		37
Scholarship awards		3,100
Total decreases		9,595
Change in net assets		(6,647)
Balance, December 31, 2018, at fair value	$	60,788

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	71
Investment income receivable		304
623 units of Collective Legal Investment Fund, at fair value		60,444
Accrued expenses		(31)
Balance, December 31, 2018, at fair value	$	60,788

See accompanying independent auditors' report.

FIRE INSURANCE FUND

Created 1892

Created from the Girard Estate Residuary fund income to carry a selected portion of the fire risks of the Girard Estate.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	3,741,418
Increases:		
Income from invested funds		59,434
Total increases		59,434
Decreases:		
Net change in unrealized depreciation in fair value of units		269,145
Administrative expenses		2,139
Net losses incurred		3,438
Total decreases		274,722
Change in net assets		(215,288)
Balance, December 31, 2018, at fair value	$	3,526,130

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	156
Investment income receivable		17,626
36,178 units of Collective Legal Investment Fund, at fair value		3,510,153
Accounts payable and accrued expenses		(1,805)
Balance, December 31, 2018, at fair value	$	3,526,130

See accompanying independent auditors' report.

PHILIP R. FREAS FUND

Created 1910

Awarded by Decree of the Orphans' Court of Philadelphia County, dated November 22, 1940, to the City of Philadelphia, acting by the Board of Directors of City Trusts, ". . . the income of which shall be annually applied to the purchase of fuel for the benefit of the poor . . . "

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	29,558
Increases:		
Income from invested funds		455
Net realized gain on sale of units		715
Total increases		1,170
Decreases:		
Net change in unrealized depreciation in fair value of units		2,644
Administrative expenses		16
Fuel office expenses		139
Cost of fuel distributed to the poor		1,200
Total decreases		3,999
Change in net assets		(2,829)
Balance, December 31, 2018, at fair value	$	26,729

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	1,387
Investment income receivable		130
260 units of Collective Legal Investment Fund, at fair value		25,225
Accrued expenses		(13)
Balance, December 31, 2018, at fair value	$	26,729

See accompanying independent auditors' report.

INEZ FULTON SCHOLARSHIP FUND

Created 1945

To purchase a scholarship for a graduate of Girard College attending "any school" with a preference given first to "Thomas Jefferson University."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	952,806
Increases:		
Income from invested funds		14,849
Net realized gain on sale of units		23,082
Total increases		37,931
Decreases:		
Net change in unrealized depreciation in fair value of units		88,141
Administrative expenses		526
Scholarship awards		44,200
Total decreases		132,867
Change in net assets		(94,936)
Balance, December 31, 2018, at fair value	$	857,870

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	108
Investment income receivable		4,288
8,801 units of Collective Legal Investment Fund, at fair value		853,913
Accrued expenses		(439)
Balance, December 31, 2018, at fair value	$	857,870

See accompanying independent auditors' report.

GIARDELLO STATUE FUND

Created 2011

For the perpetual maintenance of a pedestal with the sculpture of Joey Giardello which the Veteran Boxers Association has been authorized by Ordinance adopted by the Philadelphia City Council to construct, own, and maintain on the traffic median created by the intersection of Passyunk Avenue, Mifflin Street, and Thirteenth Street.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	15,959
Increases:		
Income from invested funds		252
Total increases		252
Decreases:		
Net realized loss on sale of units		7
Net change in unrealized depreciation in fair value of units		1,138
Administrative expenses		9
Total decreases		1,154
Change in net assets		(902)
Balance, December 31, 2018, at fair value	$	15,057

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	146
Investment income receivable		75
153 units of Collective Legal Investment Fund, at fair value		14,844
Accrued expenses		(8)
Balance, December 31, 2018, at fair value	$	15,057

See accompanying independent auditors’ report.

EDWARD GIDEON MEMORIAL PRIZE FUND

Created 1933

"Income to be used annually as a prize to that member of the graduating class of the Philadelphia Normal School who has done the most distinguished work in the field of social science."

In view of the Philadelphia Normal School having been abolished, the donors of the fund have requested that the income be used in the purchase of books, related to teaching, to be added to "The Edward Gideon Memorial Book Shelf" in the library for Teachers.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	8,971
Increases:		
Income from invested funds		137
Net realized gain on sale of units		10
Total increases		147
Decreases:		
Net change in unrealized depreciation in fair value of units		618
Administrative expenses		5
Distribution to The School District of Philadelphia		400
Total decreases		1,023
Change in net assets		(876)
Balance, December 31, 2018, at fair value	$	8,095

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	101
Investment income receivable		40
82 units of Collective Legal Investment Fund, at fair value		7,958
Accrued expenses		(4)
Balance, December 31, 2018, at fair value	$	8,095

See accompanying independent auditors' report.

STEPHEN GIRARD FUEL FUND

Created 1831

"Income to purchase fuel between the months of March and August in every year forever, and in the month of January in every year forever, distribute the same amongst poor housekeepers and roomkeepers, of good character, residing in the (old) city of Philadelphia."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	59,403
Increases:		
Income from invested funds		914
Net realized gain on sale of units		3,579
Total increases		4,493
Decreases:		
Net change in unrealized depreciation in fair value of units		7,442
Administrative expenses		32
Fuel office expenses		287
Cost of fuel distributed to the poor		2,491
Total decreases		10,252
Change in net assets		(5,759)
Balance, December 31, 2018, at fair value	$	53,644

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	2,665
Investment income receivable		262
523 units of Collective Legal Investment Fund, at fair value		50,743
Accrued expenses		(26)
Balance, December 31, 2018, at fair value	$	53,644

See accompanying independent auditors' report.

STEPHEN GIRARD SCHOOL FUND

Created 1831

"For the use of the schools upon the Lancaster System in the first section of the first school district of Pennsylvania."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	78,769
Increases:		
Income from invested funds		1,221
Net realized gain on sale of units		2,171
Total increases		3,392
Decreases:		
Net change in unrealized depreciation in fair value of units		7,496
Administrative expenses		44
Distribution to The School District of Philadelphia		3,500
Total decreases		11,040
Change in net assets		(7,648)
Balance, December 31, 2018, at fair value	$	71,121

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	168
Investment income receivable		355
728 units of Collective Legal Investment Fund, at fair value		70,634
Accrued expenses		(36)
Balance, December 31, 2018, at fair value	$	71,121

See accompanying independent auditors' report.

SHERWOOD GITHENS FUND

Created 1948

For “prizes to be awarded annually or semi-annually, in amounts determined by the President of Girard College, to the two members of the graduating class or classes, who have, in his opinion, performed outstanding work in public speaking.”

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	6,439
Increases:		
Income from invested funds		97
Net realized gain on sale of units		89
Total increases		186
Decreases:		
Net change in unrealized depreciation in fair value of units		522
Administrative expenses		3
Prizes		300
Total decreases		825
Change in nets assets		(639)
Balance, December 31, 2018, at fair value	$	5,800

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	147
Investment income receivable		28
58 units of Collective Legal Investment Fund, at fair value		5,628
Accrued expenses		(3)
Balance, December 31, 2018, at fair value	$	5,800

See accompanying independent auditors’ report.

JULIANA H. GOOD FUND

Created 1876

"Toward the maintenance of a House of Correction in said City (Philadelphia)."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	20,257
Increases:		
Income from invested funds		315
Net realized gain on sale of units		584
Total increases		899
Decreases:		
Net change in unrealized depreciation in fair value of units		1,936
Administrative expenses		11
Distribution to Riverview Correctional Facility Female Inmate Welfare Fund		900
Total decreases		2,847
Change in net assets		(1,948)
Balance, December 31, 2018, at fair value	$	18,309

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	180
Investment income receivable		91
186 units of Collective Legal Investment Fund, at fair value		18,047
Accrued expenses		(9)
Balance, December 31, 2018, at fair value	$	18,309

See accompanying independent auditors' report.

JOSEPH C. AND CLARE F. GOODMAN SCHOLARSHIP FUND

Created 1970

Bequeathed to Girard College for the establishment of a scholarship fund.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	26,942
Increases:		
Income from invested funds		418
Net realized gain on sale of units		574
Total increases		992
Decreases:		
Net change in unrealized depreciation in fair value of units		2,391
Administrative expenses		15
Scholarship awards		1,200
Total decreases		3,606
Change in net assets		(2,614)
Balance, December 31, 2018, at fair value	$	24,328

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	158
Investment income receivable		121
248 units of Collective Legal Investment Fund, at fair value		24,061
Accrued expenses		(12)
Balance, December 31, 2018, at fair value	$	24,328

See accompanying independent auditors’ report.

FRED GOWING MEMORIAL SCHOLARSHIP FUND

Created 1930

To provide Scholarships for graduates of Philadelphia High School for Girls.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	39,518
Increases:		
Income from invested funds		612
Net realized gain on sale of units		1,025
Total increases		1,637
Decreases:		
Net change in unrealized depreciation in fair value of units		3,691
Administrative expenses		22
Scholarship awards		1,800
Total decreases		5,513
Change in net assets		(3,876)
Balance, December 31, 2018, at fair value	$	35,642

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	165
Investment income receivable		178
364 units of Collective Legal Investment Fund, at fair value		35,317
Accrued expenses		(18)
Balance, December 31, 2018, at fair value	$	35,642

See accompanying independent auditors’ report.

SIMON GRATZ PRIZE FUND

Created 1922

The income arising therefrom to be divided equally among the Philadelphia Normal School, the High School for Girls, the Central High School, the West Philadelphia High School for Girls, and the Northeast High School, for the award at each commencement of each of said schools, of a prize (in money) to that member of the graduating class of each school, who, in the judgment of the faculty of the school, has attained the highest degree of proficiency in the knowledge and correct use, oral and written, of the English language.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	38,178
Increases:		
Income from invested funds		466
Net realized gain on sale of units		2
Total increases		468
Decreases:		
Net change in unrealized depreciation in fair value of units		7,587
Administrative expenses		16
Student prizes		1,600
Total decreases		9,203
Change in net assets		(8,735)
Balance, December 31, 2018, at fair value	$	29,443

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	107
Investment income receivable		148
301 units of Collective Legal Investment Fund, at fair value		29,203
Accrued expenses		(15)
Balance, December 31, 2018, at fair value	$	29,443

See accompanying independent auditors’ report.

SIMON GRATZ TEACHERS FUND

Created 1926

"For the purpose of affording pecuniary relief in special cases of teachers and clerical assistants employed or who have been employed in the Public Schools of Philadelphia who are in need of such assistance and and cannot obtain it elsewhere."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	1,942,037
Increases:		
Income from Blankenburg Pension Fund		1,300
Income from invested funds		30,827
Total increases		32,127
Decreases:		
Net realized loss on sale of units		63
Net change in unrealized depreciation in fair value of units		137,156
Administrative expenses		1,103
Relief of teachers and clerical assistants		30,000
Total decreases		168,322
Change in net assets		(136,195)
Balance, December 31, 2018, at fair value	$	1,805,842

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	369
Investment income receivable		9,076
18,527 units of Collective Legal Investment Fund, at fair value		1,797,572
Accrued expenses		(1,175)
Balance, December 31, 2018, at fair value	$	1,805,842

See accompanying independent auditors' report.

CHARLES R. GRISSINGER

Created 2017

For the purpose of providing scholarship aid to graduate students of Girard College desiring to enter the professions of Dentistry, Medicine and the Ministry with a special emphasis on Oral Surgery, Moxo-Facial Surgery and Exodontia. If there are no graduate students in such fields who qualify, the fund may be used to assist post-graduate students in any other fields of scholastic endeavor.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	98,295
Increases:		
Initial receipt of funds		1,526
Income from invested funds		465
Total increases		1,991
Decreases:		
Net change in unrealized depreciation in fair value of units		7,063
Administrative expenses		54
Scholarship awards		4,700
Total decreases		11,817
Change in net assets		(9,826)
Balance, December 31, 2018, at fair value	$	88,469

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	168
Investment income receivable		442
906 units of Collective Legal Investment Fund, at fair value		87,904
Accrued expenses		(45)
Balance, December 31, 2018, at fair value	$	88,469

See accompanying independent auditors’ report.

THOMAS GROVER FUND

Created 1849

"Income to be distributed for fuel and food to needy persons residing in South Philadelphia with a preference given to poor persons in the district of Southwark."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	1,566,716
Increases:		
Income from invested funds		24,252
Net realized gain on sale of units		94,578
Total increases		118,830
Decreases:		
Net change in unrealized depreciation in fair value of units		197,177
Administrative expenses		834
Fuel office expenses		7,527
Cost of fuel distributed to the poor		64,584
Total decreases		270,122
Change in net assets		(151,292)
Balance, December 31, 2018, at fair value	$	1,415,424

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	65,195
Investment income receivable		6,928
13,853 units of Collective Legal Investment Fund, at fair value		1,344,078
Accrued expenses		(777)
Balance, December 31, 2018, at fair value	$	1,415,424

See accompanying independent auditors' report.

GEORGE L. AND EMILY McMICHAEL HARRISON MEMORIAL FUND

Created 1935

To extend and conduct the work of the Radiological Department of the Philadelphia Nursing Home (successor to Philadelphia General Hospital).

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	317,675
Increases:		
Income from invested funds		4,961
Net realized gain on sale of units		8,423
Total increases		13,384
Decreases:		
Net change in unrealized depreciation in fair value of units		29,692
Administrative expenses		176
Distribution to Philadelphia Department of Welfare		14,700
Total decreases		44,568
Change in net assets		(31,184)
Balance, December 31, 2018, at fair value	$	286,491

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	148
Investment income receivable		1,432
2,938 units of Collective Legal Investment Fund, at fair value		285,058
Accrued expenses		(147)
Balance, December 31, 2018, at fair value	$	286,491

See accompanying independent auditors' report.

CHEESMAN HERRICK SCHOLARSHIP FUND

Created 1980

Income to be used for the maintenance of a scholarship in any American college or university for such ambitious and diligent graduates of Girard College as the High School faculty shall recommend and deem worthy to receive the benefits of the same.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	47,858
Increases:		
Income from invested funds		742
Net realized gain on sale of units		1,327
Total increases		2,069
Decreases:		
Net change in unrealized depreciation in fair value of units		4,554
Administrative expenses		26
Scholarship awards		2,200
Total decreases		6,780
Change in net assets		(4,711)
Balance, December 31, 2018, at fair value	$	43,147

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	165
Investment income receivable		215
441 units of Collective Legal Investment Fund, at fair value		42,789
Accrued expenses		(22)
Balance, December 31, 2018, at fair value	$	43,147

See accompanying independent auditors’ report.

JOSEPH HEUPEL FUND

Created 1983

By bequest for the use of Girard College.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	561,932
Increases:		
Income from invested funds		8,724
Net realized gain on sale of units		8,459
Total increases		17,183
Decreases:		
Net change in unrealized depreciation in fair value of units		46,377
Administrative expenses		310
Distribution to Girard College		26,100
Total decreases		72,787
Change in net assets		(55,604)
Balance, December 31, 2018, at fair value	$	506,328

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	111
Investment income receivable		2,531
5,194 units of Collective Legal Investment Fund, at fair value		503,945
Accrued expenses		(259)
Balance, December 31, 2018, at fair value	$	506,328

See accompanying independent auditors' report.

JENNIE E. HOLLOWAY FUND

Created 1950

The income therefrom to be used by the Board for the purchase and distribution of coal to the deserving poor of the City of Philadelphia.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	109,935
Increases:		
Income from invested funds		1,677
Net realized gain on sale of units		9,250
Total increases		10,927
Decreases:		
Net change in unrealized depreciation in fair value of units		16,262
Administrative expenses		57
Fuel office expense		529
Cost of fuel distributed to the poor		8,859
Total decreases		25,707
Change in net assets		(14,780)
Balance, December 31, 2018, at fair value	$	95,155

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	4,644
Investment income receivable		468
944 units of Collective Legal Investment Fund, at fair value		91,590
Accrued expenses		(1,547)
Balance, December 31, 2018, at fair value	$	95,155

See accompanying independent auditors’ report.

VIRGINIA H. HOLLOWBUSH FUND

Created 1965

For purchase of books for the Free Library of Philadelphia and its several branches.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	177,795
Increases:		
Income from invested funds		2,780
Net realized gain on sale of units		4,296
Total increases		7,076
Decreases:		
Net change in unrealized depreciation in fair value of units		16,385
Administrative expenses		98
Distribution to Free Library of Philadelphia		8,200
Total decreases		24,683
Change in net assets		(17,607)
Balance, December 31, 2018, at fair value	$	160,188

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	159
Investment income receivable		800
1,642 units of Collective Legal Investment Fund, at fair value		159,311
Accrued expenses		(82)
Balance, December 31, 2018, at fair value	$	160,188

See accompanying independent auditors’ report.

HAROLD HOLMAN MEMORIAL FUND

Created 1972

Prize to be awarded to the junior high school student who shows outstanding achievement and interest in the field of science.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	1,248
Increases:		
Income from invested funds		19
Total increases		19
Decreases:		
Net realized loss on sale of units		5
Net change in unrealized depreciation in fair value of units		85
Administrative expenses		1
Total decreases		91
Change in net assets		(72)
Balance, December 31, 2018, at fair value	$	1,176

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	107
Investment income receivable		5
11 units of Collective Legal Investment Fund, at fair value		1,065
Accrued expenses		(1)
Balance, December 31, 2018, at fair value	$	1,176

See accompanying independent auditors' report.

JOHN HOUSTON FUND

Created 2015

By bequest for the use of Girard College

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	1,357,954
Increases:		
Income from invested funds		21,084
Net realized gain on sale of units		7,680
Total increases		28,764
Decreases:		
Net change in unrealized depreciation in fair value of units		99,319
Administrative expenses		750
Girard College		63,000
Total decreases		163,069
Change in net assets		(134,305)
Balance, December 31, 2018, at fair value	$	1,223,649

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	115
Investment income receivable		6,116
12,554 units of Collective Legal Investment Fund, at fair value		1,218,045
Accrued expenses		(627)
Balance, December 31, 2018, at fair value	$	1,223,649

See accompanying independent auditors’ report.

DAVID JACOBS SCHOLARSHIP FUND

Created 1990

To provide scholarships for outstanding high school students in the serious study of music in the secondary schools of the City of Philadelphia.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	167,764
Increases:		
Income from invested funds		2,623
Net realized gain on sale of units		3,487
Total increases		6,110
Decreases:		
Net change in unrealized depreciation in fair value of units		14,861
Administrative expenses		92
Scholarship awards		7,800
Total decreases		22,753
Change in net assets		(16,643)
Balance, December 31, 2018, at fair value	$	151,121

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	248
Investment income receivable		755
1,548 units of Collective Legal Investment Fund, at fair value		150,195
Accrued expenses		(77)
Balance, December 31, 2018, at fair value	$	151,121

See accompanying independent auditors' report.

BUSHROD W. JAMES CEMETERY FUND

Created 1904

For the maintenance of the structures upon the burial lot of Bushrod W. James in Monument Cemetery, Philadelphia. By Decree of the Orphans' Court of Philadelphia County, dated January 9, 1956, the trustee was authorized and empowered to remove the remains of Bushrod Washington James, deceased, together with present memorials from Monument Cemetery to West Laurel Hill Cemetery.

By adjudication of the Orphans' Court, dated November 26, 1971, income not needed for above is to be divided equally between James Eye and Ear Institute and the Bushrod Library.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	26,751
Increases:		
Income from invested funds		417
Net realized gain on sale of units		767
Total increases		1,184
Decreases:		
Net change in unrealized depreciation in fair value of units		2,556
Administrative expenses		15
Distributions to:		
Free Library of Philadelphia		600
Wills Eye Health System		600
Total decreases		3,771
Change in net assets		(2,587)
Balance, December 31, 2018, at fair value	$	24,164

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	189
Investment income receivable		120
246 units of Collective Legal Investment Fund, at fair value		23,867
Accrued expenses		(12)
Balance, December 31, 2018, at fair value	$	24,164

See accompanying independent auditors' report.

ELLEN KINNIER FUND

Created 1922

Awarded under decree of the Orphans' Court of Philadelphia County, dated November 19, 1940, to the City of Philadelphia, acting by the Board of Directors of City Trusts, "for the relief and employment of the poor. . ."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	4,891
Increases:		
Income from invested funds		74
Net realized gain on sale of units		81
Total increases		155
Decreases:		
Net change in unrealized depreciation in fair value of units		409
Administrative expenses		3
Fuel office expenses		23
Cost of fuel distributed to the poor		200
Total decreases		635
Change in net assets		(480)
Balance, December 31, 2018, at fair value	$	4,411

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	217
Investment income receivable		22
43 units of Collective Legal Investment Fund, at fair value		4,174
Accrued expenses		(2)
Balance, December 31, 2018, at fair value	$	4,411

See accompanying independent auditors' report.

GEORGE KOEHL – GIRARD COLLEGE FUND

Created 1955

"For the general uses and purposes of Girard College and/or the students thereof as in their absolute discretion they (Directors of City Trusts) may from time to time determine."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	51,196
Increases:		
Income from invested funds		792
Net realized gain on sale of units		728
Total increases		1,520
Decreases:		
Net change in unrealized depreciation in fair value of units		4,180
Administrative expenses		28
Distribution to Girard College		2,400
Total decreases		6,608
Change in net assets		(5,088)
Balance, December 31, 2018, at fair value	$	46,108

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	106
Investment income receivable		230
472 units of Collective Legal Investment Fund, at fair value		45,796
Accrued expenses		(24)
Balance, December 31, 2018, at fair value	$	46,108

See accompanying independent auditors' report.

GEORGE KOEHL – SPENDING MONEY FUND

Created 1955

"The net income arising therefrom and as for spending money (i.e., money set apart for extra personal expenses, pocket money) to and among deserving undergraduates at Girard College, Philadelphia, who possess little or no spending money of their own, at such times and in such amount as my said Trustee or an appropriate Committee thereof may determine."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	21,279
Increases:		
Income from invested funds		333
Net realized gain on sale of units		489
Total increases		822
Decreases:		
Net change in unrealized depreciation in fair value of units		1,903
Administrative expenses		12
Distribution to Girard College students		1,000
Total decreases		2,915
Change in net assets		(2,093)
Balance, December 31, 2018, at fair value	$	19,186

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	177
Investment income receivable		98
195 units of Collective Legal Investment Fund, at fair value		18,921
Accrued expenses		(10)
Balance, December 31, 2018, at fair value	$	19,186

See accompanying independent auditors' report.

HENRY J. AND WILLEMINA B. KUHN FUND

Created 1965

For the purpose of providing medical and dental care, attention, and maintenance, as well as medical and surgical appliances, to children attending the Public Schools of the City of Philadelphia, who by reason of their financial condition or the financial condition of their parents, would be unable to obtain such attention.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	1,866,264
Increases:		
Income from invested funds		29,262
Net realized gain/(loss) on sale of units		47,633
Total increases		76,895
Decreases:		
Net change in unrealized depreciation in fair value of units		177,166
Administrative expenses		1,032
Distribution to The School District of Philadelphia for medical and dental care of children		86,700
Total decreases		264,898
Change in net assets		(188,003)
Balance, December 31, 2018, at fair value	$	1,678,261

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	163
Investment income receivable		8,389
17,218 units of Collective Legal Investment Fund, at fair value		1,670,568
Accrued expenses		(859)
Balance, December 31, 2018, at fair value	$	1,678,261

See accompanying independent auditors’ report.

EDWIN G. LARE MEMORIAL FUND

Created 1965

The income is to be used to buy a picture of any other thing that will beautify or be useful for the public school at Green and New Market Streets, Philadelphia, Pennsylvania

By adjudication of the Orphans' Court, dated March 12, 1969, the Jefferson School at Fourth and George Streets (now named High School for International Affairs) was named as the beneficiary of this fund.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	6,924
Increases:		
Income from invested funds		106
Net realized gain on sale of units		180
Total increases		286
Decreases:		
Net change in unrealized depreciation in fair value of units		646
Administrative expenses		4
Distribution to The School District of Philadelphia		300
Total decreases		950
Change in net assets		(664)
Balance, December 31, 2018, at fair value	$	6,260

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	119
Investment income receivable		31
63 units of Collective Legal Investment Fund, at fair value		6,113
Accrued expenses		(3)
Balance, December 31, 2018, at fair value	$	6,260

See accompanying independent auditors' report.

SYLVAN LEFCOE SCHOLARSHIP FUND

Created 1976

"For such graduates of Girard College as are desirous of securing, and who, in the opinion of the Board, are worthy of a higher education."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	550,816
Increases:		
Income from invested funds		8,567
Net realized gain on sale of units		12,357
Total increases		20,924
Decreases:		
Net change in unrealized depreciation in fair value of units		49,925
Administrative expenses		304
Scholarship awards		25,400
Total decreases		75,629
Change in net assets		(54,705)
Balance, December 31, 2018, at fair value	$	496,111

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	127
Investment income receivable		2,480
5,089 units of Collective Legal Investment Fund, at fair value		493,758
Accrued expenses		(254)
Balance, December 31, 2018, at fair value	$	496,111

See accompanying independent auditors' report.

JAMES E. LENNON FUND

Created 1922

"The income arising therefrom to be used in the purchase of text books or other scholastic equipment for such graduates of Girard College as are pursuing their studies in other institutions of learning, and who may be deemed by the Board of Directors of City Trusts as worthy of such assistance."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	9,554
Increases:		
Income from invested funds		147
Net realized gain on sale of units		79
Total increases		226
Decreases:		
Net change in unrealized depreciation in fair value of units		718
Administrative expenses		5
Scholarship awards		400
Total decreases		1,123
Change in net assets		(897)
Balance, December 31, 2018, at fair value	$	8,657

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	177
Investment income receivable		43
87 units of Collective Legal Investment Fund, at fair value		8,441
Accrued expenses		(4)
Balance, December 31, 2018, at fair value	$	8,657

See accompanying independent auditors' report.

S. GEORGE AND EMMY A. LEVI FUND

Created 1986

"In Trust. Nevertheless, the income therefrom to be used to defray the expenses of sending poor children to Camp William Penn (formerly called Camp Happy) and for their maintenance while at said Camp, under the supervision of the Department of Welfare of the said city. . . ."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	17,477
Increases:		
Income from invested funds		269
Net realized gain on sale of units		8
Total increases		277
Decreases:		
Net change in unrealized depreciation in fair value of units		1,244
Administrative expenses		10
Total decreases		1,254
Change in net assets		(977)
Balance, December 31, 2018, at fair value	$	16,500

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	128
Investment income receivable		80
168 units of Collective Legal Investment Fund, at fair value		16,300
Accrued expenses		(8)
Balance, December 31, 2018, at fair value	$	16,500

See accompanying independent auditors' report.

JOHN E. MAYNES FUND

Created 1919

"Income shall be applied to furnishing fuel in winter to needy families."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	1,569,681
Increases:		
Income from invested funds		24,310
Net realized gain on sale of units		95,913
Total increases		120,223
Decreases:		
Net change in unrealized depreciation in fair value of units		198,728
Administrative expenses		835
Fuel office expenses		7,472
Cost of fuel distributed to the poor		64,450
Total decreases		271,485
Change in net assets		(151,262)
Balance, December 31, 2018, at fair value	$	1,418,419

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	66,207
Investment income receivable		6,946
13,887 units of Collective Legal Investment Fund, at fair value		1,347,381
Accrued expenses		(2,115)
Balance, December 31, 2018, at fair value	$	1,418,419

See accompanying independent auditors' report.

MARY ALICE McLAUGHLIN FUND

Created 1954

“A special award is made annually to the nurse with the best record for cancer care nursing in the Philadelphia Nursing Home (successor to Philadelphia General Hospital).”

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	10,437
Increases:		
Income from invested funds		161
Net realized gain on sale of units		206
Total increases		367
Decreases:		
Net change in unrealized depreciation in fair value of units		920
Administrative expenses		6
Award		500
Total decreases		1,426
Change in nets assets		(1,059)
Balance, December 31, 2018, at fair value	$	9,378

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	127
Investment income receivable		47
98 units of Collective Legal Investment Fund, at fair value		9,509
Accrued expenses		(305)
Balance, December 31, 2018, at fair value	$	9,378

See accompanying independent auditors’ report.

BERNARD McMAHON FUND

Created 1816

"For the use of the poor."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	8,037
Increases:		
Income from invested funds		122
Net realized gain on sale of units		462
Total increases		584
Decreases:		
Net change in unrealized depreciation in fair value of units		984
Administrative expenses		4
Fuel office expenses		38
Cost of fuel distributed to the poor		329
Total decreases		1,355
Change in net assets		(771)
Balance, December 31, 2018, at fair value	$	7,266

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	442
Investment income receivable		35
70 units of Collective Legal Investment Fund, at fair value		6,792
Accrued expenses		(3)
Balance, December 31, 2018, at fair value	$	7,266

See accompanying independent auditors' report.

ALEXANDER G. MERCER "HALL FUND"

Created 1884

(By Decree of Supreme Court of Rhode Island)

"To purchase suitable lots of ground in said City of Philadelphia contiguous to each other or located in various parts of said City as shall seem most expedient, and to erect thereon substantial and comfortable buildings, and to let the same to the worthy laboring poor of said City, at rentals, sufficient to pay taxes, water rates, insurance premiums, repairs, and expenses of managing them: but if...inexpedient… Then suitable lands with the buildings already erected thereon may be purchased and adopted to the purpose aforesaid."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, primarily at fair value	$	5,264,817
Increases:		
Income from invested funds		80,661
Real estate income		35,341
Net realized gain on sale of units		84,918
Total increases		200,920
Decreases:		
Net change in unrealized depreciation in fair value of units		420,929
Administrative expenses		2,654
Real estate expenses		42,628
Total decreases		466,211
Change in net assets		(265,291)
Balance, December 31, 2018, at fair value	$	4,999,526

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	595,068
Investment income receivable		30,892
43,961 units of Collective Legal Investment Fund, at fair value		4,265,294
Real estate, at cost		109,386
Accrued expenses		(1,114)
Balance, December 31, 2018, at fair value	$	4,999,526

See accompanying independent auditors' report.

GEORGE L. MEYER FUND

Created 1934

To give one deserving student of the Girard College one year's education in some university or college.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	44,359
Increases:		
Income from invested funds		687
Net realized gain on sale of units		1,333
Total increases		2,020
Decreases:		
Net change in unrealized depreciation in fair value of units		4,317
Administrative expenses		24
Scholarship award		2,100
Total decreases		6,441
Change in net assets		(4,421)
Balance, December 31, 2018, at fair value	$	39,938

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	173
Investment income receivable		199
408 units of Collective Legal Investment Fund, at fair value		39,586
Accrued expenses		(20)
Balance, December 31, 2018, at fair value	$	39,938

See accompanying independent auditors' report.

GERTRUDE J. MIETERER FUND

Created 1954

"... any cash balance remaining unpaid ... give to Charity of the City of Philadelphia."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	1,720
Increases:		
Income from invested funds		24
Net realized gain on sale of units		80
Total increases		104
Decreases:		
Net change in unrealized depreciation in fair value of units		188
Administrative expenses		1
Fuel office expenses		8
Cost of fuel distributed to the poor		100
Total decreases		297
Change in net assets		(193)
Balance, December 31, 2018, at fair value	$	1,527

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	259
Investment income receivable		7
13 units of Collective Legal Investment Fund, at fair value		1,262
Accrued expenses		(1)
Balance, December 31, 2018, at fair value	$	1,527

See accompanying independent auditors' report.

BOWMAN H. AND LILLIAN M. MOORE SCHOLARSHIP FUND

Created 1974

The income therefrom to be used for the assistance of a graduate of said (Girard) College who desires to continue studies in any accredited school, college, or university.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	475,355
Increases:		
Income from invested funds		7,390
Net realized gain on sale of units		12,078
Total increases		19,468
Decreases:		
Net change in unrealized depreciation in fair value of units		44,329
Administrative expenses		263
Scholarship awards		22,000
Total decreases		66,592
Change in net assets		(47,124)
Balance, December 31, 2018, at fair value	$	428,231

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	178
Investment income receivable		2,140
4,392 units of Collective Legal Investment Fund, at fair value		426,132
Accrued expenses		(219)
Balance, December 31, 2018, at fair value	$	428,231

See accompanying independent auditors' report.

BENJAMIN W. AND ISAAC W. MORRIS FUND

Created 1806

"To the only proper use and Behoof of the Guardians of the Poor of the City of Philadelphia . . . "

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	7,761
Increases:		
Income from invested funds		118
Net realized gain on sale of units		458
Total increases		576
Decreases:		
Net change in unrealized depreciation in fair value of units		964
Administrative expenses		4
Fuel office expenses		37
Cost of fuel distributed to the poor		304
Total decreases		1,309
Change in net assets		(733)
Balance, December 31, 2018, at fair value	$	7,028

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	497
Investment income receivable		34
67 units of Collective Legal Investment Fund, at fair value		6,500
Accrued expenses		(3)
Balance, December 31, 2018, at fair value	$	7,028

See accompanying independent auditors' report.

SIMON MUHR SCHOLARSHIP FUND

Created 1896

"For the promotion of the welfare of children attending the Public Schools of the City of Philadelphia."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	1,026,976
Increases:		
Income from invested funds		16,292
Additional contributions		26,065
Total increases		42,357
Decreases:		
Net realized loss on sale of units		183
Net change in unrealized depreciation in fair value of units		72,534
Administrative expenses		581
Scholarship awards		46,200
Total decreases		119,498
Change in net assets		(77,141)
Balance, December 31, 2018, at fair value	$	949,835

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	114
Investment Income receivable		4,749
9,751 units of Collective Legal Investment Fund, at fair value		946,084
Accrued expenses		(1,112)
Balance, December 31, 2018, at fair value	$	949,835

See accompanying independent auditors' report.

JOHN NEISON FUND

Created 1944

The income to aid and assist graduates of the Girard College in obtaining a higher education after leaving Girard College and also to help students who are educated in Girard when in need.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	1,109,597
Increases:		
Income from invested funds		17,291
Net realized gain on sale of units		16,863
Other income		4,550
Total increases		38,704
Decreases:		
Net change in unrealized depreciation in fair value of units		93,411
Administrative expenses		614
Scholarship awards		51,100
Total decreases		145,125
Change in net assets		(106,421)
Balance, December 31, 2018, at fair value	$	1,003,176

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	105
Investment Income receivable		5,008
10,292 units of Collective Legal Investment Fund, at fair value		998,577
Accrued expenses		(514)
Balance, December 31, 2018, at fair value	$	1,003,176

See accompanying independent auditors’ report.

WILLIAM W. AND BETTY OMIN MEMORIAL FUND

Created 1960

" 'A William W. and Betty Omin Memorial Award' shall be made once a year at each of the Philadelphia Public High Schools . . . for the best essay on the subject of 'Brotherhood' . . . the amount of the award shall be a maximum of One Thousand Dollars ($1,000) and shall be awarded each year at the time of the Commencement. If there is sufficient money left over . . . or the 'Brotherhood Awards' become unfeasible, then the earnings shall be used for a scholarship or scholarships . . . to Drexel University based on the highest marks received by a senior student of any Philadelphia public high school . . . and the scholarship or scholarships shall be in Engineering with a preference given to Electrical Engineering."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	560,018
Increases:		
Income from invested funds		8,721
Net realized gain on sale of units		15,614
Total increases		24,335
Decreases:		
Net change in unrealized depreciation in fair value of units		53,216
Administrative expenses		310
Scholarship awards		26,300
Total decreases		79,826
Change in net assets		(55,491)
Balance, December 31, 2018, at fair value	$	504,527

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	160
Investment income receivable		2,522
5,175 units of Collective Legal Investment Fund, at fair value		502,103
Accrued expenses		(258)
Balance, December 31, 2018, at fair value	$	504,527

See accompanying independent auditors' report.

EDWARD POWELL FUND

Created 1943

“The income from this principal sum shall be allowed to accumulate for the term of four years and at the expiration of said period shall be awarded, distributed and disposed of as follows: . . . unto any citizen of the City of Philadelphia, irrespective of sex, race, creed or color, who shall have in the judgment of a majority of said Committee by his or her individual efforts and personal application to the Manufacturing and Commercial interest of the City of Philadelphia in the previous four years, succeeded in producing the best results for the benefit and prosperity of the City of Philadelphia in that line . . . a suitable medal or decoration to be given to the person receiving the award.”

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	1,556,761
Increases:		
Income from invested funds		24,776
Total increases		24,776
Decreases:		
Net change in unrealized depreciation in fair value of units		112,014
Administrative expenses		891
Total decreases		112,905
Change in net assets		(88,129)
Balance, December 31, 2018, at fair value	$	1,468,632

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	175
Investment income receivable		7,341
15,067 units of Collective Legal Investment Fund, at fair value		1,461,868
Accrued expenses		(752)
Balance, December 31, 2018, at fair value	$	1,468,632

See accompanying independent auditors’ report.

MURTHA P. QUINN FUND

Created 1941

"To be applied, one-half part thereof for the purchase of eyeglasses for the poor, preference being given to the children and old people, and one-half part thereof for coal for the poor."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	81,114
Increases:		
Income from invested funds		1,259
Net realized gain on sale of units		3,727
Total increases		4,986
Decreases:		
Net change in unrealized depreciation in fair value of units		9,071
Administrative expenses		44
Fuel office expenses		394
Cost of fuel distributed to the poor		1,700
Distribution to Wills Eye Health System for eyeglasses for the poor		1,700
Total decreases		12,909
Change in net assets		(7,923)
Balance, December 31, 2018, at fair value	$	73,191

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	1,940
Investment income receivable		362
731 units of Collective Legal Investment Fund, at fair value		70,925
Accrued expenses		(36)
Balance, December 31, 2018, at fair value	$	73,191

See accompanying independent auditors' report.

THOMAS B. K. RINGE PRIZE FUND

Created 1957

The income of the Fund is to be employed in the award of a prize to that member of each graduating class of Girard College deemed by the President of the College outstanding in scholarship and all-around achievement.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	9,309
Increases:		
Income from invested funds		142
Net realized gain on sale of units		89
Total increases		231
Decreases:		
Net change in unrealized depreciation in fair value of units		724
Administrative expenses		5
Prizes		400
Total decreases		1,129
Change in net assets		(898)
Balance, December 31, 2018, at fair value	$	8,411

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	128
Investment income receivable		41
85 units of Collective Legal Investment Fund, at fair value		8,246
Accrued expenses		(4)
Balance, December 31, 2018, at fair value	$	8,411

See accompanying independent auditors' report.

RITTENHOUSE SCHOOL FUND

Created 1839

Income to be applied "to advance the education of the children of the vicinity of the Old Rittenhouse Academy (Roxborough)." By decree of the court, January 11, 1958, the income is used for the Anna Lane Lingelbach School.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	36,387
Increases:		
Income from invested funds		563
Net realized gain on sale of units		1,155
Total increases		1,718
Decreases:		
Net change in unrealized depreciation in fair value of units		3,609
Administrative expenses		20
Distribution to The School District of Philadelphia		1,700
Total decreases		5,329
Change in net assets		(3,611)
Balance, December 31, 2018, at fair value	$	32,776

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	127
Investment income receivable		163
335 units of Collective Legal Investment Fund, at fair value		32,503
Accrued expenses		(17)
Balance, December 31, 2018, at fair value	$	32,776

See accompanying independent auditors' report.

ROBERTS SCHOOL FUND

Created 1763

"For a Public School for the Instruction of the Children and other Inhabitants of the said (Bristol) Township and the Northern Liberty and Oxford Township, or any Meeting the said Township shall have Occasion as the said Trustees shall think fit provided it doesn't interfere or interrupt the said school."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	7,374
Increases:		
Income from invested funds		112
Net realized gain on sale of units		82
Total increases		194
Decreases:		
Net change in unrealized depreciation in fair value of units		584
Administrative expenses		4
Distribution to The School District of Philadelphia		300
Total decreases		888
Change in net assets		(694)
Balance, December 31, 2018, at fair value	$	6,680

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	152
Investment income receivable		33
67 units of Collective Legal Investment Fund, at fair value		6,498
Accrued expenses		(3)
Balance, December 31, 2018, at fair value	$	6,680

See accompanying independent auditors' report.

ELMER RODENBOUGH FUND

Created 1947

"Use and apply the net income for the needs, service or benefit of any and all graduates, past, present and future, of Girard College, Philadelphia . . . Including but not restricted to the helping of any graduate at anytime within three years of graduation of Girard College, to enter or continue studies in any school, college, university or other institution of learning."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	307,028
Increases:		
Income from invested funds		4,767
Net realized gain on sale of units		8,783
Total increases		13,550
Decreases:		
Net change in unrealized depreciation in fair value of units		29,627
Administrative expenses		170
Scholarship awards		14,200
Total decreases		43,997
Change in net assets		(30,447)
Balance, December 31, 2018, at fair value	$	276,581

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	180
Investment income receivable		1,382
2,836 units of Collective Legal Investment Fund, at fair value		275,161
Accrued expenses		(142)
Balance, December 31, 2018, at fair value	$	276,581

See accompanying independent auditors' report.

GEORGE ROSS MEMORIAL FUND

Created 1988

Contributed by Mr. and Mrs. Henry R. Wimmersberger to establish a fund in memory of Mrs. Wimmersberger's father, Mr. George Ross, who attended Girard College from 1889 to 1894. The income from this fund is to be used for scholarships for graduates of Girard College.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	78,022
Increases:		
Income from invested funds		1,213
Net realized gain on sale of units		1,768
Total increases		2,981
Decreases:		
Net change in unrealized depreciation in fair value of units		7,016
Administrative expenses		43
Scholarship awards		3,600
Total decreases		10,659
Change in net assets		(7,678)
Balance, December 31, 2018, at fair value	$	70,344

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	170
Investment income receivable		351
720 units of Collective Legal Investment Fund, at fair value		69,859
Accrued expenses		(36)
Balance, December 31, 2018, at fair value	$	70,344

See accompanying independent auditors' report.

ANTONIO SAULINO FUND

Created 1957

“To pay and distribute the income now on hand or thereafter accruing to poverty stricken musicians who were members of the Philadelphia Musical Association for three years immediately prior to its dissolution.”

By Decree of the Orphans’ Court, dated March 14, 1972, distribution may be made among needy members of the Philadelphia Musical Society.

By Decree of the Orphans’ Court, dated March 23, 1978, accumulated income may be distributed to students at schools of music or vocal arts in Philadelphia.

By Decree of the Orphans’ Court, dated December 8, 2003, the limit for individual grants to needy former members of the Philadelphia Musical Association or Philadelphia Musical Society is increased to $3,000 per individual per year. The limit for grants to needy current members of those organizations is increased to $1,000 per individual per year. The limit for grants to needy students enrolled in music or vocal arts schools in Philadelphia is increased to $1,000 per individual per year. The period of all grants is not to exceed two consecutive years unless approved by the court upon good cause shown.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	126,484
Increases:		
Income from invested funds		1,985
Net realized gain on sale of units		3,019
Total increases		5,004
Decreases:		
Net change in unrealized depreciation in fair value of units		11,605
Administrative expenses		71
Payments to needy musicians and students		5,700
Total decreases		17,376
Change in net assets		(12,372)
Balance, December 31, 2018, at fair value	$	114,112

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	111
Investment income receivable		573
1,181 units of Collective Legal Investment Fund, at fair value		114,587
Accrued expenses		(1,159)
Balance, December 31, 2018, at fair value	$	114,112

See accompanying independent auditors’ report.

THE SCHOLARSHIP FUND OF GIRARD COLLEGE

Created 1977

Consists of contributions from:

The Estate of Walter F. McCann	1977
Edward R. Eagleson	1982–1989
The Estate of Russell P. Morgan	1982
Friends of Ed Fritz	1984

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	114,201
Increases:		
Income from invested funds		1,777
Net realized gain on sale of units		2,987
Total increases		4,764
Decreases:		
Net change in unrealized depreciation in fair value of units		10,664
Administrative expenses		63
Scholarship awards		5,300
Total decreases		16,027
Change in net assets		(11,263)
Balance, December 31, 2018, at fair value	$	102,938

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	117
Investment income receivable		514
1,055 units of Collective Legal Investment Fund, at fair value		102,360
Accrued expenses		(53)
Balance, December 31, 2018, at fair value	$	102,938

See accompanying independent auditors’ report.

CHRISTIAN SCHRACK FUND

Created 1917

"I give and devise all the rents, interest and income of my Estate to the Corporation of the City of Philadelphia, to be distributed by them according to the best of their judgment into the hands of the Missionary Societies of the said city for the relief of the Poor; but if there be no such society or societies at that time then the said Corporation may distribute or designate the proper means for distributing the same for the relief of the poor of the said city. But no part thereof shall be appropriated towards the Almshouse of the said City or any of its inmates."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	494,490
Increases:		
Income from invested funds		7,745
Net realized gain on sale of units		12,479
Total increases		20,224
Decreases:		
Net change in unrealized depreciation in fair value of units		46,613
Administrative expenses		273
Distribution to:		
Aid for Friends		2,785
Blind Relief Fund of Philadelphia		2,785
CORA Services, Inc.		2,785
Helping Hand Rescue Mission		2,785
Jewish Community Centers of Greater Philadelphia		2,785
Old Saint Joseph's Outreach – Carewalk Center		2,785
People's Emergency Center		2,785
Project H.O.M.E.		2,785
Whosoever Gospel Mission and Rescue Home of Germantown		285
St. Francis Inn		235
Total decreases		69,686
Change in net assets		(49,462)
Balance, December 31, 2018, at fair value	$	445,028

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	116
Investment income receivable		2,224
4,565 units of Collective Legal Investment Fund, at fair value		442,916
Accrued expenses		(228)
Balance, December 31, 2018, at fair value	$	445,028

See accompanying independent auditors' report.

JOHN SCOTT MEDAL FUND

Created 1816

Income "to be laid out in premiums to be distributed among ingenious men and women who make useful inventions and/or discoveries in science, medicine or engineering, such premiums to be $10,000 for any one premium, in any one year, with any additional premium to be awarded in the discretion of the Board but such additional premium to be made in accordance with the Board's Spending Rule as authorized under 20 Pa. C.S.A. § 8813, and . . . given a copper medal with this inscription 'To the most deserving.' "

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	890,060
Increases:		
Income from invested funds		13,974
Net realized gain on sale of units		19,712
Total increases		33,686
Decreases:		
Net change in unrealized depreciation in fair value of units		81,592
Administrative expenses		493
Awards		30,000
Expenses in connection with awards		11,342
Total decreases		123,427
Change in net assets		(89,741)
Balance, December 31, 2018, at fair value	$	800,319

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	126
Investment income receivable		4,014
8,263 units of Collective Legal Investment Fund, at fair value		801,713
Accrued expenses		(5,534)
Balance, December 31, 2018, at fair value	$	800,319

See accompanying independent auditors' report.

WILLIAM SCOTT FUND

Created 1947

By adjudication of the Orphans' Court of Montgomery County, Pennsylvania, dated July 26, 1947, approval was given to an Agreement of Settlement, whereby the City of Philadelphia, acting by the Board of Directors of City Trusts, administering Girard College, was awarded one-half of the principal of this Trust for the use of Girard College.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	695,812
Increases:		
Income from invested funds		10,799
Net realized gain on sale of units		11,484
Total increases		22,283
Decreases:		
Net change in unrealized depreciation in fair value of units		58,445
Administrative expenses		384
Distributions to Girard College		32,300
Total decreases		91,129
Change in net assets		(68,846)
Balance, December 31, 2018, at fair value	$	626,966

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	189
Investment income receivable		3,134
6,431 units of Collective Legal Investment Fund, at fair value		623,964
Accrued expenses		(321)
Balance, December 31, 2018, at fair value	$	626,966

See accompanying independent auditors' report.

SAMUEL SCOTTEN FUND

Created 1810

"To deliver to the poor of the said City (Philadelphia) and of Southwark twelve dollars' worth of bread annually." By court adjudication, all of the income available may be used to purchase bread.

By court adjudication, dated June 16, 1970, income is distributed to charitable organizations engaged in the distribution of food among the poor of Philadelphia.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	3,664
Increases:		
Income from invested funds		55
Net realized gain on sale of units		93
Total increases		148
Decreases:		
Net change in unrealized depreciation in fair value of units		331
Administrative expenses		2
Contribution to St. Francis Inn		200
Total decreases		533
Change in net assets		(385)
Balance, December 31, 2018, at fair value	$	3,279

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	161
Investment income receivable		16
32 units of Collective Legal Investment Fund, at fair value		3,104
Accrued expenses		(2)
Balance, December 31, 2018, at fair value	$	3,279

See accompanying independent auditors' report.

HENRY SEYBERT FUND

Created 1883

Income “for the distribution of Fuel and Bread amongst the deserving poor, during the Winter months.”

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	68,452
Increases:		
Income from invested funds		1,051
Net realized gain on sale of units		4,509
Total increases		5,560
Decreases:		
Net change in unrealized depreciation in fair value of units		8,930
Administrative expenses		36
Fuel office expenses		329
Cost of fuel distributed to the poor		3,266
Total decreases		12,561
Change in net assets		(7,001)
Balance, December 31, 2018, at fair value	$	61,451

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	2,966
Investment income receivable		300
600 units of Collective Legal Investment Fund, at fair value		58,215
Accrued expenses		(30)
Balance, December 31, 2018, at fair value	$	61,451

See accompanying independent auditors’ report.

FREDERICK A. SHEAFF FUEL FUND

Created 1874

Income "to purchase fuel between the months of March and September in every year forever and in the month of February in every year forever to distribute the same among poor housekeepers and roomkeepers of good character residing in the City of Philadelphia."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	19,333
Increases:		
Income from invested funds		295
Net realized gain on sale of units		1,309
Total increases		1,604
Decreases:		
Net change in unrealized depreciation in fair value of units		2,861
Administrative expenses		10
Fuel office expenses		93
Cost of fuel distributed to the poor		923
Total decreases		3,887
Change in net assets		(2,283)
Balance, December 31, 2018, at fair value	$	17,050

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	672
Investment income receivable		84
168 units of Collective Legal Investment Fund, at fair value		16,302
Accrued expenses		(8)
Balance, December 31, 2018, at fair value	$	17,050

See accompanying independent auditors' report.

MARY SHIELDS FUEL FUND

Created 1880

To apply the interest thereof to the purchase of coal, and to distribute the same in the fall and winter months to indigent widows and widowers, single women and men, without respect to color.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	28,036
Increases:		
Income from invested funds		378
Net realized gain on sale of units		1,407
Total increases		1,785
Decreases:		
Net change in unrealized depreciation in fair value of units		2,933
Administrative expenses		15
Fuel office expenses		135
Cost of fuel distributed to the poor		1,200
Total decreases		4,283
Change in net assets		(2,498)
Balance, December 31, 2018, at fair value	$	25,538

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	1,415
Investment income receivable		71
245 units of Collective Legal Investment Fund, at fair value		24,064
Accrued expenses		(12)
Balance, December 31, 2018, at fair value	$	25,538

See accompanying independent auditors’ report.

MARY SHIELDS HOSPITAL FUND

Created 1880

To relieve and make more comfortable the sick at the Philadelphia Nursing Home (successor to Philadelphia General Hospital).

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	818,718
Increases:		
Income from invested funds		12,802
Net realized gain on sale of units		23,339
Total increases		36,141
Decreases:		
Net change in unrealized depreciation in fair value of units		78,107
Administrative expenses		453
Distribution to Philadelphia Nursing Home		37,900
Total decreases		116,460
Change in net assets		(80,319)
Balance, December 31, 2018, at fair value	$	738,399

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	124
Investment income receivable		3,691
7,575 units of Collective Legal Investment Fund, at fair value		734,962
Accrued expenses		(378)
Balance, December 31, 2018, at fair value	$	738,399

See accompanying independent auditors’ report.

JOSEPH SIMCOCK PRIZE FUND

Created 1941

The interest derived therefrom shall be given annually in two cash prizes to be known as The Joseph G. Simcock Prize to the two high school students of Girard College, who compose and submit or deliver orally the best essays on the recent developments in technology and industry.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	5,628
Increases:		
Income from invested funds		84
Net realized gain on sale of units		88
Total increases		172
Decreases:		
Net change in unrealized depreciation in fair value of units		462
Administrative expenses		3
Prizes		300
Total decreases		765
Change in net assets		(593)
Balance, December 31, 2018, at fair value	$	5,035

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	162
Investment income receivable		25
50 units of Collective Legal Investment Fund, at fair value		4,851
Accrued expenses		(3)
Balance, December 31, 2018, at fair value	$	5,035

See accompanying independent auditors' report.

JACOB J. SNYDER FUND

Created 1874

Income to be "expended yearly by the Directors of City Trusts as they may deem best in aid of the poor people of this City (Philadelphia)."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	73,512
Increases:		
Income from invested funds		1,132
Net realized gain on sale of units		4,890
Total increases		6,022
Decreases:		
Net change in unrealized depreciation in fair value of units		9,653
Administrative expenses		39
Fuel office expenses		354
Cost of fuel distributed to the poor		3,234
Total decreases		13,280
Change in net assets		(7,258)
Balance, December 31, 2018, at fair value	$	66,254

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	3,285
Investment income receivable		324
646 units of Collective Legal Investment Fund, at fair value		62,677
Accrued expenses		(32)
Balance, December 31, 2018, at fair value	$	66,254

See accompanying independent auditors' report.

SPRING GARDEN FUND

Created 1847

Income to be "applied to the purchase of food and fuel, and no other purpose and . . . distributed during the winter months of each and every year among such of the poor. . ."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	24,674
Increases:		
Income from invested funds		378
Net realized gain on sale of units		1,401
Total increases		1,779
Decreases:		
Net change in unrealized depreciation in fair value of units		3,015
Administrative expenses		13
Fuel office expenses		117
Cost of fuel distributed to the poor		1,000
Total decreases		4,145
Change in net assets		(2,366)
Balance, December 31, 2018, at fair value	$	22,308

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	1,157
Investment income receivable		109
217 units of Collective Legal Investment Fund, at fair value		21,053
Accrued expenses		(11)
Balance, December 31, 2018, at fair value	$	22,308

See accompanying independent auditors' report.

RAYMOND R. START MEMORIAL FUND

Created 2014

For the purpose of providing scholarship aid to Girard College graduates pursuing a law degree.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	128,593
Increases:		
Income from invested funds		2,171
Net realized gain on sale of units		28
Total increases		2,199
Decreases:		
Net change in unrealized depreciation in fair value of units		9,838
Administrative expenses		79
Scholarship awards		5,500
Total decreases		15,417
Change in net assets		(13,218)
Balance, December 31, 2018, at fair value	$	115,375

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	183
Investment income receivable		655
1,343 units of Collective Legal Investment Fund, at fair value		130,304
Accrued expenses		(15,767)
Balance, December 31, 2018, at fair value	$	115,375

See accompanying independent auditors’ report.

WILLIAM D. AND MARIE STEUBER FUND

Created 1957

"To distribute the net income therefrom annually at Christmas time to the poor in the City of Philadelphia according to the judgment and discretion of the said Board of City Trusts."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	81,190
Increases:		
Income from invested funds		1,267
Net realized gain on sale of units		2,257
Total increases		3,524
Decreases:		
Net change in unrealized depreciation in fair value of units		7,680
Administrative expenses		45
Distribution to:		
St. John's Hospice		2,785
St. Francis Inn		1,015
Total decreases		11,525
Change in net assets		(8,001)
Balance, December 31, 2018, at fair value	$	73,189

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	189
Investment income receivable		365
749 units of Collective Legal Investment Fund, at fair value		72,672
Accrued expenses		(37)
Balance, December 31, 2018, at fair value	$	73,189

See accompanying independent auditors' report.

WILLIAM D. AND MARY STEUBER FUND

Created 1947

"To distribute the net income therefrom annually at Christmas time to the poor in the City of Philadelphia according to the judgment and discretion of the said Board of City Trusts."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	62,238
Increases:		
Income from invested funds		971
Net realized gain on sale of units		1,778
Total increases		2,749
Decreases:		
Net change in unrealized depreciation in fair value of units		5,931
Administrative expenses		34
Distribution to:		
Sunday Breakfast Rescue Mission		2,785
St. Francis Inn		135
Total decreases		8,885
Change in net assets		(6,136)
Balance, December 31, 2018, at fair value	$	56,102

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	158
Investment income receivable		280
574 units of Collective Legal Investment Fund, at fair value		55,693
Accrued expenses		(29)
Balance, December 31, 2018, at fair value	$	56,102

See accompanying independent auditors' report.

FREDERICK DEYLE STITELER PRIZE FUND

Created 1971

"To provide a prize to be awarded to a group or individual or individuals participating in the annual Mummers Parade held in Philadelphia usually on New Year's Day, in accordance with such rules, regulations and standards as shall be established by the official judging group for the Mummers Parade."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	24,355
Increases:		
Income from invested funds		
Returned expenditures and additional income		377
Net realized gain on sale of units		404
Total increases		781
Decreases:		
Net change in unrealized depreciation in fair value of units		2,052
Administrative expenses		13
Prizes		1,100
Total decreases		3,165
Change in net assets		(2,384)
Balance, December 31, 2018, at fair value	$	21,971

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	140
Investment income receivable		109
224 units of Collective Legal Investment Fund, at fair value		21,733
Accrued expenses		(11)
Balance, December 31, 2018, at fair value	$	21,971

See accompanying independent auditors' report.

C. HENDERSON SUPPLEE FUND

Created 1934

"To apply not more than Twenty Dollars per week to the maintenance of convalescent persons for not more than one month in any one year. Any income in any year that is not so used shall be distributed to such visiting nurse societies of Philadelphia as the Board of City Trusts shall determine, to be used by them in their work."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	1,222,906
Increases:		
Income from invested funds		18,984
Net realized gain on sale of units		29,065
Total increases		48,049
Decreases:		
Net change in unrealized depreciation in fair value of units		111,603
Administrative expenses		676
Distribution to The Visiting Nurse Society of Philadelphia		56,700
Total decreases		168,979
Change in net assets		(120,930)
Balance, December 31, 2018, at fair value	$	1,101,976

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	172
Investment income receivable		5,508
11,305 units of Collective Legal Investment Fund, at fair value		1,096,860
Accrued expenses		(564)
Balance, December 31, 2018, at fair value	$	1,101,976

See accompanying independent auditors' report.

FRANCIS H. THOLE FUND

Created 1952

"To pay the net income of said sum or principal from time to time to the Board of Education of the City of Philadelphia to be used and applied by the said Board of Education of Philadelphia for distribution in prizes of not less than Twenty-Five Dollars each among such scholars of the Public Schools of the City of Philadelphia, under the management and control of the said Board of Education or their lawful successors, who shall in proportion to the number of cash prizes provided by said net income be entitled thereto in the opinion of the Board of Education or its duly appointed agents, for the best written essay or essays by such scholars on the Constitution of the United States of America."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	91,543
Increases:		
Income from invested funds		1,425
Net realized gain on sale of units		2,269
Total increases		3,694
Decreases:		
Net change in unrealized depreciation in fair value of units		8,559
Administrative expenses		51
Prizes		4,200
Total decreases		12,810
Change in net assets		(9,116)
Balance, December 31, 2018, at fair value	$	82,427

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	102
Investment income receivable		414
855 units of Collective Legal Investment Fund, at fair value		82,954
Accrued expenses		(1,043)
Balance, December 31, 2018, at fair value	$	82,427

See accompanying independent auditors' report.

ARCHIBALD THOMSON FUND

Created 1799

Income to purchase bread “for the Support of the poor of the City of Philadelphia.”

By Court adjudication, dated June 16, 1970, income is distributed to charitable organizations engaged in the distribution of food among the poor of Philadelphia.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	53,866
Increases:		
Income from invested funds		840
Net realized gain on sale of units		1,428
Total increases		2,268
Decreases:		
Net change in unrealized depreciation in fair value of units		5,027
Administrative expenses		30
Contribution to Whosoever Gospel Mission and Rescue Home of Germantown		2,500
Total decreases		7,557
Change in net assets		(5,289)
Balance, December 31, 2018, at fair value	$	48,577

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	138
Investment income receivable		242
497 units of Collective Legal Investment Fund, at fair value		48,222
Accrued expenses		(25)
Balance, December 31, 2018, at fair value	$	48,577

See accompanying independent auditors’ report.

LAWRENCE TODD SCHOLARSHIP FUND

Created 1921

"Income therefrom to be used for scholarships for such graduates of Girard College as are desirous of securing, and who in the opinion of the Board are worthy of a higher education."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	505,441
Increases:		
Income from invested funds		7,870
Net realized gain on sale of units		13,804
Total increases		21,674
Decreases:		
Net change in unrealized depreciation in fair value of units		48,201
Administrative expenses		279
Scholarship awards		23,500
Total decreases		71,980
Change in net assets		(50,306)
Balance, December 31, 2018, at fair value	$	455,135

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	183
Investment income receivable		2,275
4,668 units of Collective Legal Investment Fund, at fair value		452,910
Accrued expenses		(233)
Balance, December 31, 2018, at fair value	$	455,135

See accompanying independent auditors' report.

SELDON TWITCHELL FUND

Created 1925

"To apply the net income for the care and maintenance of Independence Hall in said city (Philadelphia)."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	66,986
Increases:		
Income from invested funds		1,045
Net realized gain on sale of units		1,878
Total increases		2,923
Decreases:		
Net change in unrealized depreciation in fair value of units		6,353
Administrative expenses		37
Care and maintenance of Independence Hall		3,100
Total decreases		9,490
Change in net assets		(6,567)
Balance, December 31, 2018, at fair value	$	60,419

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	186
Investment income receivable		301
618 units of Collective Legal Investment Fund, at fair value		59,963
Accrued expenses		(31)
Balance, December 31, 2018, at fair value	$	60,419

See accompanying independent auditors' report.

GEORGE A. VARE MEDALS FUND

Created 1910

Income "to be applied in the procuring and awarding of gold medals, one to be awarded to the student attaining the highest standing of each semi-annual graduation from the Southern Manual Training High School of the City of Philadelphia." By court adjudication, award is to be made at the June graduation, the mid-year graduations having been discontinued in the public schools.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	6,947
Increases:		
Income from invested funds		106
Net realized gain on sale of units		4
Total increases		110
Decreases:		
Net change in unrealized depreciation in fair value of units		478
Administrative expenses		4
Cost of Medals		223
Total decreases		705
Change in net assets		(595)
Balance, December 31, 2018, at fair value	$	6,352

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	115
Investment income receivable		31
64 units of Collective Legal Investment Fund, at fair value		6,209
Accrued expenses		(3)
Balance, December 31, 2018, at fair value	$	6,352

See accompanying independent auditors' report.

LOUIS WAGNER PRIZE FUND

Created 1914

"I give and bequeath unto the City of Philadelphia, Board of Directors of City Trusts, the sum of $2,000 in trust that the same shall be kept invested by the said Board and the interest or income derived therefrom be used each year in the purchase of a gold watch, the same to be suitably engraved and known as the 'Wagner Prize,' which shall be presented to the person graduating with the highest honors in the graduating class during each year at Girard College."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	16,138
Increases:		
Income from invested funds		252
Net realized gain on sale of units		293
Total increases		545
Decreases:		
Net change in unrealized depreciation in fair value of units		1,414
Administrative expenses		9
Total decreases		1,423
Change in net assets		(878)
Balance, December 31, 2018, at fair value	$	15,260

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	155
Investment income receivable		74
155 units of Collective Legal Investment Fund, at fair value		15,039
Accrued expenses		(8)
Balance, December 31, 2018, at fair value	$	15,260

See accompanying independent auditors' report.

ELIZABETH F. WARDER FUND

Created 1953

By adjudication, dated April 2, 1953, the Orphans' Court of Philadelphia County awarded one-third of the estate to the Board of Directors of City Trusts with the following direction:

"... to expend the Fund, principal and income to and among such former members of the Fire Department as were disabled in the line of duty and are now receiving pension. The Board of City Trusts shall accept from year to year the designation of the eligible individuals by the commissioner of Fire. The amount to be distributed until the Fund is exhausted shall be at the rate of 10% of the pension payable to each recipient annually. Final payment shall be made pro rata among those eligible to receive the funds in the year when the same shall be exhausted."

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	68,301
Increases:		
Income from invested funds		1,058
Net realized gain on sale of units		1,681
Total increases		2,739
Decreases:		
Net change in unrealized depreciation in fair value of units		6,292
Administrative expenses		38
Distributions to disabled firemen		3,200
Total decreases		9,530
Change in net assets		(6,791)
Balance, December 31, 2018, at fair value	$	61,510

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	109
Investment income receivable		307
630 units of Collective Legal Investment Fund, at fair value		61,125
Accrued expenses		(31)
Balance, December 31, 2018, at fair value	$	61,510

See accompanying independent auditors' report.

ESTHER WATERS FUND

Created 1833

Income to be used to “give, distribute and deliver such Firewood or other Fuel to and amongst such of the poor of the City of Philadelphia as shall be found upon careful inquiry to be most deserving of such aid.”

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	74,769
Increases:		
Income from invested funds		1,153
Net realized gain on sale of units		4,593
Total increases		5,746
Decreases:		
Net change in unrealized depreciation in fair value of units		9,465
Administrative expenses		40
Fuel office expenses		355
Cost of fuel distributed to the poor		3,100
Total decreases		12,960
Change in net assets		(7,214)
Balance, December 31, 2018, at fair value	$	67,555

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	3,219
Investment income receivable		330
660 units of Collective Legal Investment Fund, at fair value		64,039
Accrued expenses		(33)
Balance, December 31, 2018, at fair value	$	67,555

See accompanying independent auditors’ report.

OBADIAH WHEELOCK FUND

Created 1887

Income "to be awarded . . . to a Meritorious Scholar of the Girls Normal School of the City of Philadelphia."

In view of the Normal School having been abolished and upon recommendation of the Board of Public Education, the income is to be paid to the Pedagogical Library of the Board of Public Education for the purchase of books in memory of Obadiah Wheelock.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	4,718
Increases:		
Income from invested funds		71
Total increases		71
Decreases:		
Net realized loss on sale of units		11
Net change in unrealized depreciation in fair value of units		309
Administrative expenses		3
Distribution to The School District of Philadelphia		200
Total decreases		523
Change in net assets		(452)
Balance, December 31, 2018, at fair value	$	4,266

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	171
Investment income receivable		21
42 units of Collective Legal Investment Fund, at fair value		4,076
Accrued expenses		(2)
Balance, December 31, 2018, at fair value	$	4,266

See accompanying independent auditors' report.

J. WILLIAM WHITE FUND

Created 1925

Income may be used to purchase artificial limbs, braces, orthopedic shoes and any and all like devices for former patients of Philadelphia Nursing Home (successor to Philadelphia General Hospital) so that they become self-reliant and avoid being readmitted to Philadelphia Nursing Home or other like institutions.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	132,771
Increases:		
Income from invested funds		2,074
Net realized gain on sale of units		3,434
Total increases		5,508
Decreases:		
Net change in unrealized depreciation in fair value of units		12,310
Administrative expenses		73
Distribution to Philadelphia Nursing Home		6,200
Total decreases		18,583
Change in net assets		(13,075)
Balance, December 31, 2018, at fair value	$	119,696

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	110
Investment income receivable		598
1,227 units of Collective Legal Investment Fund, at fair value		119,049
Accrued expenses		(61)
Balance, December 31, 2018, at fair value	$	119,696

See accompanying independent auditors’ report.

JAMES WINDRIM SCHOLARSHIP FUND

Created 1921

The income is to be used to assist graduates of Girard College who desire to continue studies in school, college or university who are considered deserving of such opportunity by the Board.

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	42,628
Increases:		
Income from invested funds		663
Net realized gain on sale of units		1,252
Total increases		1,915
Decreases:		
Net change in unrealized depreciation in fair value of units		4,110
Administrative expenses		24
Scholarship awards		2,000
Total decreases		6,134
Change in net assets		(4,219)
Balance, December 31, 2018, at fair value	$	38,409

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	107
Investment income receivable		192
393 units of Collective Legal Investment Fund, at fair value		38,130
Accrued expenses		(20)
Balance, December 31, 2018, at fair value	$	38,409

See accompanying independent auditors’ report.

JOSEPH WRIGHT FUND

Created 1947

By Decree of the Court of Common Pleas of Philadelphia county, dated June 26, 1946, Wright's Industrial and Beneficial Institute of Frankford was dissolved and the assets of the corporation were awarded to the City of Philadelphia, acting by the Board of Directors of City Trusts, in trust, one-third of the income therefrom to be paid over to the Trustees of the Free Library of Philadelphia for the exclusive benefit of the Frankford Branch, and the balance of said income to be used for the poor as near as may be in keeping with the purposes specified in the Will of Joseph Wright, deceased (those living within a circuit of one mile from the corner of Main and Sellers Streets, in Frankford).

Schedule of Changes in Net Assets

Year ended December 31, 2018

Balance, January 1, 2018, at fair value	$	116,450
Increases:		
Income from invested funds		1,805
Net realized gain on sale of units		5,583
Total increases		7,388
Decreases:		
Net change in unrealized depreciation in fair value of units		13,237
Administrative expenses		63
Fuel office expenses		561
Cost of fuel distributed to the poor		2,549
Distributions to the trustees of the Free Library of Philadelphia		1,600
Total decreases		18,010
Change in net assets		(10,622)
Balance, December 31, 2018, at fair value	$	105,828

Schedule of Net Assets

December 31, 2018

Cash and cash equivalents	$	3,973
Investment income receivable		518
1,045 units of Collective Legal Investment Fund, at fair value		101,389
Accrued expenses		(52)
Balance, December 31, 2018, at fair value	$	105,828

See accompanying independent auditors' report.

BOARD OF DIRECTORS OF CITY TRUSTS
CONTRIBUTORY RETIREMENT PLAN

Financial Statements – FASB Basis

December 31, 2018

(With Independent Auditors' Report Thereon)

BOARD OF DIRECTORS OF CITY TRUSTS
CONTRIBUTORY RETIREMENT PLAN

Table of Contents

KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

Independent Auditors' Report

The Board of Directors of City Trusts
Philadelphia, Pennsylvania:

We have audited the accompanying financial statements of the Board of Directors of City Trusts Contributory Retirement Plan (the Plan), which comprise the statements of net assets available for plan benefits – Financial Accounting Standards Board (FASB) basis and of accumulated plan benefits – FASB basis as of December 31, 2018 and the related statements of changes in net assets available for plan benefits – FASB basis and of changes in accumulated plan benefits – FASB basis for the year then ended and the related notes to the financial statements – FASB basis.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the FASB basis of accounting described in note 2(a) to the financial statements – FASB basis. 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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 entity'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 entity'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of December 31, 2018 and the changes in its financial status for the year then ended, in accordance with the FASB basis of accounting described in note 2(a) to the financial statements – FASB basis.

KPMG

Basis of Accounting

We draw your attention to note 2(a), which describes the basis of accounting. The financial statements are prepared in accordance with the standards promulgated by FASB, which is a basis of accounting other than U.S. generally accepted accounting principles for governmental entities, which are promulgated by the Governmental Accounting Standards Board. Our opinion is not modified with respect to this matter.

KPMG LLP

Philadelphia, Pennsylvania
July 3, 2019

BOARD OF DIRECTORS OF CITY TRUSTS
CONTRIBUTORY RETIREMENT PLAN

Statement of Net Assets Available for Plan Benefits – FASB Basis

December 31, 2018

Assets:		
Investment, 61,211 units of Collective Legal Investment Fund, at fair value	$	5,938,967
Investment income receivable		29,846
Cash and cash equivalents		77,476
Total assets		6,046,289
Liabilities:		
Accrued expenses		24,203
Total liabilities		24,203
Net assets available for plan benefits	$	6,022,086

See accompanying notes to financial statements – FASB Basis.

BOARD OF DIRECTORS OF CITY TRUSTS
CONTRIBUTORY RETIREMENT PLAN

Statement of Changes in Net Assets Available for Plan Benefits – FASB Basis

Year ended December 31, 2018

Additions to net assets:		
Investment income, net	$	101,988
Realized investment gains		4,522
Employee contributions		40,026
Employer contributions		256,356
Total additions		402,892
Deductions from net assets:		
Retirement benefits paid		370,987
Administrative expenses		47,874
Unrealized investment losses		455,383
Total deductions		874,244
Net decrease in net assets available for plan benefits		(471,352)
Net assets available for plan benefits, beginning of year		6,493,438
Net assets available for plan benefits, end of year	$	6,022,086

See accompanying notes to financial statements – FASB Basis.

BOARD OF DIRECTORS OF CITY TRUSTS
CONTRIBUTORY RETIREMENT PLAN

Statement of Accumulated Plan Benefits – FASB Basis

December 31, 2018

Actuarial present value of accumulated plan benefits:		
Vested benefits:		
Participants currently receiving benefits	$	3,086,566
Other participants		1,259,039
Total vested benefits		4,345,605
Nonvested benefits		46,227
Total actuarial present value of accumulated plan benefits	$	4,391,832

See accompanying notes to financial statements – FASB Basis.

BOARD OF DIRECTORS OF CITY TRUSTS
CONTRIBUTORY RETIREMENT PLAN

Statement of Changes in Accumulated Plan Benefits – FASB Basis

Year ended December 31, 2018

Actuarial present value of accumulated plan benefits, beginning of year	$	4,353,081
Increase (decrease) during the year attributable to:		
Retirement benefits paid		(370,987)
Additional benefit accumulations		88,910
Expected interest due to passage of time		328,681
Net actuarial gains		(7,853)
Net increase		38,751
Actuarial present value of accumulated plan benefits, end of year	$	4,391,832

See accompanying notes to financial statements – FASB Basis.

(1) Description of Plan

(a) General

The Board of Directors of City Trusts Contributory Retirement Plan (the Plan) is a defined benefit plan for certain employees of the Board of Directors of City Trusts acting for the City of Philadelphia, Trustee (the Board). The Plan is available to certain union employees who elect coverage, who have completed one year of service regardless of age and whose union contract does not provide benefits under either a union pension plan or the Board's noncontributory plans. All administrative expenses are paid out of plan assets. Participants should refer to the plan document for more complete information.

(b) Funding Policy

The Board contributes amounts as are necessary to provide the Plan with sufficient assets to meet the benefits to be paid to plan members, based upon amounts recommended by the Plan's actuary. Such amounts are determined in accordance with the Projected Unit Credit Actuarial Cost Method. Employees contribute amounts based on salary terms, as defined in the plan agreement.

The Plan's net assets available for plan benefits exceeded the total actuarial present value of accumulated plan benefits as of December 31, 2018.

(c) Benefits

Plan participants who have attained age 65 are entitled to receive retirement benefits payable during their lifetime on the first day of each month following their retirement or termination of employment. Early retirement and survivor benefits are also available to participants.

Benefits are based on cumulative employee contributions required by the Plan determined on career salary levels. Benefits payable upon early retirement are computed in the same manner as normal retirement benefits; however, early retirement benefits are discounted by an early retirement factor.

Benefits are recorded when paid.

(d) Vesting

A participant becomes 100% vested in his or her accrued benefits upon completion of five years of credited service.

Upon termination of employment, vested participants are entitled to plan benefits computed in the same manner as normal retirement benefits.

(e) Plan Termination

The Board has the right to terminate the Plan. Upon plan termination, all funds shall be used to pay participants their retirement income accrued, to the extent funded, as of the date of termination of the Plan. Information regarding vesting benefits provisions and the priority order of the participants' claims upon plan termination may be found in plan document.

(Continued)

(2) Significant Accounting Policies

(a) Basis of Accounting

The Plan is considered part of a governmental instrumentality and is, therefore, subject to U.S. generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB). However, the Board has chosen to prepare the financial statements and notes thereto following the accounting standards promulgated by the Financial Accounting Standards Board (FASB) applicable to employee benefit plans because it believes that FASB standards better reflect the entity's purposes and operations. As a result, the financial statements of the Plan are prepared on the accrual basis of accounting.

If the Plan's financial statements were prepared in accordance with GASB standards rather than FASB standards, the following differences would exist:

- Management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employee contributions and schedule of investment returns would be required supplementary information.
- The Plan's net pension liability would be measured as the total pension liability less the Plan's fiduciary net position. The actuarial present value of projected benefit payments would be required to be attributed using the entry-age actuarial cost method with each period's service cost determined as a level percentage of pay. Projected benefit payments would be discounted using the single rate that reflects (1) a long-term expected rate of return on pension plan investments to the extent that the pension's fiduciary net position is projected to be sufficient to pay benefits and pension plan assets are expected to be invested using a strategy to achieve that return and (2) a tax-exempt, high-quality municipal bond rate to the extent the conditions to use the long-term expected rate of return are not met.
- Additional disclosures would be provided regarding:
  - interest rate risk, credit risk, custodial credit risk and concentrations of credit risk related to the Plan's investments and the Plan's policies for managing such risks
  - a description of the risks of loss to which the entity is exposed and the ways in which the risks of loss are managed.

(b) Valuation of Investments

Investments are reported at fair value. Investments in private equity are measured using net asset value per share as a practical expedient to fair value. See note 2(e) for a discussion of fair value measurements.

Realized gains and losses from the sales of investments, determined on the last-in, first-out method, as well as the change in the difference between aggregate market value and the cost of the investment from the beginning to the end of the year are reflected in the statement of changes in net assets available for plan benefits as realized and unrealized investment gains or losses.

(c) Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those estimated future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to services rendered by eligible employees to the valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died and (c) present employees or their beneficiaries. Benefits for active, retired, or terminated employees or their beneficiaries are based on cumulative employee contributions required by the Plan determined on career salary levels. Benefits payable under all circumstances—retirement, death and termination of employment—are included to the extent they are deemed attributable to employee service rendered to the valuation date.

(d) Use of Estimates

The preparation of financial statements in conformity with the basis of accounting described in note 2(a) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates and assumptions.

(e) Fair Value

Three levels of inputs may be used to measure fair value as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. government and agency mortgage-backed debt securities and corporate-debt securities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

(Continued)

At December 31, 2018, all of the Plan's investments are held in the Collective Legal Investment Fund (CLIF). The CLIF was created by the Board to pool for investment management purposes the collective assets of the trusts it manages on behalf of the City of Philadelphia, including certain assets of the Girard Estate, Wills Eye Hospital, the three retirement plans of the Board and the 117 smaller trusts collectively referred to as the "Sundry Trusts." Such investments are stated at fair value. Within the CLIF, the Plan owns shares that invest in the following types of securities:

Equity Securities

Securities traded on a national securities exchange (or reported on the NASDAQ national market) are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded, they are categorized in Level 1 of the fair value hierarchy.

Debt Securities

U.S. government and other debt securities are valued at the closing price reported in the active market in which the security is traded, if available and categorized in Level 1 of the fair value hierarchy. If such information is not available, debt is valued based on yields currently available on comparable securities for issuers with similar credit ratings and characterized in Level 2 of the fair value hierarchy.

Listed asset-backed securities are valued based on quoted market prices from the active market in which the instrument is principally traded and are categorized in Level 1 of the fair value hierarchy. If such quoted prices are not available, the fair value of the security is estimated based on models considering the estimated cash flows and expected yield. Such investments are categorized as Level 2 or Level 3 based on the extent inputs are observable and timely.

Private Equity Funds

Net asset values provided by limited partnership investees are based on estimates, appraisals, assumptions and methods that are reviewed by CLIF management. The CLIF estimates the fair value of its private equity investments using the net asset value per share as reported by the investee as a practical expedient. Net asset value may differ from fair value as otherwise calculated in accordance with note 2(b). The investments in private equity funds are expected to liquidate in one to five years and have $11,422,638 in unfunded commitments.

(3) Actuarial Assumptions

The significant methods and assumptions underlying the actuarial valuation by the consulting actuary as of December 31, 2018 were as follows:

Discount rate	7.75% per annum, compounded annually
Investment return	7.75% per annum, compounded annually, net of administrative expenses
Mortality basis	RP-2014 Mortality Table, using projection scale MP-2018
Turnover	Varying – none after age 50
Retirement age	The later of age 65 or after five years of service, or on the valuation date if already older

(4) Investment in Collective Legal Investment Fund

The CLIF is a balanced portfolio primarily comprising equity, fixed income and short-term investment securities. It is intended to be more aggressive than income-oriented portfolios and less aggressive than equity-oriented portfolios. These asset classes must have a readily ascertainable market value and must be readily marketable. As of December 31, 2018, less than 4% of the CLIF assets were invested in private equity investment funds, which are not classified in the fair value hierarchy because they are recorded at net asset value per share as a practical expedient to fair value.

The equity portfolio is diversified to avoid undue exposure to any single economic sector, industry group, or individual security.

Risk, volatility and the possibility of loss in purchasing power are present to some degree in all types of investment vehicles. While high levels of risk are normally avoided, the assumption of risk is warranted and encouraged in order to allow the opportunity to achieve satisfactory long-term results consistent with objectives and fiduciary character of the CLIF. The volatility of returns is monitored and evaluated on a continuing basis.

At December 31, 2018, the Plan owned 61,211 units (approximately 1.2% of total units) in the CLIF. The total net assets of the CLIF, including investments, as of December 31, 2018 are as follows (in thousands):

Assets:		
Investments:		
Short-term investments	$	13,622
Equities		302,733
Fixed income		133,063
Global tactical asset allocation mutual funds		22,327
Private equity		16,293
Total investments		488,038
Cash and cash equivalents		1,490
Investment income receivable		1,496
Other receivables		579
Collateral received for securities on loan		161,363
Total assets		652,966
Liabilities:		
Accrued expenses		1,888
Due to participating trusts		1,520
Payable for securities on loan		161,363
Total liabilities		164,771
Net assets	$	488,195
Plan interest in CLIF net assets	$	5,939

(Continued)

The following table presents the CLIF's fair value hierarchy for assets held in the CLIF measured at fair value on a recurring basis as of December 31, 2018 (in thousands):

	Fair value measurements at December 31, 2018 using		
	Fair value	**Level 1**	**Level 2**
Short-term investments	$ 13,622	13,622	—
Equity securities	302,733	302,733	—
Fixed income	133,063	60,749	72,314
Global tactical asset allocation mutual funds	22,327	22,327	—
Subtotal	471,745	399,431	72,314
Private equity funds reported at net asset value per share as a practical expedient	16,293		
Total	$ 488,038		

Private equity funds, which are measured at net asset value as a practical expedient to fair value, have not been categorized in the fair value hierarchy table. The fair value amounts presented in the table for those investments are intended to permit reconciliation of the fair value hierarchy table to the investment amounts reported in the financial statements.

The CLIF participates in a securities lending program as a means to generate incremental income. Through this program, the CLIF may lend its securities to qualified borrowers, through its lending agent, that meet certain guidelines established by the Board. All borrowings are initially secured by collateral in an amount equal to at least 102% of the fair value of the securities loaned and are marked to market daily. Each business day, the amount of collateral is adjusted based on the prior day's closing fair value. The collateral is invested in cash and cash equivalents. Income from lending activity is determined by the amount of interest earned on the invested collateral, a portion of which is allocated to the lending agent. The CLIF is also entitled to receive interest and dividends from securities on loan. As of December 31, 2018, the CLIF had loaned out certain securities, returnable on demand, with a market value of approximately $157,610,000 to several financial institutions that have deposited collateral with respect to such securities of approximately $161,363,000.

Net investment income of the CLIF for the year ended December 31, 2018 is as follows (in thousands):

Investment income:	
Interest and dividend income	$ 11,594
Other income	606
Total investment income	12,200
Expenses:	
Investment fees and other expenses	4,119
Net investment income	$ 8,081

Net realized and unrealized gains/(losses) on investments of the CLIF for the year ended December 31, 2018 are as follows (in thousands):

Net realized and unrealized activity on investments:		
Net realized gain from investment transactions	$	20,228
Net change in unrealized depreciation investments		(57,764)
Net depreciation in fair value of investments	$	(37,536)

(5) Tax Status

The City of Philadelphia, Trustee, acting by the Board of Directors of City Trusts, statutory agent for the City of Philadelphia, has been determined to be an agency of the Commonwealth of Pennsylvania. Therefore, the Plan is currently operated as a tax qualified governmental retirement plan under the Internal Revenue Code (IRC). The Board of Directors of City Trusts believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

GAAP requires management to evaluate tax positions taken and recognize a tax liability (or asset) if it is more likely than not that the position would not be sustained upon evaluation by the Internal Revenue Service (IRS). Management has considered and assessed the impact of uncertain tax positions on the Plan's financial statements in accordance with Accounting Standards Codification Topic 740, *Income Taxes* and has concluded that no provision for income taxes is required as of December 31, 2018.

(6) Risks and Uncertainties

The Plan invests in units of the CLIF. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of the plan's interest in the CLIF will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for plan benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits is reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

(7) Subsequent Events

Plan management has evaluated subsequent events through July 3, 2019, which is the date the financial statements were available to be issued and noted no matters requiring disclosure.

KPMG

BOARD OF DIRECTORS OF CITY TRUSTS
GIRARD NON-CONTRIBUTORY RETIREMENT PLAN

Financial Statements – FASB Basis

December 31, 2018

(With Independent Auditors’ Report Thereon)

BOARD OF DIRECTORS OF CITY TRUSTS
GIRARD NON-CONTRIBUTORY RETIREMENT PLAN

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KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

Independent Auditors' Report

The Board of Directors of City Trusts
Philadelphia, Pennsylvania:

We have audited the accompanying financial statements of the Board of Directors of City Trusts Girard Non-Contributory Retirement Plan (the Plan), which comprise the statements of net assets available for plan benefits – Financial Accounting Standards Board (FASB) basis and of accumulated plan benefits – FASB basis as of December 31, 2018 and the related statements of changes in net assets available for plan benefits – FASB basis and of changes in accumulated plan benefits – FASB basis for the year 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 the FASB basis of accounting described in note 2(a) to the financial statements – FASB basis. 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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 entity'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 entity'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of December 31, 2018 and the changes in its financial status for the year then ended, in accordance with the FASB basis of accounting described in note 2(a).

Basis of Accounting

We draw your attention to note 2(a), which describes the basis of accounting. The financial statements are prepared in accordance with the standards promulgated by the FASB, which is a basis of accounting other than U.S. generally accepted accounting principles for governmental entities, which are promulgated by the Governmental Accounting Standards Board. Our opinion is not modified with respect to this matter.

KPMG LLP

Philadelphia, Pennsylvania
July 3, 2019

BOARD OF DIRECTORS OF CITY TRUSTS
GIRARD NON-CONTRIBUTORY RETIREMENT PLAN

Statement of Net Assets Available for Plan Benefits – FASB Basis

December 31, 2018

Assets:		
Investment, 366,538 units of Collective Legal Investment Fund, at fair value	$	35,563,162
Investment income receivable		178,722
Cash and cash equivalents		233,269
Total assets		35,975,153
Liabilities:		
Accrued expenses		25,390
Total liabilities		25,390
Net assets available for plan benefits	$	35,949,763

See accompanying notes to financial statements – FASB basis.

BOARD OF DIRECTORS OF CITY TRUSTS
GIRARD NON-CONTRIBUTORY RETIREMENT PLAN

Statement of Changes in Net Assets Available for Plan Benefits – FASB Basis

Year ended December 31, 2018

Additions to net assets:		
Investment income, net	$	607,484
Employer contributions		1,475,616
Total additions		2,083,100
Deductions from net assets:		
Retirement benefits paid		1,508,580
Survivors’ benefits		158,851
Administrative expenses		59,318
Unrealized investment losses		2,719,188
Total deductions		4,445,937
Net decrease in net assets available for plan benefits		(2,362,837)
Net assets available for plan benefits, beginning of year		38,312,600
Net assets available for plan benefits, end of year	$	35,949,763

See accompanying notes to financial statements – FASB basis.

BOARD OF DIRECTORS OF CITY TRUSTS
GIRARD NON-CONTRIBUTORY RETIREMENT PLAN

Statement of Accumulated Plan Benefits – FASB Basis

December 31, 2018

Actuarial present value of accumulated plan benefits:		
Vested benefits:		
Participants currently receiving benefits	$	15,533,598
Other participants		9,036,627
Total vested benefits		24,570,225
Nonvested benefits		51,312
Total actuarial present value of accumulated plan benefits	$	24,621,537

See accompanying notes to financial statements – FASB basis.

BOARD OF DIRECTORS OF CITY TRUSTS
GIRARD NON-CONTRIBUTORY RETIREMENT PLAN

Statement of Changes in Accumulated Plan Benefits – FASB Basis

Year ended December 31, 2018

Actuarial present value of accumulated plan benefits, beginning of year	$	24,080,346
Increase (decrease) during the year attributable to:		
Retirement benefits paid		(1,667,431)
Additional benefit accumulations		322,998
Expected interest due to passage of time		1,821,262
Net actuarial losses		64,362
Net increase		541,191
Actuarial present value of accumulated plan benefits, end of year	$	24,621,537

See accompanying notes to financial statements – FASB basis.

(1) Description of Plan

(a) General

The Board of Directors of City Trusts Girard Non-Contributory Retirement Plan (the Plan) is a defined benefit plan for certain employees of the Board of Directors of City Trusts acting for the City of Philadelphia, Trustee (the Board). The Plan covers Girard Estate and Girard College non-union employees, hired prior to September 1, 2010, who have completed one year of service regardless of age and certain union employees under union contracts that provide for participation. Other union employees are eligible for coverage under a contributory plan. All administrative expenses are paid out of plan assets. Participants should refer to the plan document for more complete information.

(b) Funding Policy

The Board contributes amounts as are necessary to provide the Plan with sufficient assets to meet the benefits to be paid to plan members, based upon amounts recommended by the Plan’s actuary. Such amounts are determined in accordance with the Projected Unit Credit Actuarial Cost Method.

The Plan’s net assets available for plan benefits exceeded the total actuarial present value of accumulated plan benefits as of December 31, 2018.

(c) Benefits

Plan participants who have attained age 65 are entitled to receive retirement benefits payable during their lifetime on the first day of each month following their retirement or termination of employment. Early retirement and survivor benefits are also available to participants.

Benefits are based on salary and years of service. Early retirement benefits are calculated by discounting the normal retirement benefit by an early retirement factor.

Benefits are recorded when paid.

(d) Vesting

A participant becomes 100% vested in his or her accrued benefits upon completion of five years of credited service.

Upon termination of employment, the amount of benefit that a vested participant is entitled to under the Plan will be computed based on years of membership service and average monthly salary at the time of termination.

(e) Plan Termination

The Board has the right to terminate the Plan. Upon plan termination, all funds shall be used to pay participants their retirement income accrued, to the extent funded, as of the date of termination of the Plan. Information regarding vesting benefits provisions and the priority order of the participants’ claims upon plan termination may be found in the plan document.

(Continued)

(2) Significant Accounting Policies

(a) Basis of Accounting

The Plan is considered part of a governmental instrumentality and is, therefore, subject to U.S. generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB). However, the Board has chosen to prepare the financial statements and notes thereto following the accounting standards promulgated by the Financial Accounting Standards Board (FASB) applicable to employee benefit plans because it believes that FASB standards better reflect the entity's purposes and operations. As a result, the financial statements of the Plan are prepared on the accrual basis of accounting.

If the Plan's financial statements were prepared in accordance with GASB standards rather than FASB standards, the following differences would exist:

- Management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employee contributions and schedule of investment returns would be required supplementary information.
- The Plan's net pension liability would be measured as the total pension liability less the Plan's fiduciary net position. The actuarial present value of projected benefit payments would be required to be attributed using the entry-age actuarial cost method with each period's service cost determined as a level percentage of pay. Projected benefit payments would be discounted using the single rate that reflects (1) a long-term expected rate of return on pension plan investments to the extent that the pension's fiduciary net position is projected to be sufficient to pay benefits and pension plan assets are expected to be invested using a strategy to achieve that return and (2) a tax-exempt, high-quality municipal bond rate to the extent the conditions to use the long-term expected rate of return are not met.
- Additional disclosures would be provided regarding:
  - interest rate risk, credit risk, custodial credit risk and concentrations of credit risk related to the Plan's investments and the Plan's policies for managing such risks
  - a description of the risks of loss to which the entity is exposed and the ways in which the risks of loss are managed.

(b) Valuation of Investments

Investments are reported at fair value. Investments in private equity are measured using net asset value per share as a practical expedient to fair value. See note 2(e) for a discussion of fair value measurements.

Realized gains and losses from the sales of investments, determined on the last-in, first-out method, as well as the change in the difference between aggregate market value and the cost of the investment from the beginning to the end of the year are reflected in the statement of changes in net assets available for plan benefits as realized and/or unrealized investment gains or losses.

(Continued)

(c) Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those estimated future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to services rendered by eligible employees to the valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died and (c) present employees or their beneficiaries. Benefits for active, retired, or terminated employees or their beneficiaries are based on a percentage of average annual employee earnings multiplied by benefit service. Benefits payable under all circumstances—retirement, death and termination of employment—are included to the extent they are deemed attributable to employee service rendered to the valuation date.

(d) Use of Estimates

The preparation of financial statements in conformity with the basis of accounting described in note 2(a) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates and assumptions.

(e) Fair Value

Three levels of inputs may be used to measure fair value as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. government and agency mortgage-backed debt securities and corporate-debt securities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

(Continued)

At December 31, 2018, all of the Plan's investments are held in the Collective Legal Investment Fund (CLIF). The CLIF was created by the Board to pool for investment management purposes the collective assets of the trusts it manages on behalf of the City of Philadelphia, including certain assets of the Girard Estate, Wills Eye Institute, the three retirement plans of the Board and the 117 smaller trusts collectively referred to as the "Sundry Trusts." Such investments are stated at fair value. Within the CLIF, the Plan owns shares that invest in the following types of securities:

Equity Securities

Securities traded on a national securities exchange (or reported on the NASDAQ national market) are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded, they are categorized in Level 1 of the fair value hierarchy.

Debt Securities

U.S. government and other debt securities are valued at the closing price reported in the active market in which the security is traded, if available and categorized in Level 1 of the fair value hierarchy. If such information is not available, debt is valued based on yields currently available on comparable securities for issuers with similar credit ratings and characterized in Level 2 of the fair value hierarchy.

Listed asset-backed securities are valued based on quoted market prices from the active market in which the instrument is principally traded and are categorized in Level 1 of the fair value hierarchy. If such quoted prices are not available, the fair value of the security is estimated based on models considering the estimated cash flows and expected yield. Such investments are categorized as Level 2 or Level 3 based on the extent inputs are observable and timely.

Private Equity Funds

Net asset values provided by limited partnership investees are based on estimates, appraisals, assumptions and methods that are reviewed by CLIF management. The CLIF estimates the fair value of its private equity investments using the net asset value per share as reported by the investee as a practical expedient. Net asset value may differ from fair value as otherwise calculated in accordance with 2(b). The investments in private equity funds are expected to liquidate in one to five years and have $11,422,638 in unfunded commitments.

(3) Actuarial Assumptions

The significant methods and assumptions underlying the actuarial valuation by the consulting actuary as of December 31, 2018 were as follows:

Discount rate	7.75% per annum, compounded annually
Investment return	7.75% per annum, compounded annually, net of administrative expenses
Mortality basis	RP-2014 Mortality Table, using projection scale MP-2018
Turnover	Varying – none after age 50
Retirement age	The later of age 65 or after five years of service, or on the valuation date if already older

(4) Investment in Collective Legal Investment Fund

The CLIF is a balanced portfolio comprising primarily equity, fixed income and short-term investment securities. It is intended to be more aggressive than income-oriented portfolios and less aggressive than equity-oriented portfolios. These asset classes must have a readily ascertainable market value and must be readily marketable. As of December 31, 2018, less than 4% of the CLIF assets were invested in private equity investment funds, which are not classified in the fair value hierarchy because they are recorded at net value per share as a practical expedient to fair value.

The equity portfolio is diversified to avoid undue exposure to any single economic sector, industry group, or individual security.

Risk, volatility and the possibility of loss in purchasing power are present to some degree in all types of investment vehicles. While high levels of risk are normally avoided, the assumption of risk is warranted and encouraged in order to allow the opportunity to achieve satisfactory long-term results consistent with objectives and fiduciary character of the CLIF. The volatility of returns is monitored and evaluated on a continuing basis.

At December 31, 2018, the Plan owned 366,538 units (approximately 7.3% of total units) in the CLIF. The total net assets of the CLIF, including investments, as of December 31, 2018 are as follows (in thousands):

Assets:		
Investments:		
Short-term investments	$	13,622
Equities		302,733
Fixed income		133,063
Global tactical asset allocation mutual funds		22,327
Private equity		16,293
Total investments		488,038
Cash and cash equivalents		1,490
Investment income receivable		1,496
Other receivables		579
Collateral received for securities on loan		161,363
Total assets		652,966
Liabilities:		
Accrued expenses		1,888
Due to participating trusts		1,520
Payable for securities on loan		161,363
Total liabilities		164,771
Net assets	$	488,195
Plan interest in CLIF net assets	$	35,563

The following table presents the CLIF's fair value hierarchy for assets held in the CLIF measured at fair value on a recurring basis as of December 31, 2018 (in thousands):

		Fair value measurements at December 31, 2018 using	
	Fair value	**Level 1**	**Level 2**
Short-term investments	$ 13,622	13,622	—
Equity securities	302,733	302,733	—
Fixed income	133,063	60,749	72,314
Global tactical asset allocation mutual funds	22,327	22,327	—
Subtotal	471,745	399,431	72,314
Private equity funds reported at net asset value per share as a practical expedient	16,293		
Total	$ 488,038		

Private equity funds, which are measured at net asset value as a practical expedient to fair value, have not been categorized in the fair value hierarchy table. The fair value amounts presented in the table for those investments are intended to permit reconciliation of the fair value hierarchy table to the investment amounts reported in the financial statements.

The CLIF participates in a securities lending program as a means to generate incremental income. Through this program, the CLIF may lend its securities to qualified borrowers, through its lending agent, that meet certain guidelines established by the Board. All borrowings are initially secured by collateral in an amount equal to at least 102% of the fair value of the securities loaned and are marked to market daily. Each business day, the amount of collateral is adjusted based on the prior day's closing fair value. The collateral is invested in cash and cash equivalents. Income from lending activity is determined by the amount of interest earned on the invested collateral, a portion of which is allocated to the lending agent. The CLIF is also entitled to receive interest and dividends from securities on loan. As of December 31, 2018, the CLIF had loaned out certain securities, returnable on demand, with a market value of approximately $157,610,000 to several financial institutions that have deposited collateral with respect to such securities of approximately $161,363,000.

(Continued)

Net investment income of the CLIF for the year ended December 31, 2018 is as follows (in thousands):

Investment income:		
Interest and dividend income	$	11,594
Other income		606
Total investment income		12,200
Expenses:		
Investment fees and other expenses		4,119
Net investment income	$	8,081

Net realized and unrealized gains/(losses) on investments of the CLIF for the year ended December 31, 2018 are as follows (in thousands):

Net realized and unrealized activity on investments:		
Net realized gain from investment transactions	$	20,228
Net change in unrealized depreciation of investments		(57,764)
Net depreciation in fair value of investments	$	(37,536)

(5) Tax Status

The City of Philadelphia, Trustee, acting by the Board of Directors of City Trusts, statutory agent for the City of Philadelphia, has been determined to be an agency of the Commonwealth of Pennsylvania. Therefore, the Plan is currently operated as a tax qualified governmental retirement plan under the Internal Revenue Code (IRC). The Board of Directors of City Trusts believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

GAAP requires management to evaluate tax positions taken and recognize a tax liability (or asset) if it is more likely than not that the position would not be sustained upon evaluation by the Internal Revenue Service (IRS). Management has considered and assessed the impact of uncertain tax positions on the Plan's financial statements in accordance with Accounting Standards Codification Topic 740, *Income Taxes* and has concluded that no provision for income taxes is required as of December 31, 2018.

(Continued)

(6) Risks and Uncertainties

The Plan invests in units of the CLIF. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the Plan's interest in the CLIF will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for plan benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits is reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

(7) Subsequent Events

Plan management has evaluated subsequent events through July 3, 2019, which is the date the financial statements were available to be issued and noted no matters requiring disclosure.

KPMG

BOARD OF DIRECTORS OF CITY TRUSTS
WILLS EYE HEALTH SYSTEM
NON-CONTRIBUTORY RETIREMENT PLAN

Financial Statements

December 31, 2018

(With Independent Auditors' Report Thereon)

BOARD OF DIRECTORS OF CITY TRUSTS
WILLS EYE HEALTH SYSTEM
NON-CONTRIBUTORY RETIREMENT PLAN

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KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

Independent Auditors' Report

The Board of Directors of City Trusts
Philadelphia, Pennsylvania:

We have audited the accompanying financial statements of the Board of Directors of City Trusts Wills Eye Health System Non-Contributory Retirement Plan (the Plan), which comprise the statements of net assets available for plan benefits – Financial Accounting Standards Board (FASB) basis and of accumulated plan benefits – FASB basis as of December 31, 2018 and the related statements of changes in net assets available for plan benefits – FASB basis and of changes in accumulated plan benefits – FASB basis for the year then ended and the related notes to the financial statements – FASB basis.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the FASB basis of accounting described in note 2(a) to the financial statements – FASB basis. 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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 entity'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 entity'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of December 31, 2018 and the changes in its financial status for the year then ended, in accordance with the FASB basis of accounting described in note 2(a).

Basis of Accounting

We draw your attention to note 2(a), which describes the basis of accounting. The financial statements are prepared in accordance with the standards promulgated by the FASB, which is a basis of accounting other than U.S. generally accepted accounting principles for governmental entities, which are promulgated by the Governmental Accounting Standards Board. Our opinion is not modified with respect to this matter.

KPMG LLP

Philadelphia, Pennsylvania
July 3, 2019

BOARD OF DIRECTORS OF CITY TRUSTS
WILLS EYE HEALTH SYSTEM
NON-CONTRIBUTORY RETIREMENT PLAN

Statement of Net Assets Available for Plan Benefits – FASB Basis

December 31, 2018

Assets		
Investment, 324,404 units of Collective Legal Investment Fund, at fair value	$	31,475,134
Investment income receivable		158,177
Cash and cash equivalents		261,857
Total assets		31,895,168
Liabilities		
Accrued expenses		25,617
Total liabilities		25,617
Net assets available for plan benefits	$	31,869,551

See accompanying notes to financial statements – FASB Basis.

BOARD OF DIRECTORS OF CITY TRUSTS
WILLS EYE HEALTH SYSTEM
NON-CONTRIBUTORY RETIREMENT PLAN

Statement of Changes in Net Assets Available for Plan Benefits – FASB Basis

Year ended December 31, 2018

Additions to net assets:		
Investment income, net	$	540,325
Realized investment gains		511,398
Employer contributions		1,325,000
Total additions		2,376,723
Deductions from net assets:		
Retirement benefits paid		2,590,646
Administrative expenses		66,786
Unrealized investment losses		2,918,890
Total deductions		5,576,322
Net decrease in net assets available for plan benefits		(3,199,599)
Net assets available for plan benefits, beginning of year		35,069,150
Net assets available for plan benefits, end of year	$	31,869,551

See accompanying notes to financial statements – FASB Basis.

BOARD OF DIRECTORS OF CITY TRUSTS
WILLS EYE HEALTH SYSTEM
NON-CONTRIBUTORY RETIREMENT PLAN

Statement of Accumulated Plan Benefits – FASB Basis

December 31, 2018

Actuarial present value of accumulated plan benefits:		
Vested benefits:		
Participants currently receiving benefits	$	23,046,154
Other participants		13,125,726
Total vested benefits		36,171,880
Total actuarial present value of accumulated plan benefits	$	36,171,880

See accompanying notes to financial statements – FASB Basis.

BOARD OF DIRECTORS OF CITY TRUSTS
WILLS EYE HEALTH SYSTEM
NON-CONTRIBUTORY RETIREMENT PLAN

Statement of Changes in Accumulated Plan Benefits – FASB Basis

Year ended December 31, 2018

Actuarial present value of accumulated plan benefits, beginning of year	$	35,996,445
Increase (decrease) during the year attributable to:		
Retirement benefits paid		(2,590,646)
Additional benefit accumulations		257,891
Expected interest due to passage of time		2,700,958
Net actuarial gains		(192,768)
Net increase		175,435
Actuarial present value of accumulated plan benefits, end of year	$	36,171,880

See accompanying notes to financial statements – FASB Basis.

(1) Description of Plan

(a) General

The Board of Directors of City Trusts Wills Eye Health System Non-Contributory Retirement Plan (the Plan) is a defined benefit plan for certain employees of the Board of Directors of City Trusts acting for the City of Philadelphia, Trustee (the Board). The Plan covers Wills Eye Health System nonunion employees, hired prior to September 10, 2010, who have completed one year of service regardless of age and certain union employees under union contracts that provide for participation. All administrative expenses are paid out of plan assets. Participants should refer to the plan document for more complete information.

(b) Funding Policy

The Board contributes amounts as are necessary to provide the Plan with sufficient assets to meet the benefits to be paid to plan members, based upon amounts recommended by the Plan's actuary. Such amounts are determined in accordance with the Projected Unit Credit Actuarial Cost Method.

The Plan's total actuarial present value of accumulated plan benefits exceeded the net assets available for plan benefits as of December 31, 2018.

(c) Benefits

Plan participants who have attained age 65 are entitled to receive retirement benefits payable during their lifetime on the first day of each month following their retirement or termination of employment. Early retirement and survivor benefits are also available to participants.

Benefits are based on salary and years of service. Early retirement benefits are calculated by discounting the normal retirement benefit by an early retirement factor.

Benefits are recorded when paid.

(d) Vesting

A participant becomes 100% vested in his or her accrued benefits upon completion of five years of credited service.

Upon termination of employment, the amount of benefit that a vested participant is entitled to under the Plan will be computed based on years of membership service and average monthly salary at the time of termination.

(e) Plan Termination

The Board has the right to terminate the Plan. Upon plan termination, all funds shall be used to pay participants their retirement income accrued, to the extent funded, as of the date of termination of the Plan. Information regarding vesting benefits provisions and the priority order of the participants' claims upon plan termination may be found in the plan document.

(Continued)

(2) Significant Accounting Policies

(a) Basis of Accounting

The Plan is considered part of a governmental instrumentality and is, therefore, subject to U.S. generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB). However, the Board has chosen to prepare the financial statements and notes thereto following the accounting standards promulgated by the Financial Accounting Standards Board (FASB) applicable to employee benefit plans because it believes that FASB standards better reflect the entity's purposes and operations. As a result, the financial statements of the Plan are prepared on the accrual basis of accounting.

If the Plan's financial statements were prepared in accordance with GASB standards rather than FASB standards, the following differences would exist:

- Management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employee contributions and schedule of investment returns would be required supplementary information.
- The Plan's net pension liability would be measured as the total pension liability less the Plan's fiduciary net position. The actuarial present value of projected benefit payments would be required to be attributed using the entry-age actuarial cost method with each period's service cost determined as a level percentage of pay. Projected benefit payments would be discounted using the single rate that reflects (1) a long-term expected rate of return on pension plan investments to the extent that the pension's fiduciary net position is projected to be sufficient to pay benefits and pension plan assets are expected to be invested using a strategy to achieve that return and (2) a tax-exempt, high-quality municipal bond rate to the extent the conditions to use the long-term expected rate of return are not met.
- Additional disclosures would be provided regarding:
  - interest rate risk, credit risk, custodial credit risk and concentrations of credit risk related to the Plan's investments and the Plan's policies for managing such risks
  - a description of the risks of loss to which the entity is exposed and the ways in which the risks of loss are managed.

(b) Valuation of Investments

Investments are reported at fair value. Investments in private equity are measured using net asset value per share as a practical expedient to fair value. See note 2(e) for a discussion of fair value measurements.

Realized gains and losses from the sales of investments, determined on the last-in, first-out method, as well as the change in the difference between aggregate market value and the cost of the investment from the beginning to the end of the year are reflected in the statement of changes in net assets available for plan benefits as realized and/or unrealized investment gains or losses.

(c) Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those estimated future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to services rendered by eligible employees to the valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died and (c) present employees or their beneficiaries. Benefits for active, retired, or terminated employees or their beneficiaries are based on a percentage of average annual employee earnings multiplied by benefit service. Benefits payable under all circumstances—retirement, death and termination of employment—are included to the extent they are deemed attributable to employee service rendered to the valuation date.

(d) Use of Estimates

The preparation of financial statements in conformity with the basis of accounting described in note 2(a) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates and assumptions.

(e) Fair Value

Three levels of inputs may be used to measure fair value as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. government and agency mortgage-backed debt securities and corporate-debt securities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

At December 31, 2018, all of the Plan's investments are held in the Collective Legal Investment Fund (CLIF). The CLIF was created by the Board to pool for investment management purposes the collective assets of the trusts it manages on behalf of the City of Philadelphia, including certain assets of the Girard Estate, Wills Eye Institute, the three retirement plans of the Board and the 117 smaller trusts collectively referred to as the "Sundry Trusts." Such investments are stated at fair value. Within the CLIF, the Plan owns shares that invest in the following types of securities:

Equity Securities

Securities traded on a national securities exchange (or reported on the NASDAQ national market) are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded, they are categorized in Level 1 of the fair value hierarchy.

Debt Securities

U.S. government and other debt securities are valued at the closing price reported in the active market in which the security is traded, if available and categorized in Level 1 of the fair value hierarchy. If such information is not available, debt is valued based on yields currently available on comparable securities for issuers with similar credit ratings and characterized in Level 2 of the fair value hierarchy.

Listed asset-backed securities are valued based on quoted market prices from the active market in which the instrument is principally traded and are categorized in Level 1 of the fair value hierarchy. If such quoted prices are not available, the fair value of the security is estimated based on models considering the estimated cash flows and expected yield. Such investments are categorized as Level 2 or Level 3 based on the extent inputs are observable and timely.

Private Equity Funds

Net asset values provided by limited partnership investees are based on estimates, appraisals, assumptions and methods that are reviewed by CLIF management. The CLIF estimates the fair value of its private equity investments using the net asset value per share as reported by the investee as a practical expedient. Net asset value may differ from fair value as otherwise calculated in accordance with note 2(b). The investments in private equity funds are expected to liquidate in one to five years and have $11,422,638 in unfunded commitments.

(Continued)

(3) Actuarial Assumptions

The significant methods and assumptions underlying the actuarial valuation by the consulting actuary as of December 31, 2018 were as follows:

Discount rate	7.75% per annum, compounded annually
Investment return	7.75% per annum, compounded annually, net of administrative expenses
Mortality basis	RP-2014 Mortality Table, using projection scale MP-2018
Turnover	Varying – none after age 50
Retirement age	The later of age 65 or after five years of service, or on the valuation date if already older

(4) Investment in Collective Legal Investment Fund

The CLIF is a balanced portfolio primarily comprising equity, fixed income and short-term investment securities. It is intended to be more aggressive than income-oriented portfolios and less aggressive than equity-oriented portfolios. These asset classes must have a readily ascertainable market value and must be readily marketable. As of December 31, 2018, less than 4% of the CLIF assets were invested in private equity investment funds, which are not classified in the fair value hierarchy because they are recorded at net asset value per share as a practical expedient to fair value.

The equity portfolio is diversified to avoid undue exposure to any single economic sector, industry group, or individual security.

Risk, volatility and the possibility of loss in purchasing power are present to some degree in all types of investment vehicles. While high levels of risk are normally avoided, the assumption of risk is warranted and encouraged in order to allow the opportunity to achieve satisfactory long-term results consistent with objectives and fiduciary character of the CLIF. The volatility of returns is monitored and evaluated on a continuing basis.

(Continued)

At December 31, 2018, the Plan owned 324,404 units (approximately 6.4% of total units) in the CLIF. The total assets of the CLIF, including investments, as of December 31, 2018 are as follows (in thousands):

Assets:		
Investments:		
Short-term investments	$	13,622
Equities		302,733
Fixed income		133,063
Global tactical asset allocation mutual funds		22,327
Private equity		16,293
Total investments		488,038
Cash and cash equivalents		1,490
Investment income receivable		1,496
Other receivables		579
Collateral received for securities on loan		161,363
Total assets		652,966
Liabilities:		
Accrued expenses		1,888
Due to participating trusts		1,520
Payable for securities on loan		161,363
Total liabilities		164,771
Net assets	$	488,195
Plan interest in CLIF net assets	$	31,475

The following table presents the CLIF's fair value hierarchy for assets held in the CLIF measured at fair value on a recurring basis as of December 31, 2018 (in thousands):

	Fair value measurements at December 31, 2018 using		
	Fair value	**Level 1**	**Level 2**
Short-term investments	$ 13,622	13,622	—
Equity securities	302,733	302,733	—
Fixed income	133,063	60,749	72,314
Global tactical asset allocation mutual funds	22,327	22,327	—
Subtotal	471,745	399,431	72,314
Private equity funds reported at net asset value per share as a practical expedient	16,293		
Total	$ 488,038		

Private equity funds, which are measured at net asset value as a practical expedient to fair value, have not been categorized in the fair value hierarchy table. The fair value amounts presented in the table for those investments are intended to permit reconciliation of the fair value hierarchy table to the investment amounts reported in the financial statements.

The CLIF participates in a securities lending program as a means to generate incremental income. Through this program, the CLIF may lend its securities to qualified borrowers, through its lending agent, that meet certain guidelines established by the Board. All borrowings are initially secured by collateral in an amount equal to at least 102% of the fair value of the securities loaned and are marked to market daily. Each business day, the amount of collateral is adjusted based on the prior day's closing fair value. The collateral is invested in cash and cash equivalents. Income from lending activity is determined by the amount of interest earned on the invested collateral, a portion of which is allocated to the lending agent. The CLIF is also entitled to receive interest and dividends from securities on loan. As of December 31, 2018, the CLIF had loaned out certain securities, returnable on demand, with a market value of approximately $157,610,000 to several financial institutions that have deposited collateral with respect to such securities of approximately $161,363,000.

Net investment income of the CLIF for the year ended December 31, 2018 is as follows (in thousands):

Investment income:		
Interest and dividend income	$	11,594
Other income		606
Total investment income		12,200
Expenses:		
Investment fees and other expenses		4,119
Net investment income	$	8,081

Net realized and unrealized gains/(losses) on investments of the CLIF for the year ended December 31, 2018 are as follows (in thousands):

Net realized and unrealized activity on investments:		
Net realized gain from investment transactions	$	20,228
Net change in unrealized depreciation of investments		(57,764)
Net depreciation in fair value of investments	$	(37,536)

(5) Tax Status

The City of Philadelphia, Trustee, acting by the Board of Directors of City Trusts, statutory agent for the City of Philadelphia, has been determined to be an agency of the Commonwealth of Pennsylvania. Therefore, the Plan is currently operated as a tax qualified governmental retirement plan under the Internal Revenue Code (IRC). The Board of Directors of City Trusts believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

GAAP requires management to evaluate tax positions taken and recognize a tax liability (or asset) if it is more likely than not that the position would not be sustained upon evaluation by the Internal Revenue Service (IRS). Management has considered and assessed the impact of uncertain tax positions on the Plan's financial statements in accordance with Accounting Standards Codifications Topic 740, Income Taxes and has concluded that no provision for income taxes is required as of December 31, 2018.

(6) Risks and Uncertainties

The Plan invests in the units of the CLIF. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the Plan's interest in the CLIF will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for plan benefits.

(Continued)

Plan contributions are made and the actuarial present value of accumulated plan benefits is reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

(7) Subsequent Events

Plan management has evaluated subsequent events through July 3, 2019, which is the date the financial statements were available to be issued and noted no matters requiring disclosure.