

**BOARD OF DIRECTORS OF CITY TRUSTS
ACTING FOR THE CITY OF PHILADELPHIA
2019 ANNUAL REPORT**

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1101 Market Street – Suite 2600
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One Hundred Forty Ninth 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 2019. 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, 2019 and 2018 and financial statements for the Estate of Stephen Girard, Deceased (the “Girard Estate”) for the fiscal years ended June 30, 2019 and 2018.

It is with deep sadness to report the passing of a longtime friend, supporter, advisor, and President of the Board of Directors of City Trusts, the Honorable Ronald R. Donatucci, Esq. in November 2020. Mr. Donatucci served with distinction as a member of the Board of City Trusts for 31 years, and as President of the Board since 2011. He was an outstanding leader who successfully guided the Board’s administration of the 119 charitable trusts in its care during extraordinarily challenging economic times, including Girard College and Wills Eye Hospital. In addition to his long and dedicated public service as Register of Wills for the City of Philadelphia, Mr. Donatucci will be remembered as a good person who cared about the students of Girard College, the patients and staff at Wills Eye, and his fellow citizens of Philadelphia. The Board will miss his talent, his professionalism, and his commitment to improving the lives of all those he served. The Board elected Bernard W. Smalley, Esq. President of the Board at its December 2020 meeting.

In December 2020, Hon. Anna C. Verna retired from the Board. Ms. Verna provided dedicated service on the Board for nearly 29 years and most recently as Vice President.

GIRARD ESTATE

The net assets of the Girard Estate available for the maintenance of Girard College amounted to \$287,010,000 at June 30, 2019, 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, 2019 amounted to \$21,416,000. In addition, \$1,755,000 was spent on long-term projects/capital expenditures benefiting future years.

At June 30, 2019 the Estate’s investments totaled \$343,931,000, excluding \$26,400,000 that has been segregated to comply with the requirements of debt, line-of-credit and swap agreements.

GIRARD COLLEGE

The 2018-2019 school year marked the arrival of Heather D. Wathington, Ph.D. as President of Girard College. Dr. Wathington’s experience as the Chief Executive Officer of the See Forever Foundation and the Maya Angelou Schools in Washington, D.C., as well as her teaching and research background in the areas of college success, matriculation, and persistence, made her the ideal candidate to lead Girard College forward into the future.

Dr. Wathington spent her first year at Girard learning about what makes the College such a special place, engaging with members of the community and assessing areas for improvement. The historic connections to Philadelphia and the legacy of Stephen Girard, the mission to educate students from under-served communities, and the strength of the school’s core values inspired her as she worked to uphold tradition while enacting necessary change.

A key part of Dr. Wathington’s charge in her first year was to begin the implementation of a five-year Strategic Plan called “Navigating The Future, Anchoring Our Impact.” Comprised of four pillars – Academic Excellence, Residential Excellence, Financial Vitality, and Campus for the City – the Strategic Plan will guide the evolution of the College as it continues to provide an excellent academic and residential experience for students, shaping them into curious, lifelong learners equipped to make a difference in the world.

To aid her in the effort to engage with community partners and connect students with opportunities throughout Philadelphia, Dr. Wathington recruited two talented individuals to join the school administration. Sylvia V. Bastani, CFRE, CPC joined the College in January 2019 as Vice President of Advancement & Strategic Partnerships, and Jon Tucker came on board in April 2019 as Vice President of Operations.

By embracing the College’s history and values, implementing a strategic plan, and building her leadership team, Dr. Wathington reinvigorated the Girard College community and set clear expectations for the continued success of the school and its graduates.

STUDENT BODY AND STAFF

At the beginning of the 2018-2019 school year, President Wathington led 179 full and part-time staff members in the education of 308 students.

Student Body

Elementary/Middle School	182 Students
High School	126 Students

Gender

Male	46%
Female	54%

Ethnicity

African-American	86%
Asian	4%
Hispanic/Latino	2%
Caucasian	1%
Multiracial	7%

Staff

Dining/Laundry/Maintenance	53.0
Secretaries	6.0
Teachers/Counselors	42.0
Residential Advisors	27.0
Non-Union	51.0

CLASS OF 2019

Twenty-eight students graduated from Girard College during Commencement on June 6, 2019. Ninety-six percent of this class year's graduates earned acceptance to a four-year college or a United States service academy.

Sahmir Barr	Lincoln University
Shaniyah Battle^	United States Air Force
Taahir Bloodworth	The Savannah College of Art and Design
Kyanna Blunt-Cooper*	Temple University
Siani Clark-Hartley	Pennsylvania State University - Abington
Thelma Davies	Louisiana State University
Shawnay Davison	Morgan State University
Kimhai Eng	Drexel University
Benjamin Grant, Jr.	Bloomsburg University of Pennsylvania
Kanaayah Hawkins	Indiana University of Pennsylvania
Daeyouna Jackson	Georgia State University
Shy'Mell Jackson	Washington College
Kena'jah Johnson^	Arcadia University
Victoria Kolawole*^	University of the Sciences
Imani McLeod	Goucher College
Keolebogile More	Bloomsburg University of Pennsylvania
Kelandra Murphy	Temple University
Terry Nguyen^	Temple University
Anjalee Pai	West Chester University
Zamira Parham-Igess	Orleans Technical College
Elise Phipps	Temple University
Myah Ridley-Gaymon	Indiana University of Pennsylvania
Sloane Roberts	Albright College
Joshua Rogers*	West Chester University
Danasia Rowley*	Temple University
Tymir Sakil-Crawford	Bloomsburg University of Pennsylvania
Brandon Smith	Lincoln University
Ibira Timms	Lincoln University

**Member of the National Honor Society*

^^"Lifer" – Girard College student since 1st Grade

GOVERNANCE

The Girard College Committee and sub-committees met on the following dates during the 2018-2019 academic year.

Girard College Committee Chair: Bernard Smalley Esq.	Budget & Finance Committee Chair: Michael Meehan Esq.	Student & Academic Affairs Committee Chair: Dr. Michael Smith
October 11, 2018	September 25, 2018	October 2, 2018
January 8, 2019	December 6, 2018	December 4, 2018
February 14, 2019	January 29, 2019	February 5, 2019
April 11, 2019	March 26, 2019	April 2, 2019
June 25, 2019	May 28, 2019	June 12, 2019

PARTNERSHIPS AND GIVING

After an inspiring first summer, the DREEAMS program (Diversity, Resilience, English, Engineering, Arts, Math, and Science), with continued support from Wilbert D. Abele '57 and his wife, Joan Abele, through the Abele Family Foundation, was able to continue its success with the weekly after-school program held at The Philadelphia School. The unique partnership allowed for Girard College 6th graders to get from behind the walls and experience another school community. The students from the inaugural summer program continued developing their math and character skills through collaboration on various projects throughout the academic year.

In the summer of 2019, the DREEAMS program welcomed a new cohort of rising 6th graders, in addition to the current students. Summer 2019 was able to support a total of 58 rising 6th and 7th graders from Girard College and The Philadelphia School for the 5-week program.

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 removed its existing outdoor running track surface and replace it with a new impermeable synthetic track surface which was completed in spring 2019. Milling/planing the existing asphalt base to appropriate levels was performed to ensure a proper base for the track installation and minimize ponding on the track surface. In addition, a section of the track was excavated to remove tree roots and subsequently install a root guard system to keep the remaining adjacent tree roots from compromising the new track. A new drainage system was also installed around the inside perimeter of the track.

The College performed two air-conditioning upgrades during the 2018-2019 school year. In the High School building, new air-conditioning units were installed in occupied classroom spaces. These classrooms previously did not have air-conditioning. Also, a new air-handling unit was replaced on the Junior School Building which controls the air-conditioning on the third floor, center-wing, of this building.

During summer 2018, 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

Girard College was awarded a Keystone Historic Preservation Construction Grant from the Pennsylvania Historical & Museum Commission, matched with funds from Founder's Keepers, for the restoration of the east-facing windows, shutters and grates on the second floor of Founder's Hall. Window removal for off-site restoration began in April 2019.

Mural conservator Catherine Myers conducted an assessment of the current condition and feasibility of conservation treatment for the four George Gibbs murals on the first floor of Founder's Hall.

VISITORS AND HISTORICAL PROGRAMMING

Girard College hosted a year-long series of programming to commemorate the 50th anniversary of the school's desegregation and the 170th anniversary of its opening:

- A keynote event, open to both the school community and the public, was held the evening of September 11, 2018, the 50th anniversary of the 1968 desegregation. The panel event featured both alumni and members of the Cecil B. Moore Philadelphia Freedom Fighters. This event was the first in a three-part evening speaker series on overcoming barriers to educational excellence.
- For the school community, there was a special Chapel service on September 11 and throughout the day alumni and Freedom Fighters visited classrooms and met with students.
- A temporary panel exhibition on the desegregation was displayed on the first floor of Founder's Hall for the entire school year.
- Curricular materials on the Girard desegregation were developed and made available to teachers, both at Girard and on-line. A professional development session was offered for Philadelphia public school teachers on integrating this local history into their teaching about the civil rights movement.

Approximately 2,600 visitors visited the museum or participated in on-campus historical programming, including the events described above. Approximately 200 additional visitors were reached through offsite programming.

Approximately 3,350 visitors made use of the first floor of Founder's Hall for events and meetings.

To increase access to materials about Girard history, the museum began digitizing selected materials, beginning with school yearbooks through 1980. These materials were made available on archive.org.

The museum participated in two region-wide collaborative cultural events: Archives Month Philadelphia (October 2018) and Jane's Walk (May 2019).

- New school programs were developed, including a program on celestial navigation for Girard's DREEAMS program.

EVENTS

The Girard College Organ Guild hosted the "Noon Recitals," a series of public organ concerts held in the Chapel, each Wednesday in October 2018. The performers were Adrian Brinkley, Clara Gerdes, Monica Czausz, Aaron Patterson, and Alan Morrison.

The Martin Luther King, Jr. Day of Service was hosted at Girard College on January 21, 2019. 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 gun violence. Founder's Hall was also open to tours 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.

In March 2019, elementary school students in the Girard College Junior Cavalier Choir collaborated with students and composers from the Curtis Institute of Music in the production of "Anansi and the Great Light," a children's opera based on the folktale of Anansi the Spider. In addition to the premiere for the Girard College community on March 30, students also performed two public shows at Curtis for the Family Concert Series on March 31. The concerts were recorded for the WHYY television series "On Stage at Curtis," and Girard College students and music teacher Paul Eaton were featured in a making-of documentary that also aired on WHYY.

Founder's Day was held on Saturday, May 18, 2019. Hundreds of alumni, families, and friends gathered to celebrate at Founder's Hall. Vince Cavacini '65 was honored as the 2019 Stephen Girard Award Recipient.

LOOKING AHEAD

Beginning in fall 2019, the Academic Program will be led by Stan Bobowski as Managing Director of Education. Stan will oversee all school curriculum and work to ensure fidelity as students transition from the Elementary and Middle School grades to High School.

Students in 9th and 10th grade will take part in a pilot program called the High School Academy, powered by a partnership with Opportunity Education and their Quest Forward Curriculum and led by A.J. Ernst as Dean of the High School Academy.

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 2019, income from the funds designated for the purchase of fuel for low-income families provided \$254,000 in assistance to more than 1,200 recipients for the purchase of home heating oil and natural gas.

The Board approved scholarship aid totaling \$100,000 to 33 students of the Philadelphia public and parochial schools. In addition, scholarship aid from various funds provided financial assistance to 60 graduates of Girard College attending institutions of higher learning totaling \$269,000. Prizes and medals awarded to students attending the public schools in Philadelphia and students at Girard College amounted to \$14,000.

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

Hai-Lung Dai, Ph.D., Chairperson

Laura H. Carnell Professor of Chemistry and Vice President of Internal Affairs, 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, Department of Chemistry, University of Pennsylvania

The 2019 John Scott Medals and cash awards were awarded to:

- Emily A. Carter, Ph.D. (\$10,000) for her innovation in theoretical and computational design of new materials.
- Charles L. Kane, Ph.D. (\$10,000) and Eugene J. Mele, Ph.D. (\$10,000) for their discovery of a new class of materials known as topological insulators.

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

	<u>2018</u>	<u>2017</u>
Wills Eye Hospital Surgeries	11,378	10,810
Patient Visits – System Wide	83,053	70,826
Community ASC Surgeries	23,304	23,565

2. Hospital Services

In 2019, Wills Eye Hospital experienced strong growth in both surgical volume and inpatient volume as the number of employed academic physicians increased, especially in the ranks of junior attendings. These volumes produced strong performance for the hospital and increased the numbers of patients in the community that were served.

As this volume increased, efficiency of operations became an increasingly important focus. A Peri-operative Steering Committee of representative surgeons of the medical staff was formed and continues to meet monthly to conduct and review efficiency studies, engage in strategic initiatives to improve operational performance, and promote conformity of processes.

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 safety.

3. Academic Medicine

In 2019, momentum built for the new employed academic physician initiative. The academic medicine track allows additional opportunities for physicians to engage in educational and research activities, creating an exciting nexus between the charitable interests of Wills Eye and the educational and research interests of these physicians. Successful completion of an academic medicine track in key department has allowed for attractive recruitment nationally, especially among junior attendings. Successful growth in academic medicine has also created increases in surgical and inpatient volumes as these new recruits have filled block times in the operating rooms. 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.

4. Telemedicine

In 2019, Wills Eye Telemedicine continued work with our partners to provide diabetic retinal screenings to more than 2,600 individuals in the Philadelphia and surrounding regions.

Telemedicine and the Department of Information Technology completed work on upgrading the telemedicine retinal screening software platform. The upgrade provides a more efficient, streamlined application for our partners and internal use processes while allowing flexibility in managing and controlling various aspects of the software and reporting mechanisms. We began reprogramming the software in the spring of 2019 and launched the new software platform in December of 2019.

Wills Eye Telemedicine also conducted the following:

- Researched, acquired, and tested various fundus imaging with artificial intelligence and image analyzing technologies and demonstrated the technologies to internal staff. Wills Eye Emergency Room purchased a retinal camera with the image analyzing application.
- Developed a partnership with March Vision Care to provide diabetic retinal screening services to the diabetic population in the state of New Jersey. This partnership will serve the diabetic population in the state of New Jersey. Three additional Jefferson University Hospital primary care practices were added to the retinal screening program. Planning began late 2019 for Jefferson offices in the Northeast and Abington, Pennsylvania regions.
- Initiated a monthly Wills Eye telemedicine retinal screening training session that offers our imaging partners access to additional training on the anatomy of the eye, the importance of retinal screening, fundus imaging using a handheld non-mydratic fundus camera, and the processes of uploading images to Wills Eye utilizing the telemedicine software provided to our partners.
- Collaborated with the Wills Eye Global Health team to test our telemedicine retinal camera and software in Rwanda, Africa. A Wills Eye provider in Rwanda was able to capture images with the handheld fundus camera with no issues. There was minimal internet access, which hindered the upload of the images captured through our web-based telemedicine software platform. We will continue efforts to test our telemedicine technologies globally.

- Worked with Wills Eye Vision Research Center on a pilot study in collaboration with the Stephen Klein Wellness Center to explore how to integrate telemedicine-based fundus photography into primary care practices. The 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.

Telemedicine will continue developing new partnerships, build our knowledge base, and work with Wills Eye's Vision Research Center to increase access, care, and data collection on telemedicine services.

We will also support and participate in PA state Telemedicine legislation to diminish restrictions on provision of telemedicine services, and continue to develop relationships with companies on the cutting edge of telemedicine-ophthalmic technology, including artificial intelligence, image grading software, and development of improved retinal technology.

5. Communications

Wills Eye Hospital's marketing and communications work focused on highlighting our academic research, clinical success stories, expanding and award-winning faculty, global livestreaming of our medical education programs and the opening of the beautiful new William Maul Measey Ophthalmic Surgical Training Laboratory (MOST Lab) and The J. Arch McNamara, MD Ophthalmic Education Center. Both spaces at Wills Eye are dedicated to furthering excellence in ophthalmic training.

Value in earned media exposure for the Hospital surpassed 5M. Top media outlets either accepting our story pitches or turning to Wills Eye for expertise of our key opinion leaders include but are not limited to the following below:

- USA Today
- Yahoo News
- Forbes
- Billboard
- Prevention Magazine
- CDC News (Canada TV Network)
- US News & World Report
- Women's Health
- Rolling Stone
- WebMD
- Ophthalmology Times
- Philadelphia Inquirer
- Philadelphia Business Journal
- Palm Beach Daily News
- Science Daily

Additionally, the global audience for our **regularly livestreamed academic programs grew by over 50%** (even doubling within the same academic year: June 2019-May 2020)

It may be attributed to Wills Eye being known for outstanding events and programming, effective outreach by e-blasting invites and alerts, promotion on our website, announcements through our social media channels and word of mouth by our faculty and trainees. Popularity also goes hand in hand with:

- Being voted the **#1 Residency Training Program in the Nation** for another straight year in a row by Doximity; a large online physician network.

- Having the most Wills Eye physicians listed in **Philadelphia Magazine's Annual Top Doctors Issue**
- Having so many Wills Eye Physicians and the #1 and only woman in the top 10 voted onto the UK-based **The Ophthalmologist Magazine's Annual Power List** (most influential physicians in the world)
- And many of our physicians being elected to boards of some of the largest and most prestigious societies and academic organizations.

Healthcare professionals from all over the world routinely log on to learn from Wills. We also separately promoted the diversity and extent of our reach across all of our digital platforms, publications and through external marketing and communications.

Our virtual audience comes from but is not limited to:

- United Kingdom
- Saudi Arabia
- Australia
- Brazil
- Canada
- Egypt
- India
- Philippines
- Turkey
- Spain
- Ethiopia
- Indonesia
- USA

Wills Eye Leadership also hosted a tour of the Hospital to a delegation of congressional leaders in 2019. They received promotional materials highlighting our key initiatives.

6. Development

Development efforts provide support for strategic clinical programs, endowed chairs, research infrastructure and studies, capital projects, educational and community outreach programs and the hospital's greatest need. For calendar year 2019, new gifts and pledges totaled \$6,942,509.

On March 26, 2019, Wills Eye Hospital hosted an *Ophthalmology All Stars On The Road* reception and dinner for 70 guests in Palm Beach, Florida. Joseph P. Bilson, Chief Executive Officer of Wills, kicked off the program with welcoming remarks and an overview of the Hospital, which consistently ranks on Best Hospital and Best Physician lists. Speakers included Dr. Julia A. Haller, the Hospital's Ophthalmologist-in-Chief, and Leslie Hyman, Vice Chair for Research at Wills' Vickie and Jack Farber Vision Research Center. Topics included vision research and innovation; technology; gene therapy; cataract surgery; glaucoma; and the newest diagnostic and breakthrough treatments for age-related macular degeneration, diabetic-related vision loss and neurodegenerative-related visual decline.

On May 13, 2019, Wills Eye Hospital hosted 70 benefactors of *The 1832 Society* for a reception and dinner at the Philadelphia Museum of Art. The 2019 annual campaign for *The 1832 Society* supporting the *Fund for Vision* raised a total of \$531,949.

On September 10, 2019 the 38th *Annual Wills Eye Spring Golf Classic* was held at Whitemarsh Valley Country Club. The event netted \$67,000 with proceeds benefiting The Wills Eye Center for Academic Global Ophthalmology (CAGO).

On November 2, 2019 the *Wills Eye Ball* was held at the new Philadelphia Four Season Hotel. 500 guests enjoyed dinner and dancing while netting \$850,000 for the Joseph I. Maguire, MD Retina Research Fund. The gala celebrated the 60th anniversary and rich legacy of the powerhouse Wills Eye Retina Service and paid tribute to its innovative breakthroughs, best-in-class Fellowship Training Program, patient-centered service, and life-changing impact. The Joseph I. Maguire, MD Retina Research Fund was established in honor of a respected and beloved Wills Eye physician and researcher who passed away in 2018 at the age of 61. Awards were presented to Philadelphia Mayor Jim Kenney; Thomas Jefferson University President and Jefferson Health CEO, Stephen Klasko, MD, MBA; Benefactor Steven H. Korman and Wills Eye Alumnus and Surgeon-Scientist, Jay Duker, MD.

December 2019, following a national search, Wills Eye Hospital hired John J. Zabinski as Chief Development Officer. Zabinski, who brings extensive experience in higher education and healthcare fundraising, will lead philanthropic strategy and campaigns for the Hospital and its Foundation. Zabinski served as Senior Vice President for Institutional Advancement at Rowan University and Executive Director of the University's Foundation. While at Rowan, Zabinski planned and launched the university's first comprehensive campaign with a goal of \$120 million. Prior to Rowan, Zabinski served on the senior management team at Drexel University where he was the architect of a \$400 million comprehensive campaign which surpassed the goal by \$55 million. Zabinski's start date was January 13, 2020.

7. Give Kids Sight Day

On Saturday, October 5, 2019, Wills Eye served 1,166 children at the annual *Give Kids Sight Day*. Of the initial children screened, 675 received two pairs of free eyeglasses. In addition, 300 children were uninsured or underinsured or did not know if they had coverage for vision care. Hundreds of volunteers, physicians, foundations, and businesses participated. Over the last 10 years, we have provided care to over 11,000 kids.

Education Pillar

In 2019, The Wills Eye at Jefferson Residency Program has been voted the #1 medical educational 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 2019 for our Class of 2023.

In 2019, another class of outstanding residents graduated from Wills. Dr. John C. Anhalt stayed at Wills Eye Hospital for the Academic Global Ophthalmology fellowship; Dr. Lucas Bonafede went to Duke Eye Center for a Pediatric Ophthalmology and Strabismus fellowship; Dr. Jordan D. Deaner went to the Cleveland Clinic for a Uveitis fellowship; Dr. Jason S. Flamendorf stayed at Wills Eye for a Glaucoma fellowship; Dr. Aditya Kanesa-thasan went to Bascom Palmer Eye Institute for a Cornea fellowship; Dr. Phoebe L. Mellen stayed at Wills Eye for a Uveitis fellowship and Comprehensive Ophthalmology

position; Dr. Daniel J. (DJ) Ozzello went to University of California – San Diego for a Oculoplastics fellowship; and Dr. Martha E. Ryan joined a private practice in Monterey, CA.

Research Pillar

In 2019, the Vickie and Jack Farber Vision Research Center continued to expand and provide valuable resources and infrastructure to facilitate research at Wills Eye. In February 2019, the Vickie and Jack Farber Vision Research Center established the Clinical Trials Center with the recruitment of Ellen Peskin MA, CCRP as Manager of Clinical Trials. Ms. Peskin has over 25 years' experience in clinical research on ocular disease and has held management roles in and directed the coordinating centers for many large-scale, multicenter clinical research studies. The Clinical Trials Center was created to provide a centralized, coordinated clinical trials program to facilitate and support the on-site clinical research activities throughout Wills Eye Hospital. This Center provides core resources and support to investigators and research staff to assess feasibility, plan, implement and conduct clinical trials in accordance with the highest standards.

The Biostatistics Consulting Core (BCC), based in the Vickie and Jack Farber Vision Research Center, continued to be a centralized resource for consultation and collaboration with the Clinical Services and the educational programs at Wills Eye. In 2019, the BCC provided over 39 consultations and co-authored 6 peer-reviewed and at least 15 abstracts with Wills Eye investigators.

Through funding by Steve Korman and Stephen Klein, the Vickie and Jack Farber Vision Research Center conducted a pilot study in collaboration with the Stephen Klein Wellness Center. The study evaluated a model for eye care screening (vision screening and fundus photography using a hand-held camera with remote assessment for eye pathology at Wills Eye) as part of routine primary care visits for all adults that included, follow up for on-site full refractions and free eyeglasses or referral to Wills or another eye care provider for evaluation of eye pathology. From March 2019 to June 2019, 239 patients were screened and 81% of these patients were referred for refraction on-site. Of those referred for refraction, 103 participants needed and received glasses. Based on fundus photographs, 22% of the screened participants were found to have eye pathology, including glaucoma, diabetic retinopathy and macular degeneration, in at least one eye and referred for a full eye exam. Phase 1 of the pilot study also provided insight on how to improve screening flow and efficiency and encourage patient follow up. The screening model will be revised based on the Phase 1 results for Phase 2 of the pilot study (Phase 2 was initially anticipated to start July 2020 but is currently on hold due to the COVID-19 pandemic).

Dr. Leslie Hyman and the Wills Eye IRIS Data Analytics Team received access to IRIS Registry dataset designated specifically for the IRIS Data Analytics Teams. (Wills is one of four teams in the United States selected by the American Academy of Ophthalmology (AAO) to be granted full access.) The Wills Eye Data Analytics Team is investigating thyroid eye disease prevalence and associated factors as the first research project using IRIS Registry data which is being conducted in collaboration with the AAO. A manuscript on this topic is anticipated to be submitted summer 2020. Foundation funding from PNC Charitable Trust, Newell Devalpine Trust has been obtained to support additional analyses. (see below)

Ongoing Wills Eye federally funded research included three NIH-subcontracts involving the Pediatric Ophthalmology and Ocular Genetics Service with Dr. Alex Levin as the Co-Investigator. 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. Wills Eye federally funded research that ended in 2019 include 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"; this

study investigated innovative ways to improve adherence to follow-up care for patients in underserved communities at high risk of visual loss from glaucoma. This study resulted in 7 publications. 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 Principal Investigator.

With the help of Monica Winter, Director of Wills Foundation, 4 awards were granted in 2019 for the following projects:

- PNC Charitable Trust, Joseph L.K. Synder Trust awarded a multi-year grant to Carol Shields MD and Sara Lally MD from the Oncology Service for the project titled “*The Potential of Aqueous Humor as a Surrogate Tumor Biopsy for Eye Cancer*”.
- William and Ella Owens Medical Research Foundation awarded Leslie Hyman PhD from the Vickie and Jack Farber Vision Research Center for the project titled “*Innovation in Ophthalmology through Big Data: The IRIS (Intelligent Research in Sight) Registry at Wills Eye.*”
- PNC Charitable Trust, Newell Devalpine Trust awarded a 1-year grant to Leslie Hyman PhD from the Vickie and Jack Farber Vision Research Center for the project titled “*Innovation in Ophthalmology through Big Data: the IRIS (Intelligent Research in Sight) Registry at Wills Eye*”.
- BNY Mellon’s Elizabeth C. King Trust awarded a 1-year grant to Zeba Syed MD from the Cornea Service for the project titled “*Develop a Risk Calculator to Predict Graft Prognosis after Corneal Transplantation*”.

Industry-sponsored research has continued in 2019 in the Glaucoma, Pediatric and Neuro-ophthalmology Services. These clinical studies, conducted by the Glaucoma Research Center under the leadership of Dr. Jonathan Myers and Dr. Daniel Lee, 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 Allergan, Glaukos, Retrophin, Inc, GenSight Biologics and Regeneron.

**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
	<u> </u>	<u> </u>	<u> </u>
DECEMBER 31, 2019:			
Active participants	13	86	16
Retired participants	37	135	267
Terminated participants with vested benefits	11	117	164
Projected benefit obligation	\$ 4,591,000	\$25,566,000	\$36,675,000
Net assets available for plan benefits, at fair value	7,092,000	42,204,000	37,239,000
Annual rate of retirement benefits currently being paid	398,000	1,749,000	2,693,000
 YEAR ENDED DECEMBER 31, 2019:			
Employer's contribution	232,000	520,000	1,501,000
Investment income from units of the Collective Legal Investment Fund and short-term investments	108,000	647,000	570,000

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,


 Bernard W. Smalley, Esq.
 President



THE ESTATE OF STEPHEN GIRARD, DECEASED

Financial Statements

June 30, 2019 and 2018

(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, 2019 and 2018, 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, 2019 and 2018, 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.

Emphasis of Matter

As discussed in note 2(n) to the financial statements, the Estate adopted Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958), *Presentation of Financial Statements of Not-For-Profit Entities*, and ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

KPMG LLP

Philadelphia, Pennsylvania
October 31, 2019

THE ESTATE OF STEPHEN GIRARD, DECEASED

Statements of Net Assets – FASB Basis

June 30, 2019 and 2018

(In thousands)

Assets	2019	2018
Cash	\$ 1,195	1,169
Receivables, net	2,379	2,853
Prepaid and other assets	11,607	11,273
Investments	343,931	313,349
Assets held under indenture agreements	36,400	36,930
Property, plant and equipment, net	115,092	118,513
Total	\$ <u>510,604</u>	<u>484,087</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 3,641	958
Accrued expenses	2,416	3,223
Line of credit	2,193	11,728
Interest rate swap liability	24,207	20,202
Advance rents and other liabilities	77,618	77,944
Long-term debt	113,519	75,780
Total liabilities	223,594	189,835
Net assets – without donor restrictions	287,010	294,252
Total	\$ <u>510,604</u>	<u>484,087</u>

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, 2019 and 2018

(In thousands)

	<u>2019</u>	<u>2018</u>
Operating revenue:		
Realized and unrealized investment gains	\$ 11,645	28,465
Income from investments, net	6,076	5,811
Real estate	21,788	24,748
Girardville area	1,846	1,872
Reimbursements under government grants	562	771
Contributions to Girard College	1,053	1,049
Other	163	318
	<u>43,133</u>	<u>63,034</u>
Total operating revenue		
Operating expenses:		
Girard College	21,416	20,544
Supporting services:		
Real estate and other expenses	20,015	19,977
Girardville area	523	536
Administration	1,277	1,399
	<u>43,231</u>	<u>42,456</u>
Total operating expenses		
Change in net assets from operating activities	(98)	20,578
Nonoperating activities:		
Loss on extinguishment of debt	(643)	—
Unrealized (loss) gain on interest rate swap	(4,005)	4,795
(Increase) decrease in pension benefit obligations	(2,496)	3,688
	<u>(7,242)</u>	<u>29,061</u>
(Decrease) increase in net assets – without donor restrictions		
Net assets – without donor restrictions, beginning of year	<u>294,252</u>	<u>265,191</u>
Net assets – without donor restrictions, end of year	\$ <u><u>287,010</u></u>	\$ <u><u>294,252</u></u>

See accompanying notes to financial statements – FASB basis.

THE ESTATE OF STEPHEN GIRARD, DECEASED

Statements of Cash Flows – FASB Basis

Years ended June 30, 2019 and 2018

(In thousands)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ (7,242)	29,061
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	7,263	7,448
Loss on disposal of assets	92	—
Realized and unrealized investment gains	(11,645)	(28,465)
Unrealized loss (gain) on interest rate swap	4,005	(4,795)
Change in operating assets and liabilities:		
Receivables, net	474	65
Prepaid and other assets	(334)	(3,662)
Accounts payable and accrued expenses	(1,093)	521
Advance rents and other liabilities	(326)	(5,902)
Net cash used in operating activities	<u>(8,806)</u>	<u>(5,729)</u>
Cash flows from investing activities:		
Purchases of capital property, plant, and equipment	(2,518)	(3,604)
Proceeds from asset sales	1,585	—
Proceeds from sales of investments	12,281	2,500
Purchases of investments	(10,455)	(448)
Investments in joint ventures	(19,840)	(13,560)
Proceeds from joint ventures	9,606	13,463
Net cash used in investing activities	<u>(9,341)</u>	<u>(1,649)</u>
Cash flows from financing activities:		
Assets held under indenture agreements	(10,000)	—
Proceeds from line of credit	10,309	12,728
Payments on line of credit	(19,843)	(5,000)
Proceeds from new debt	55,000	—
Payments for debt issuance costs	(471)	—
Payments on long-term debt	(16,822)	(583)
Net cash provided by financing activities	<u>18,173</u>	<u>7,145</u>
Net increase (decrease) increase in cash	26	(233)
Cash, beginning of year	<u>1,169</u>	<u>1,402</u>
Cash, end of year	\$ <u><u>1,195</u></u>	\$ <u><u>1,169</u></u>
Supplemental disclosures of cash flow information:		
Interest paid	\$ 5,459	4,302
Change in accounts payable related to capital purchases	2,969	—

See accompanying notes to financial statements – FASB basis.

THE ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Financial Statements – FASB Basis

June 30, 2019 and 2018

(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 (the Board) (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 11, 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 - without donor restrictions, would be presented. Net position would include, in addition to without donor restrictions 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.

THE ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Financial Statements – FASB Basis

June 30, 2019 and 2018

- 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.
- Debt issuance costs, except any portion related to prepaid insurance costs, would be recognized as an expense in the period incurred, rather than capitalized and 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
 - 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 and revenue, gains, and losses are classified as either without donor restrictions or with donor restrictions based on the existence or absence of donor-imposed restrictions as follows:

Without donor restrictions – Net assets not subject to donor-imposed stipulations.

With donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity (endowment funds). Donor-imposed restrictions are released when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There are no net assets subject to donor-imposed restrictions.

(d) Receivables

Receivables include investment income and rent receivables. Rent 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

Investments are stated at fair value. At June 30, 2019 and 2018, 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. 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

THE ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Financial Statements – FASB Basis

June 30, 2019 and 2018

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.

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, 2019 and 2018, the CLIF had loaned out certain securities, returnable on demand, with a market value of \$158,372,000 and \$158,223,000, respectively, to several financial institutions that have deposited collateral with respect to such securities of \$161,825,000 and \$161,943,000, 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 a liability in the statements of net assets – FASB basis. Changes in the fair value from year to year are recognized as non-operating activities 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

THE ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Financial Statements – FASB Basis

June 30, 2019 and 2018

through various valuation techniques, including quoted market values and third-party independent appraisals, as considered necessary.

(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, 2019 and 2018, 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.

THE ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Financial Statements – FASB Basis

June 30, 2019 and 2018

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).

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 value (NAV) provided by limited partnership investees are based on the NAV 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) Revenue Recognition

Real estate revenue consists of rental income, which is based upon lease agreements with each respective tenant. Rental revenue for some leases is recognized when the rent is due from the tenant. However for longer term leases (typically greater than 5 years) rental revenue is recorded on a straight-line basis over the term of the respective lease. Rental payments received in advance are deferred until earned. All leases between the Estate and the tenants of the property are operating leases.

(k) Contributions and Grants

Unconditional contributions, including unconditional promises to give and notification of a beneficial interest, and grants are recognized as revenue in the period received.

A contribution, gift or grant is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until they become unconditional, that is, when the barrier(s) in the agreement are overcome.

THE ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Financial Statements – FASB Basis

June 30, 2019 and 2018

Unconditional contributions with no purpose or time restrictions are reported as revenue without donor restrictions.

Unconditional contributions and grants with donor-imposed restrictions that limit the use of the asset are reported as revenue with donor restrictions and are reclassified to net assets without donor restrictions when an expense is incurred that satisfies the donor-imposed restriction. However, for donor-restricted contributions and grants that were initially conditional, if donor-imposed restrictions are met in the same year that they become unconditional, the revenue is reported as revenue without donor restrictions on the statement of changes in net assets – FASB basis. Contributions restricted for the acquisition of plant and equipment are released from restriction when the asset is placed in service.

(l) 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. Actual results may differ from those estimates and assumptions.

Significant estimates made in the preparation of these financial statements include the estimated fair value of alternative investments and interest rate swaps, and actuarial assumptions used to determine pension benefit obligations. Actual results could differ from those estimates.

(m) Asset Retirement Obligation

Substantially all of the Estate's asset retirement obligations represent estimated costs to remove asbestos within the Estate's properties. The following is a reconciliation of the Estate's remaining asset retirement obligation for the years ended June 30, 2019 and 2018 (in thousands):

Balance, June 30, 2017	\$	954
Remediation		(1)
Accretion expense		59
		<hr/>
Balance, June 30, 2018		1,012
Remediation		(3)
Accretion expense		62
		<hr/>
Balance, June 30, 2019	\$	<u>1,071</u>

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

(n) Recently Adopted Accounting Standards

FASB Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statement of Not-for-Profit Entities*, revises the not-for-profit financial statement reporting model. ASU No. 2016-14 reduces the number of net asset classes from three to two: net assets without donor restrictions, previously reported as unrestricted net assets and net assets with donor restrictions, previously

THE ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Financial Statements – FASB Basis

June 30, 2019 and 2018

reported as temporarily and permanently restricted net assets. Additionally, the ASU increases the quantitative and qualitative disclosures regarding liquidity and availability of resources, and requires expenses to be reported by both natural and functional classification in one location. The Estate adopted ASU No. 2016-14 effective July 1, 2018 and applied the changes retrospectively. As a result of adopting this standard, certain prior year amounts were reclassified to conform to the presentation requirements of the standard.

ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Estate adopted ASU No. 2018-08 effective July 1, 2018 and applied the changes on a modified prospective basis to agreements that were not completed as of that date.

The adoption of these pronouncements did not significantly impact the Estate's results of operations or changes in net assets.

(o) Upcoming Accounting Pronouncements Not Yet Adopted

In February 2016, FASB issued ASU No. 2016-02, Topic 842, *Leases*. Topic 842 was developed to provide financial statement users with more information about an entity's leasing activities. This includes: (1) lessees will recognize all leases, including operating leases, with a term greater than 12 months on statement of net assets – FASB basis, and (2) lessees and lessors will disclose key information about their leasing transactions. The Estate is currently evaluating the impact of adopting this standard.

On March 10, 2017, the FASB issued ASU No. 2017-07, *Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. The new guidance improves the presentation of net periodic pension cost and net period postretirement benefit cost. The Estate is currently evaluating the impact of adopting this standard.

(2) Liquidity and Availability of Resources

The Estate regularly monitors liquidity required to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Estate considers all expenditures related to its ongoing mission-related activities as well as the expenditures undertaken to support those activities to be general expenditures.

THE ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Financial Statements – FASB Basis

June 30, 2019 and 2018

Financial assets and liquidity resources available for general expenditures within one year at June 30, 2019 and 2018 are as follows (in thousands):

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,195	1,169
Receivables	2,379	2,853
Investments	<u>343,931</u>	<u>313,349</u>
Total financial assets	347,505	317,371
Less:		
Investments in joint ventures	(37,271)	(29,426)
Private equity investments not available within one year	<u>(11,376)</u>	<u>(9,291)</u>
Total financial resources available within one year	\$ <u>298,858</u>	<u>278,654</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of June 30, 2019. The Estate has a policy to structure its financial assets to be available as its general operating expenses, liabilities, and other obligations come due.

(3) Investments and Assets Held under Indenture Agreements

The following summarizes the Estate's investments as of June 30, 2019 and 2018 (in thousands):

	<u>2019</u>	<u>2018</u>
Investment in Collective Legal Investment Fund	\$ 296,446*	283,724*
Joint ventures	37,271	29,426
Money market funds	<u>10,214</u>	<u>199</u>
Total investments	\$ <u>343,931</u>	<u>313,349</u>

* Amounts exclude \$26,400,000 at June 30, 2019 and \$36,930,000 at June 30, 2018 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 ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Financial Statements – FASB Basis

June 30, 2019 and 2018

The composition of the Estate's investment return, net for the years ended June 30, 2019 and 2018 are as follows (in thousands):

	<u>2019</u>	<u>2018</u>
Net realized gain on sales of CLIF investments	\$ 7,662	2,505
Unrealized appreciation of CLIF investments	6,372	18,147
Dividend and interest income, net	<u>6,064</u>	<u>5,794</u>
Total CLIF income	<u>20,098</u>	<u>26,446</u>
Gain on sales of joint ventures	—	7,564
Share in joint ventures' operating income	<u>(2,389)</u>	<u>249</u>
Total joint venture (loss) income	(2,389)	7,813
Other income	<u>12</u>	<u>17</u>
Total investment income, net	<u>\$ 17,721</u>	<u>34,276</u>

(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 equity investment funds on a limited basis. As of June 30, 2019, 3.5% 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.

THE ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Financial Statements – FASB Basis

June 30, 2019 and 2018

At June 30, 2019 and 2018, the Estate owned 59.23% and 59.61%, respectively, of the total units in the CLIF. The total investments of the CLIF at fair value as of June 30, 2019 and 2018 are as follows (in thousands):

	<u>2019</u>	<u>2018</u>
Short-term investments	\$ 11,471	17,176
Equities:		
U.S. common stocks	250,776	248,622
Exchange-traded funds	65,841	63,371
International equity mutual funds	34,654	34,377
Fixed income:		
U.S. government and agency obligations	47,556	41,597
Corporate debt securities	59,326	73,311
Asset-backed securities	14,145	1,742
Mutual funds	17,934	17,158
Global tactical asset allocation mutual funds	24,185	24,976
Private equity	19,206	15,586
Total investments in the CLIF	<u>\$ 545,094</u>	<u>537,916</u>

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.

THE ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Financial Statements – FASB Basis

June 30, 2019 and 2018

The following table presents the CLIF's fair value hierarchy for assets held in the CLIF measured at fair value on a recurring basis and NAV as of June 30, 2019 (in thousands):

	Total	Fair value measurements at June 30, 2019 using	
		Level 1	Level 2
Short-term investments	\$ 11,471	11,471	—
Equity securities:			
U.S. common stocks:			
Industrials	32,067	32,067	—
Consumer discretionary	29,876	29,876	—
Consumer staples	10,501	10,501	—
Energy	13,313	13,313	—
Financial	36,432	36,432	—
Materials	7,684	7,684	—
Information technology	52,938	52,938	—
Real estate	4,738	4,738	—
Utilities	5,455	5,455	—
Healthcare	31,466	31,466	—
Telecommunications and other	26,306	26,306	—
Total U.S. common stocks	<u>250,776</u>	<u>250,776</u>	<u>—</u>
Exchange-traded funds:			
S&P 500 Index SPDR	31,928	31,928	—
Select Sector SPDRs	33,913	33,913	—
Total exchange-traded funds	<u>65,841</u>	<u>65,841</u>	<u>—</u>
International equity mutual funds	34,654	34,654	—
Total equity securities	<u>351,271</u>	<u>351,271</u>	<u>—</u>
Fixed income:			
Debt securities issued by the United States			
Treasury and other U.S. government corporations and agencies	33,068	32,430	638
Debt securities issued by states of the United States and political subdivisions of the states	14,211	—	14,211
Debt securities issued by foreign governments	277	—	277
Corporate debt securities	59,326	—	59,326
Asset-backed securities	5,645	—	5,645
Residential mortgage-backed securities	817	—	817
Commercial mortgage-backed securities	7,683	—	7,683
Mutual funds	17,934	17,934	—
Total fixed income	<u>138,961</u>	<u>50,364</u>	<u>88,597</u>
Global tactical asset allocation mutual funds	24,185	24,185	—
Total	<u>525,888</u>	<u>437,291</u>	<u>88,597</u>
Private equity funds reported at NAV	19,206		
Total investments in the CLIF	<u>\$ 545,094</u>		

THE ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Financial Statements – FASB Basis

June 30, 2019 and 2018

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

	Total	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	<u>248,622</u>	<u>248,622</u>	<u>—</u>
Exchange-traded funds:			
S&P 500 Index SPDR	29,562	29,562	—
Select Sector SPDRs	33,809	33,809	—
Total exchange-traded funds	<u>63,371</u>	<u>63,371</u>	<u>—</u>
International equity mutual funds	<u>34,377</u>	<u>34,377</u>	<u>—</u>
Total equity securities	<u>346,370</u>	<u>346,370</u>	<u>—</u>
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	<u>17,158</u>	<u>17,158</u>	<u>—</u>
Total fixed income	<u>133,808</u>	<u>57,808</u>	<u>76,000</u>
Global tactical asset allocation mutual funds	<u>24,976</u>	<u>24,976</u>	<u>—</u>
Total	<u>522,330</u>	<u>446,330</u>	<u>76,000</u>
Private equity funds reported at NAV	<u>15,586</u>		
Total investments in the CLIF	<u>\$ 537,916</u>		

THE ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Financial Statements – FASB Basis

June 30, 2019 and 2018

(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, 2019 and 2018 (in thousands):

	<u>2019</u>	<u>2018</u>
Joint ventures, beginning balance	\$ 29,426	21,516
Additional investments	19,840	13,560
Proceeds from sales of joint ventures	—	(9,849)
Cash distributions	(3,856)	(3,384)
Return of capital	(5,750)	(230)
Gain on sales	—	7,564
Share in joint ventures	<u>(2,389)</u>	<u>249</u>
Joint ventures, ending balance	<u>\$ 37,271</u>	<u>29,426</u>

THE ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Financial Statements – FASB Basis

June 30, 2019 and 2018

(4) Property, Plant and Equipment

Property, plant, and equipment of the Estate as of June 30, 2019 and 2018 are as follows (in thousands):

	2019	2018
Real estate operations:		
Land	\$ 26,563	27,187
Buildings and improvements	116,415	123,733
Tenant alterations	3,204	4,529
Equipment	518	529
Construction in progress	3,032	137
	149,732	156,115
Accumulated depreciation	(58,165)	(62,235)
	91,567	93,880
Coal operations:		
Equipment	308	302
	308	302
Accumulated depreciation	(266)	(262)
	42	40
Girard College operations:		
Building and building improvements	63,900	61,472
Equipment	2,206	1,920
Construction in progress	51	1,009
	66,157	64,401
Accumulated depreciation	(42,674)	(39,808)
	23,483	24,593
Total property, plant, and equipment, net	\$ 115,092	118,513

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 \$7,231,000 and \$7,431,000 in 2019 and 2018, respectively.

THE ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Financial Statements – FASB Basis

June 30, 2019 and 2018

(5) 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 liability of \$861,000 and a net pension asset of \$662,000 at June 30, 2019 and 2018, 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, 2019 (in thousands):

	Contributory Plan	Non- Contributory Plan
Projected benefit obligations – June 30	\$ (7,063)	(40,772)
Fair value of plan assets – June 30	6,790	40,184
Funded status	\$ (273)	(588)
Accrued cost recognized in the Estate’s statement of net assets	\$ (273)	(588)
Accumulated benefit obligation	6,922	39,564
Benefit expense	90	(274)
Employer contribution	244	672
Plan participants’ contribution	39	—
Benefits paid	364	1,699
Weighted average assumptions used to determine benefit obligation and net periodic benefit cost:		
Discount rate	3.49 %	3.46 %
Expected long-term return on plan assets	7.75	7.75
Rate of compensation increase	3.00	3.00

THE ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Financial Statements – FASB Basis

June 30, 2019 and 2018

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
	<u> </u>	<u> </u>
Projected benefit obligations – June 30	\$ (6,531)	(38,124)
Fair value of plan assets – June 30	<u>6,507</u>	<u>38,810</u>
Funded status	\$ <u><u>(24)</u></u>	<u><u>686</u></u>
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

The components of net periodic benefit cost for the years ended June 30, 2019 and 2018 are as follows (in thousands):

	2019	2018
	<u> </u>	<u> </u>
Amounts recognized in net assets but not yet recognized in net periodic benefit cost:		
Prior service costs	\$ 76	108
Net loss	<u>11,634</u>	<u>8,929</u>
Total amount recognized in net assets	\$ <u><u>11,710</u></u>	<u><u>9,037</u></u>
Components of net periodic benefit cost:		
Service cost	\$ 1,021	1,149
Interest cost	1,803	1,705
Expected return on plan assets	(3,449)	(3,183)
Amortization of prior service cost	32	32
Recognized actuarial cost	<u>409</u>	<u>762</u>
Net periodic benefit cost	\$ <u><u>(184)</u></u>	<u><u>465</u></u>

THE ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Financial Statements – FASB Basis

June 30, 2019 and 2018

The Estate expects to contribute \$215,000 and \$605,000 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
2020	\$ 406	1,902
2021	408	1,907
2022	394	1,957
2023	375	1,979
2024	368	2,030
Years 2025–2029	1,820	11,389
	\$ 3,771	21,164

The Plans' investments were held in the CLIF at June 30, 2019 and 2018.

	June 30, 2019		June 30, 2018	
	CLIF units held	Percentage of CLIF held	CLIF units held	Percentage of CLIF held
Contributory Plan	61,211	1.23 %	61,669	1.21 %
Non-Contributory Plan	363,694	7.36	366,538	7.17

(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 2019 and 2018 were set at 3% of eligible compensation and in the aggregate were \$36,000 and \$18,000, respectively.

(6) Line of Credit

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 April 2019, the

THE ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Financial Statements – FASB Basis

June 30, 2019 and 2018

line was renewed by the bank for another year to April 2020 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 was for one year in February 2018 and it was not renewed.

In June 2018, the line of credit agreement was amended increasing the borrowing limit to \$25,000,000. The amendment also allowed 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, 2019, the Estate had outstanding borrowings of \$2,193,000 under this line of which all were secured.

(7) 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 were due monthly for 10 years up to and including June 2022.

In December 2018, the Estate refinanced the above note with an insurance company that issued a \$55,000,000, 4.51% fixed rate, 16-year term, 25-year amortization note relating to the fee and leasehold interest in the office building located at 1101 Market Street in Philadelphia, Pennsylvania. As of June 30, 2019, \$10,000,000 was held in escrow and will be released upon new tenancy in the building pursuant to the Estate's agreement with the lender. This escrow is included in the assets held under indenture agreements in the statements of net assets – FASB basis. Repayments began in February 2019 and are due monthly for 16 years up to and including January 2035. 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 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. The maturities table below assumes that this call option will not be exercised.

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, 2019 and 2018 was \$24,207,000 and \$20,202,000, respectively.

THE ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Financial Statements – FASB Basis

June 30, 2019 and 2018

(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 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.

The debt covenants under the bond purchase and loan agreement require that the Estate maintain a ratio of market value of cash and investments without donor restrictions 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, 2019 and 2018.

THE ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Financial Statements – FASB Basis

June 30, 2019 and 2018

Long-term debt consists of the following at June 30, 2019 and 2018:

	2019		2018	
	Principal	Unamortized issuance costs	Principal	Unamortized issuance costs
	(In thousands)		(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	225	59,200	242
Mortgage payable, 3.95% fixed rate note, 10-year term to June 2022, 25-year amortization	—	—	16,822	—
Mortgage payable, 4.51% fixed rate note, 16-year term to January 2035, 25-year amortization	55,000	456	—	—
	\$ 114,200	681	76,022	242

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

Year ending June 30:	
2020	\$ —
2021	—
2022	987
2023	2,446
2024	2,559
Thereafter	108,208
	\$ 114,200

THE ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Financial Statements – FASB Basis

June 30, 2019 and 2018

(8) Interest Rate Swap

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

<u>Series</u>	<u>Effective date</u>	<u>Notional amount</u>	<u>Estate pays</u>	<u>Estate receives</u>	<u>Expiration date</u>
2014 Bonds	December 1, 2014	\$ 59,200	4.9035% plus 69% of 30-day LIBOR	69% of 30-day LIBOR	June 1, 2032

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

	<u>Statement of net assets classification</u>	<u>Location of gain (loss)</u>	<u>Fair value 2019</u>	<u>Fair value 2018</u>	<u>Loss 2019</u>	<u>Gain 2018</u>
Interest rate swap agreement	Interest rate swap liability	Unrealized (loss) gain on interest rate swap	\$ 24,207	20,202	(4,005)	4,795

The following table presents the fair value hierarchy classification of the Estate’s swap obligation as of June 30, 2019 with a comparative total for 2018 (in thousands):

	<u>Fair value 2019</u>	<u>Fair value measurements at June 30, 2019 using</u>			<u>Fair value 2018</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial liabilities:					
Interest rate swap obligation	\$ 24,207	—	24,207	—	20,202

(9) Real Estate Leases

Tenant leases have various expiration dates ranging through fiscal year 2036. Minimum rentals on noncancelable operating leases at June 30, 2019, which represent future income to the Estate, are as follows (in thousands):

2020	\$ 9,186
2021	9,502
2022	8,643
2023	10,139
2024	10,832
Thereafter	175,934
	<u>\$ 224,236</u>

THE ESTATE OF STEPHEN GIRARD, DECEASED

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June 30, 2019 and 2018

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, 2019 and 2018 were \$75,537,000 and \$76,737,000, 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 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.

(10) Expenses by Functional and Natural Classification

Expenses by natural and functional classification for the year ended June 30, 2019, with comparable totals for June 30, 2018, were as follows (in thousands):

	Girard College	Supporting Services			2019 Total	2018 Total
		Real Estate/ other	Girardville	Administration		
Salaries and benefits	\$ 13,000	419	—	887	14,306	13,791
Supplies, services, and other	4,051	7,557	478	333	12,419	12,693
Insurance and utilities	1,499	2,242	36	7	3,784	4,212
Depreciation	2,866	4,338	9	50	7,263	7,458
Interest	—	5,459	—	—	5,459	4,302
Total operating expenses	\$ 21,416	20,015	523	1,277	43,231	42,456
June 30, 2018 totals	\$ 20,544	19,977	536	1,399	42,456	

Expenses are presented on the statement of changes in net assets by functional classification in alignment with the overall operations of the Estate. Natural expenses are accounted for on a direct cost basis to the operation or function upon which the expense is incurred.

THE ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Financial Statements – FASB Basis

June 30, 2019 and 2018

(11) 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, 2019 and 2018, 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.

(12) 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.

Commitments related to construction-in-progress projects were approximately \$3.1 million at June 30, 2019.

(13) 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.

(14) Subsequent Events

In connection with the preparation of the financial statements, the Estate evaluated subsequent events after the balance sheet date of June 30, 2019 through October 31, 2019, which was the date the financial statements were issued. No items were identified that required additional disclosure.



**WILLS EYE HOSPITAL
AND SUBSIDIARIES**

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

June 30, 2019 and 2018

(With Independent Auditors' Report Thereon)

**WILLS EYE HOSPITAL
AND SUBSIDIARIES**

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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, 2019 and 2018, 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, 2019 and 2018, 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 22, 2019

**WILLS EYE HOSPITAL
AND SUBSIDIARIES**

Consolidated Balance Sheets – FASB Basis

June 30, 2019 and 2018

(In thousands)

Assets	2019	2018
Current assets:		
Cash and cash equivalents	\$ 2,561	4,110
Patient accounts receivable	9,268	8,219
Investments	24,962	25,386
Inventory	1,863	1,549
Assets whose use is limited or restricted, current	—	15,014
Pledge and grant receivable	4,011	6,004
Other current assets	2,713	4,716
Total current assets	45,378	64,998
Assets whose use is limited or restricted:		
By board for research	4,146	4,146
By board for other	1,005	1,029
Donor-restricted	41,469	37,097
Held under debt agreements	21,991	6,086
Total assets whose use is limited or restricted	68,611	48,358
Investments in joint ventures	3,262	3,272
Property and equipment, net	33,071	32,785
Other assets	743	842
Total	\$ 151,065	150,255
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term debt	\$ 1,135	20,773
Financing obligation	512	477
Accounts payable	16,632	13,719
Accrued salaries and other expenses	5,393	4,500
Other liabilities	1,269	1,084
Total current liabilities	24,941	40,553
Long-term debt, net of current portion	20,949	2,376
Financing obligation	4,880	5,392
Pension benefit obligation	19,784	16,891
Interest rate swap liability	6,778	5,850
Other liabilities	80	136
Total liabilities	77,412	71,198
Net assets:		
Without donor restrictions	27,955	36,003
With donor restrictions	45,698	43,054
Total net assets	73,653	79,057
Total liabilities and net assets	\$ 151,065	150,255

See accompanying notes to consolidated financial statements – FASB basis.

**WILLS EYE HOSPITAL
AND SUBSIDIARIES**

Consolidated Statements of Operations – FASB Basis

Years ended June 30, 2019 and 2018

(In thousands)

	2019	2018
Unrestricted revenues:		
Patient service revenue	\$ 71,614	61,788
Other revenue	7,306	6,752
Net assets released from restrictions	2,838	2,680
Total revenues	81,758	71,220
Expenses:		
Salaries and benefits other than pension costs	40,805	32,048
Pension costs	1,027	1,160
Supplies and other expenses	39,115	35,812
Insurance	2,024	1,630
Professional – legal and consulting	1,847	1,828
Professional – medical	1,736	1,795
Depreciation and amortization	3,402	3,400
Interest	1,720	1,737
Total expenses	91,676	79,410
Operating loss	(9,918)	(8,190)
Other income:		
Net realized and unrealized gains on investments	2,764	4,726
Interest rate swaps valuation adjustment	(928)	1,344
Investment income, net	1,606	1,659
Contributions	2,386	1,283
Total other income	5,828	9,012
(Deficiency) excess of revenues over expenses	\$ (4,090)	822

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, 2019 and 2018

(In thousands)

	2019	2018
Without donor restrictions:		
(Deficiency) excess of revenues over expenses	\$ (4,090)	822
Net assets released from restrictions used for purchases of property and equipment	187	277
Donated equipment	11	—
Adjustment to pension benefit obligation	(3,770)	4,072
Distribution to noncontrolling interests in consolidated subsidiary	(386)	(439)
(Decrease) increase in net assets without donor restrictions	(8,048)	4,732
With donor restrictions:		
Contributions	4,192	13,703
Interest and dividend income	503	455
Donated equipment	152	—
Net realized and unrealized gains on investments	819	584
Net assets released from restrictions	(2,980)	(2,957)
(Decrease) increase in cash value life insurance policy	(42)	115
Increase in net assets with donor restrictions	2,644	11,900
(Decrease) increase in net assets	(5,404)	16,632
Net assets, beginning of year	79,057	62,425
Net assets, end of year	\$ 73,653	79,057

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, 2019 and 2018

(In thousands)

	2019	2018
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (5,404)	16,632
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:		
Net realized and unrealized gains on investments	(3,583)	(5,310)
Equity in earnings of joint ventures	(788)	(687)
Change in fair value of swap contracts	928	(1,344)
Adjustment to pension benefit obligation	3,770	(4,072)
Donated equipment	(163)	—
Depreciation and amortization	3,402	3,400
Distribution/purchases of noncontrolling interests holders	386	439
Amortization of deferred financing costs	(29)	26
Restricted contributions	(6,600)	(8,342)
Loss on asset sales	35	52
Changes in operating assets and liabilities:		
Patient accounts receivable	(1,049)	(1,988)
Inventory	(314)	(136)
Other assets	4,103	(5,575)
Accounts payable	2,913	1,887
Accrued salaries and other expenses	893	835
Other liabilities	129	320
Pension benefit obligation	(877)	(445)
Net cash used in operating activities	(2,248)	(4,308)
Cash flows from investing activities:		
Purchases of property and equipment	(3,560)	(2,866)
Distribution from investments in joint ventures	798	701
Proceeds from sale of investments	4,179	5,513
Purchase of investments	(5,419)	(4,285)
Net cash used in investing activities	(4,002)	(937)
Cash flows from financing activities:		
Proceeds from restricted contributions	6,600	8,342
Distributions/purchases of noncontrolling interest holders	(386)	(439)
Proceeds from issuance of long-term debt	435	883
Payments on financing obligation	(477)	(449)
Payments on short- and long-term debt	(1,471)	(1,757)
Net cash provided by financing activities	4,701	6,580
Net (decrease) increase in cash and cash equivalents	(1,549)	1,335
Cash and cash equivalents, beginning of year	4,110	2,775
Cash and cash equivalents, end of year	\$ 2,561	4,110
Supplemental cash flow information:		
Cash paid for interest	\$ 1,717	1,730

See accompanying notes to consolidated financial statements – FASB basis.

WILLS EYE HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements – FASB Basis

June 30, 2019 and 2018

(Dollars in thousands)

(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 the 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 (the Network) 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

**WILLS EYE HOSPITAL
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements – FASB Basis

June 30, 2019 and 2018

(Dollars in thousands)

Center, LLC (Stadium). At June 30, 2019 and 2018, 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; and 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 statement of cash flows. 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

**WILLS EYE HOSPITAL
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Notes to Consolidated Financial Statements – FASB Basis

June 30, 2019 and 2018

(Dollars in thousands)

- 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 the pension benefit obligation.

(c) Patient Service Revenue

The Company adopted Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606), effective July 1, 2018, using the full retrospective transition method. Results for reporting periods beginning on July 1, 2017 are presented under ASC 606. As a result, provision for bad debts of \$1,580 was reclassified to patient service revenues during the year ended June 30, 2018. See note 5 – Revenues.

(d) Patient Accounts Receivable

The Organization’s accounts receivable are primarily comprised of amounts due from Medicare, Medicaid, managed care companies, self-pay patients and other third-party payors. The Organization evaluates the valuation of accounts receivable, based on analysis of historical collection trends, as well as its understanding of the nature and collectability of patient accounts, based on their age and other factors.

(e) 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.

(f) Inventory

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

**WILLS EYE HOSPITAL
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements – FASB Basis

June 30, 2019 and 2018

(Dollars in thousands)

(g) 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.

(h) 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. The Organization continually evaluates whether circumstances have occurred that indicate the remaining useful life of its long-lived assets, including property and equipment, 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

(i) Investments

At June 30, 2019 and 2018, 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, which 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.

(j) 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

**WILLS EYE HOSPITAL
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements – FASB Basis

June 30, 2019 and 2018

(Dollars in thousands)

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.

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, 2019 and 2018, the Organization's investments were primarily invested in the CLIF. Such investments are stated at net asset value, which approximates fair value (note 6). 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.

**WILLS EYE HOSPITAL
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Notes to Consolidated Financial Statements – FASB Basis

June 30, 2019 and 2018

(Dollars in thousands)

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 8 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.

(k) 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, 2019 and 2018, the unamortized portion of deferred financing costs amounted to \$49 and \$20, net of accumulated amortization of \$179 and \$160, respectively.

(l) Net Assets

Net assets not restricted by donors are reported as net assets without donor restrictions in the consolidated balance sheets.

Net assets restricted by donors for specified purposes or investment in perpetuity are reported as net assets with donor restrictions in the consolidated balance sheets. Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received. When a donor restriction expires, net assets are reclassified to net assets without donor restrictions, and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions. Conditional contributions received are not recognized until such time that the conditions are met. The Organization records as net assets without donor restrictions those gifts for which purpose restrictions are met in the same year as receipt.

**WILLS EYE HOSPITAL
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(m) 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.

(n) 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 did not have a material impact on the operations of the Organization.

(o) (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.

(p) Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, which was codified in the Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*. ASC 606 replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles (GAAP) and is intended to improve and converge with international standards the financial reporting requirements for recognizing revenue from contracts with customers. The core principle of ASC 606 is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. ASC 606 also requires additional disclosures about the nature, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. Effective July 1, 2018, the Organization has elected the full retrospective application for the adoption of the guidance to all contracts under the scope of the guidance and there was no material impact to the Organization related to its existing revenue streams. Previously, for the year ended June 30, 2018, the

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Organization included separate lines for patient service revenue prior to provision for bad debts of \$63,368 provision for bad debts of \$1,580. The related presentation of “allowances for doubtful accounts” on the consolidated balance sheets has also been eliminated as a result of the adoption of the standard.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which requires not-for-profit entities to revise its financial presentation to include net asset classifications, provide quantitative and qualitative information as to available resources and management of liquidity and liquidity risk and expanded disclosures on functional expenses. The Organization adopted the new standard as of July 1, 2018 on a retrospective basis. There were no material changes to the consolidated balance sheets, statements of operations, and changes in net assets or cash flows as a result of the adoption. The new presentation includes a single classification of net assets with donor restrictions. Previously, the June 30, 2018 consolidated balance sheet displayed temporarily restricted net assets of \$17,018 and permanently restricted net assets of \$26,036.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Organization has early adopted ASU 2018-08 for the year ended June 30, 2019, and has applied the standard on a modified prospective basis. The amendments in this update assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The application of this guidance did not have a material impact on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which consists of a comprehensive lease accounting standard. Under the new standard, assets and liabilities arising from most leases will be recognized on the balance sheet and enhanced disclosures on key quantitative and qualitative information about leasing arrangements will be required. Leases will be classified as either operating or financing, and the lease classification will determine whether expense is recognized on a straight-line basis (operating leases) or based on an effective interest method (financing leases). The new standard is effective for interim and annual periods commencing on July 1, 2019. The Organization has applied the transitional package of practical expedients allowed by the standard relating to the identification, classification, and initial direct costs of leases commencing before July 1, 2019; however, the Organization did not elect the hindsight transitional practical expedient. The Organization has made an accounting policy election to not apply recognition requirements of the guidance to short-term leases. In July 2018, the FASB issued ASU 2018-11, *Leases: Targeted Improvements*, which provides an optional transition method that allows entities to initially apply the new lease standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption while comparative periods presented will continue to be in accordance with current ASC Topic 840, *Leases*. The Organization is using the optional transition method to apply the lease standard as of July 1, 2019. The Organization has made enhancements to its information systems and internal controls in response to the new rule requirements. The Organization is prepared to provide

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expanded disclosures in the consolidated financial statements in accordance with the new standard.

(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.

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 \$853 and \$1,187 in 2019 and 2018, 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) Certain Significant Risks and Uncertainties

(a) Revenue Sources

The Organization received revenues from Medicare, Medicaid, managed care, self-pay patients and other third-party payors. The Organization derived approximately 55% and 54% of its patient service revenue from Medicare and Medicaid, during the fiscal years ended June 30, 2019 and 2018, respectively. The following table depicts the Organizations net patient services revenue, by source, for the years ended June 30, 2019 and 2018:

	2019	2018
Medicare	49 %	49 %
Medicaid	6	5
Managed care	31	32
Other third-party payors	12	12
Self-pay	2	2
	100 %	100 %

The sources and amounts of the Company's revenues are determined by a number of factors, including building capacity and inpatient occupancy rates, the mix of patients and the rates of reimbursement among payors. Changes in the case mix of the patients as well as payor mix among Medicare, Medicaid and private pay can significantly affect the Company's profitability.

It is not possible to quantify fully the effect of legislative changes, the interpretation or administration of such legislation or other governmental initiatives on the Company's business. The potential impact of reforms to the United States healthcare system, including potential material changes to the delivery of healthcare services and the reimbursement paid for such services by the government or other third party payors, is uncertain at this time. Accordingly, there can be no assurance that the impact of any future healthcare legislation, regulation or actions by participants in the health care continuum will not adversely affect the Company's business. There can be no assurance that payments under

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governmental and private third-party payor programs will be timely, will remain at levels similar to present levels or will, in the future, be sufficient to cover the costs allocable to patients eligible for reimbursement pursuant to such programs. The Company's financial condition and results of operations are and will continue to be affected by the reimbursement process, which in the healthcare industry is complex and can involve lengthy delays between the time that revenue is recognized and the time that reimbursement amounts are settled.

Laws and regulations governing the Medicare and Medicaid programs, and the Company's business generally, are complex and are often subject to a number of ambiguities in their application and interpretation. The Company believes that it is in substantial compliance with all applicable laws and regulations. However, from time to time the Company and its affiliates are subject to pending or threatened lawsuits and investigations involving allegations of potential wrongdoing, some of which may be material or involve significant costs to resolve and/or defend, or may lead to other adverse effects on the Company and its affiliates including, but not limited to, fines, penalties and exclusion from participation in the Medicare and/or Medicaid programs.

(b) Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of accounts receivable. Medicare and Medicaid accounts represented 53% and 49% of net accounts receivable as of June 30, 2019 and 2018, respectively. However, management does not believe there are any other significant concentrations of credit risk as of June 30, 2019. The mix of net receivables from patients and third-party payors at June 30, 2019 and 2018 was as follows:

	<u>2019</u>	<u>2018</u>
Medicare	30 %	44 %
Medicaid	23	5
Managed care	27	30
Other third-party payors	13	13
Self-pay	7	8
	<u>100 %</u>	<u>100 %</u>

During the year ended June 30, 2019, the Organization recorded revenue of \$1,672 related to supplemental payments made by the Commonwealth of Pennsylvania (the Commonwealth) to qualifying hospitals. The revenues represented additional funding received for providing medical and surgical ocular services to Medicaid beneficiaries, as the Organization met the qualifications required by the program. This amount was recorded as patient accounts receivable in the Organization's consolidated balance sheet at June 30, 2019. The supplemental payment was received, in full, on October 24, 2019.

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(c) Investment Risks

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 financial statements.

(5) Revenues

Net patient service revenues

The Organization's net patient service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payers, and others and include an estimate of variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the patients and third-party payers several days after the services are performed and/or the patient is discharged from the facility.

Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to outpatient and inpatient services. The Organization measures the performance obligation after the completion of the patient's outpatient's visit or admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided and the Organization does not believe it is required to provide additional goods or services to the patient.

The majority of the Organization's services are rendered to patients with third party coverage. Reimbursement under these programs for all payers is based on a combination of prospectively determined rates, discounted charges and historical costs. Amounts received under Medicare and Medicaid programs are subject to review and final determination by program intermediaries or their agents and the contracts the Organization has with commercial payers also provide for retroactive audit and review of claims. Agreements with third-party payers typically provide for payments at amounts less than established charges. For further discussion on third party reimbursement, refer to note 4. Generally, patients who are covered by third-party payers are responsible for related deductibles and coinsurance, which vary in amount. The Organization also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Organization estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is recorded during the period in which the related services are rendered. The implicit price concession is determined by reducing the standard charge by any contractual adjustments, discounts, and other amounts. Estimates of implicit price concessions are determined based on historical collection experience.

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Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change.

Consistent with the Organization’s mission, care is provided to patients regardless of their ability to pay. The Organization has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (e.g. co-pays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Organization expects to collect based on its collection history with those patients. Patients who meet the Organization’s criteria for charity care are provided care without charge or at amounts less than established rates. The Organization has determined that it has provided sufficient implicit price concessions for these accounts. Implicit price concessions, including charity care, are not reported as revenue.

The following tables reflect net patient service revenue from third-party payers, government subsidies and others (including uninsured patients) for the years ended June 30, 2019 and 2018:

	2019		
	Inpatient	Outpatient	Total
Medicare	\$ 514	34,315	34,829
Medicaid	161	4,386	4,547
Managed Care	583	21,231	21,814
Other	272	8,688	8,960
Self-pay patients and other	50	1,414	1,464
Total net patient service revenue	<u>\$ 1,580</u>	<u>70,034</u>	<u>71,614</u>

	2018		
	Inpatient	Outpatient	Total
Medicare	\$ 207	30,315	30,522
Medicaid	60	3,043	3,103
Managed Care	257	19,186	19,443
Other	224	7,178	7,402
Self-pay patients and other	42	1,276	1,318
Total net patient service revenue	<u>\$ 790</u>	<u>60,998</u>	<u>61,788</u>

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Other revenues

Other revenue includes income from grant revenue, and equity in the income of joint ventures, net assets released from restriction, cafeteria and parking revenue. Grant revenue and contributions of the Organization are nonexchange transactions in which no commensurate value is exchanged. In such cases, contribution accounting is applied under ASC Topic 958, *Not-for-Profit Entities*. Equity in the income of joint ventures continues to be evaluated under ASC Topic 323, *Investments – Equity Method and Joint Ventures*.

Additionally, pharmacy sales and other contracts related to health care services are included in other revenue and consist of contracts which vary in duration and in performance. Revenue is recognized when the performance obligations identified within the individual contracts are satisfied, and is recorded at its net realizable value.

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

The Organization's investments at June 30, 2019 and 2018 include the following:

	2019	2018
Held in the CLIF:		
Investments (current assets)	\$ 23,962	25,386
Assets whose use is limited or restricted, current	—	11,520
Assets whose use is limited or restricted:		
By board for research	4,146	4,146
By board for other	1,005	1,029
Donor-restricted	3,995	4,039
Donor-restricted endowments	32,665	27,330
Held under debt agreements	18,298	5,850
	84,071	79,300
Investments held outside the CLIF for funds with restrictions	4,809	5,728
Investments held outside the CLIF without restrictions	1,000	—
Held under debt agreements	3,693	3,730
Total investments	\$ 93,573	88,758

(a) Investments Held in the CLIF

The Organization's undivided interest in the CLIF represents approximately 15.4% and 14.7% of the total value, or \$84,071 and \$79,300 at June 30, 2019 and 2018, 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 year ended June 30, 2019 or 2018.

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The CLIF's investments at June 30, 2019 and 2018, stated at fair value, are as follows:

	<u>2019</u>	<u>2018</u>
Short-term investments	\$ 11,471	17,176
Equities:		
U.S. common stocks	250,776	248,622
Exchange-traded funds	65,841	63,371
International mutual funds	34,654	34,377
Bonds and notes payable:		
U.S. government and agency obligations	47,556	41,597
Corporate and other bonds	59,326	73,311
Asset-backed securities	14,145	1,742
Mutual funds	17,934	17,158
Global tactical asset allocation mutual funds	24,185	24,976
Private equity	19,206	15,586
	<u>\$ 545,094</u>	<u>537,916</u>

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 borrowers 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, 2019 and 2018, the CLIF had loaned out certain securities, returnable on demand, with a market value of \$158,372 and \$158,223, respectively, to several financial institutions that have deposited collateral with respect to such securities of \$161,825 and \$161,943, respectively.

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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, 2019 (in thousands):

	2019 Fair value	Fair value measurements at June 30, 2018 using		
		Level 1	Level 2	Level 3
Short-term investments	\$ 11,471	11,471	—	—
Marketable equity securities:				
U.S. common stocks:				
Industrials	32,067	32,067	—	—
Consumer discretionary	29,876	29,876	—	—
Consumer staples	10,501	10,501	—	—
Energy	13,313	13,313	—	—
Financial	36,432	36,432	—	—
Materials	7,684	7,684	—	—
Information technology	52,938	52,938	—	—
Real Estate	4,738	4,738	—	—
Utilities	5,455	5,455	—	—
Healthcare	31,466	31,466	—	—
Telecommunications and other	26,306	26,306	—	—
Total U.S. common stocks	250,776	250,776	—	—
Exchange-traded funds:				
S&P 500 Index SPDR	31,928	31,928	—	—
Select Sector SPDRs	33,913	33,913	—	—
Total exchange-traded funds	65,841	65,841	—	—
International equity mutual funds	34,654	34,654	—	—
Total marketable equity securities	351,271	351,271	—	—
Fixed income:				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	33,068	32,430	638	—
Debt securities issued by states of the United States and political subdivisions of the states	14,211	—	14,211	—
Debt securities issued by foreign governments	277	—	277	—
Corporate debt securities	59,326	—	59,326	—

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	2019 Fair value	Fair value measurements at June 30, 2018 using		
		Level 1	Level 2	Level 3
Asset-backed securities	\$ 5,645	—	5,645	—
Residential mortgage-backed securities	817	—	817	—
Commercial mortgage-backed securities	7,683	—	7,683	—
Mutual funds	17,934	17,934	—	—
Total fixed income	138,961	50,364	88,597	—
Global tactical asset allocation mutual funds	24,185	24,185	—	—
Subtotal	525,888	437,291	88,597	—
Private equity funds reported at net asset value per share as a practical expedient	19,206			
Total investments in the CLIF	\$ 545,094			

The Organization's undivided interest in the CLIF represents approximately 15.4% and 14.7% of the total value, or \$84,071 and \$79,300 at June 30, 2019 and 2018, respectively.

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	—	—

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	2018 Fair value	Fair value measurements at June 30, 2018 using		
		Level 1	Level 2	Level 3
Healthcare	\$ 31,492	31,492	—	—
Telecommunications and other	9,154	9,154	—	—
Total U.S. common stocks	<u>248,622</u>	<u>248,622</u>	<u>—</u>	<u>—</u>
Exchange-traded funds:				
S&P 500 Index SPDR	29,562	29,562	—	—
Select Sector SPDRs	<u>33,809</u>	<u>33,809</u>	<u>—</u>	<u>—</u>
Total exchange-traded funds	63,371	63,371	—	—
International equity mutual funds	<u>34,377</u>	<u>34,377</u>	<u>—</u>	<u>—</u>
Total marketable equity securities	<u>346,370</u>	<u>346,370</u>	<u>—</u>	<u>—</u>
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	—
Asset-backed securities	1,362	—	1,362	—
Residential mortgage-backed securities	380	—	380	—
Commercial mortgage-backed securities	—	—	—	—
Mutual funds	<u>17,158</u>	<u>17,158</u>	<u>—</u>	<u>—</u>
Total fixed income	133,808	57,808	76,000	—
Global tactical asset allocation mutual funds	<u>24,976</u>	<u>24,976</u>	<u>—</u>	<u>—</u>
Subtotal	<u>522,330</u>	<u>446,330</u>	<u>76,000</u>	<u>—</u>
Private equity funds reported at net asset value per share as a practical expedient	<u>15,586</u>			
Total investments in the CLIF	<u>\$ 537,916</u>			

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At June 30, 2019 and 2018, \$6,778 and \$5,850, 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, 2019 and 2018, \$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, 2019 and 2018.

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

At June 30, 2019 and 2018, cash held by a bank as collateral for the Cottman, Services Corp., and Warminster debt (note 8) was \$204 and \$236, 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, at June 30, 2019 and 2018, \$3,489 and 3,494, respectively.

(d) Net Investment Income

The composition of the Organization's net investment income for the years ended June 30, 2019 and 2018 is as follows:

	2019	2018
Investment income:		
Interest and dividends	\$ 2,109	2,114
Net realized gains on investments	2,017	4,291
Net unrealized gains on investments	1,566	1,019
Total investment income	\$ 5,692	7,424
Recognized as:		
Consolidated statements of operations:		
Investment income, net	\$ 1,606	1,659
Net realized and unrealized gains on investments	2,764	4,726
Consolidated statements of changes in net assets:		
Interest and dividend income – with donor restrictions	503	455
Net realized and unrealized gains on investments – with donor restrictions	819	584
Total investment income	\$ 5,692	7,424

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(7) Property and Equipment

Property and equipment at June 30, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Land and improvements	\$ 2,923	2,923
Buildings and leasehold improvements	51,433	50,927
Equipment	32,418	31,326
Construction in progress	<u>2,202</u>	<u>—</u>
Property and equipment, at cost	88,976	85,176
Accumulated depreciation	<u>(55,635)</u>	<u>(52,391)</u>
Property and equipment, net	<u>\$ 33,341</u>	<u>32,785</u>
Depreciation and amortization expense	\$ 3,402	3,400

The net book value of assets under capital leases included in equipment amounted to \$1,832 and \$2,525 at June 30, 2019 and 2018, respectively.

(8) Debt

Long-term debt consists of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Series 2012 Variable Rate Revenue Bonds issued by the Hospital, due in November 2030, accrues interest at a variable rate (approximately 2.63% at June 30, 2019), payable in monthly interest-only payments	\$ 15,000	15,000
Committed loan borrowed by the Hospital, with a security agreement, due in March 2024, accrues interest at a variable rate (approximately 4.13% at June 30, 2019), payable in monthly installments of principal plus interest	4,405	4,732
Commercial bank debt borrowed by Abbot, due in April 2024, accrues interest at a variable rate (approximately 3.89% at June 30, 2019), and payable in monthly installments of principal plus interest; collateralized by certain building and land assets	266	—

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	2019	2018
Commercial bank debt borrowed by Warminster, due in July 2022, accrues interest at a variable rate (approximately 4.14% at June 30, 2019), payable in monthly installments of principal plus interest; collateralized by restricted cash deposit	\$ 630	735
Commercial bank debt borrowed by Cottman, due in January 2019, accrues interest at a variable rate (approximately 2.5% at June 30, 2018), payable in monthly installments of principal plus interest; collateralized by restricted deposit	—	44
Commercial bank debt borrowed by Services Corp., due in February 2019, accrues interest at a variable rate (approximately 3.96% at June 30, 2018), payable in monthly installments of principal plus interest	—	133
Finance agreements, various, payments due monthly based in part on supply purchases	1,832	2,525
	22,133	23,169
Less:		
Current portion	(1,135)	(20,773)
Unamortized bond issue costs	(49)	(20)
Total long-term debt	\$ 20,949	2,376

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), with a final maturity date of November 1, 2030. The single bondholder is the Trustee. At this time, there was also a corresponding interest rate swap agreement 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 6) and at the Trustee for the purposes of collateralizing the entire principal balance and the entire fair market value of the swap. During March 2019, the Trustee waived its first Tender Option and amended the Bond to update definitional terms and revise the interest rate. The Trustee maintained its Tender Options for 2024 and 2029, and the Bond's final maturity remained November 1, 2030.

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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 line of credit was converted to a loan with defined principal and interest payments (the 2013 Loan Agreement). During February 2019, the Organization amended the loan to extend its maturity date by 5 years and revise the interest rate. The amended loan matures on March 1, 2024.

The 2013 Loan Agreement contains financial, affirmative and negative covenants, and events of default that are customary for debt securities of this type. Financial covenants require the Organization to maintain a liquidity ratio of no less than 1.0 to 1.0.

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, 2019, \$1,019 in equipment is currently leased under this facility.

The maturity of total debt, excluding debt issuance costs, at June 30, 2019, is as follows (in thousands):

Twelve months ended June 30:		
2020	\$	1,135
2021		1,031
2022		1,161
2023		580
2024		3,209
Thereafter		15,017
Total payments	\$	22,133

Abbot Inc. 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.

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 75% 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 \$(6,778) and \$(5,850) at June 30, 2019 and 2018, respectively. As this swap does not qualify for

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hedge accounting, the change in fair value is reported as Interest rate swaps valuation adjustment 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 Interest rate swap liability. These interest rate swaps are as follows as of June 30, 2019:

	<u>Notional value</u>	<u>Effective date</u>	<u>Term</u>	<u>Fixed rate</u>	<u>Fair value at June 30, 2019 (in 000s)</u>	<u>Floating rate</u>	<u>Entity</u>
\$	15,000	03/01/12	Nov. 2030	5.74	6,778	75% of 30-day LIBOR+83bp	Wills Eye Hospital
	133	04/06/16	Feb. 2019	3.09	—	30-day LIBOR+200bp	Services Corp.

The fair value of the above interest rate swaps total \$6,778.

At June 30, 2019, the Hospital and Services Corp. were entered into certain interest rate swap agreements. The fair value of these interest rate swaps was reported in Interest rate swap liability on the consolidated balance sheets. The fair value is detailed in the below table.

	<u>Notional value</u>	<u>Effective date</u>	<u>Term</u>	<u>Fixed rate</u>	<u>Fair value at June 30, 2018 (in 000s)</u>	<u>Floating rate</u>	<u>Entity</u>
\$	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.

(9) 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. The amount of the financing obligation represents the present value of minimum lease payments, under this lease agreement, discounted at an imputed interest rate of 7.1%.

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Future minimum payments for the next five years and thereafter under the lease at June 30, 2019 are as follows (in thousands):

Year ending June 30:		
2020	\$	878
2021		878
2022		879
2023		879
2024		879
Thereafter		<u>2,710</u>
	Total future minimum lease payments	7,103
	Less amount representing interest	<u>(1,711)</u>
	Financing obligation	\$ 5,392
	Less current portion	<u>(512)</u>
	Long-term financing obligation	<u><u>\$ 4,880</u></u>

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, 2019 are as follows:

		<u>Sublease revenue</u>
June 30:		
2020	\$	2,236
2021		679
2022		700
2023		721
Thereafter		<u>—</u>
	Total sublease revenue	<u><u>\$ 4,336</u></u>

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, 2019 and 2018 was \$1,903 and \$1,770, respectively. The Organization records lease expenses in the consolidated statements of operations, supplies and other

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expenses. The Centers are responsible for the payment of all real property taxes. Future minimum lease payments at June 30, 2019 are as follows:

June 30:		
2020	\$	1,453
2021		1,127
2022		962
2023		544
2024		140
Thereafter		—
		—
Total future minimum lease payments	\$	4,226

(10) 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, 2019 or 2018. Although no contributions were required, the Hospital contributed \$1,475 to the Plan during the year ended June 30, 2019 and \$1,200 in 2018. The Hospital anticipates contributing \$1,500 to the Plan in 2020. The Hospital uses a July 1 measurement date for the Plan.

The following table sets forth the funded status of the Plan at June 30, 2019 and 2018:

	2019	2018
Change in benefit obligation:		
Projected benefit obligation at beginning of year	\$ 51,579	54,792
Service cost	418	488
Interest cost	2,044	1,947
Actuarial loss (gain)	3,963	(3,069)
Benefits paid	(2,617)	(2,579)
Projected benefit obligation at end of year	\$ 55,387	51,579

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	<u>2019</u>	<u>2018</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 34,688	33,383
Actual return on plan assets	2,115	2,747
Employer contribution	1,475	1,200
Benefits paid	(2,617)	(2,579)
Administrative expenses paid	<u>(59)</u>	<u>(63)</u>
Fair value of plan assets at end of year	\$ <u>35,602</u>	<u>34,688</u>
Funded status and liability recognized (recorded as other noncurrent liabilities)	\$ 19,784	16,891

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

	<u>2019</u>	<u>2018</u>
Discount rate	3.34 %	4.08 %
Rate of compensation increase	3.00	3.00

Net periodic benefit cost recognized for the years ended June 30, 2019 and 2018 totaled \$598 and \$754, 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:

	<u>2019</u>	<u>2018</u>
Amounts recognized in net assets but not yet recognized in net periodic benefit cost:		
Prior service costs	\$ —	19
Net loss	<u>23,928</u>	<u>20,139</u>
Total amount recognized in net assets	\$ <u>23,928</u>	<u>20,158</u>
Components of net periodic benefit cost:		
Service cost	\$ 418	488
Interest cost	2,044	1,947
Expected return on plan assets	(2,632)	(2,551)
Amortization of prior service cost	19	19
Recognized actuarial loss	<u>749</u>	<u>851</u>
Net periodic benefit cost	\$ <u>598</u>	<u>754</u>

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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 2019 total \$749 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 2018 total \$851 and \$19, respectively.

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

	2019	2018
Discount rate	4.1 %	3.7 %
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, 2019 and 2018. The Plan held units representing 6.48% and 6.39% of the CLIF at June 30, 2019 and 2018, respectively. See note 6 for allocation of assets within the CLIF.

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:

2020	\$	3,146
2021		3,149
2022		3,277
2023		3,290
2024		3,302
2025–2029		17,687

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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, 2019 and 2018, the employer match for all eligible employees is up to 2.25% for June 30, 2019 and 2018, of an employee's compensation with a maximum compensation of \$270. The employer's contributions for the years ended June 30, 2019 and 2018 relating to the 401(k) and 403(b) plans were \$428 and \$406, respectively. The employer match is included in the consolidated statements of operations, pension costs.

(11) 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, 2019 and 2018:

	2019	2018
Grant supported	\$ 1,779	2,105
Rental	2,299	2,588
Optical Shop income	541	433
Miscellaneous	2,687	1,626
Total	\$ 7,306	6,752

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(12) 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, 2019 and 2018:

	2019		
	Healthcare services	General and administrative	Total
Salaries and benefits	\$ 37,182	4,650	41,832
Supplies and other expenses	34,919	4,197	39,116
Insurance	1,417	607	2,024
Professional – legal and consulting	731	1,116	1,847
Professional – medical	1,736	—	1,736
Depreciation and amortization	3,253	149	3,402
Interest	1,315	405	1,720
Total	\$ 80,553	11,124	91,677

	2018		
	Healthcare services	General and administrative	Total
Salaries and benefits	\$ 29,036	4,172	33,208
Supplies and other expenses	31,955	3,857	35,812
Insurance	1,089	541	1,630
Professional – legal and consulting	515	1,313	1,828
Professional – medical	1,795	—	1,795
Depreciation and amortization	3,276	124	3,400
Interest	1,296	441	1,737
Total	\$ 68,962	10,448	79,410

(13) 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 net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and

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(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 is classified as net assets with donor restrictions 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 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 2019 and 2018 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 net assets with donor restrictions. There were no deficiencies of this nature as of June 30, 2019 or 2018. Such deficiencies, if they exist, are recorded in net assets without donor restrictions.

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(f) Net Asset Classifications of Endowments

Net asset classifications by type of restriction as of June 30, 2019 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	32,903	32,903
	<u>\$ —</u>	<u>32,903</u>	<u>32,903</u>

Changes in restricted net assets for the year ended June 30, 2019 are as follows:

	<u>Without restrictions</u>	<u>With restrictions</u>	<u>Total</u>
Restricted net assets, beginning of year	\$ —	31,383	31,383
Investment return:			
Investment income	—	469	469
Net appreciation (realized and unrealized gains and losses)	—	819	819
Total investment return	—	1,288	1,288
Contributions	—	975	975
Appropriation of restricted assets for expenditure	—	(701)	(701)
Other changes:			
Increase in cash value life insurance policy	—	(42)	(42)
	<u>\$ —</u>	<u>32,903</u>	<u>32,903</u>

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

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	31,383	31,383
	<u>\$ —</u>	<u>31,383</u>	<u>31,383</u>

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

	<u>Without restrictions</u>	<u>With restrictions</u>	<u>Total</u>
Restricted net assets, beginning of year	\$ —	25,141	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
	<u>\$ —</u>	<u>31,383</u>	<u>31,383</u>

(14) Net Assets with Donor Restrictions

Net assets with donor restrictions consist of contributions and other inflows of assets whose use by the Organization is limited by 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, 2019, \$5,934 of the \$46,698 restricted net asset balance represents accumulated gains on endowments, and the remaining \$40,764 represents amounts restricted for research, education, and other activities. At June 30, 2018, \$5,347 of the \$43,054 restricted net asset balance represents accumulated gains on endowments, and the remaining \$37,707 represents amounts restricted for research, education, and other activities.

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(15) 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, 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
Operating loss	(10,364)	445	(9,919)
Other income	5,829	—	5,829
(Deficiency) excess revenues over expenses	(4,535)	445	(4,090)
Adjustment to pension benefit obligation	(3,770)	—	(3,770)
Net assets released for purchase of property and equipment	187	—	187
Donated equipment	11	—	11
Distributions to noncontrolling interest in consolidated subsidiaries	—	(386)	(386)
Change in net assets	(8,107)	59	(8,048)
Balance at June 30, 2019	\$ 26,989	966	27,955

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(16) Liquidity and Availability of Resources

Financial assets available within one year of the consolidated balance sheet date for general expenditures such as operating expenses and construction costs not financed with debt, are as follows as of June 30:

	June 30	
	2019	2018
Unrestricted cash	\$ 2,561	4,110
Patient accounts receivable, net	9,268	8,219
Unrestricted investments	24,962	25,386
Inventory	1,863	1,549
Assets whose use is limited or restricted, current	—	15,014
Pledge and grant receivable	4,011	6,004
Other current assets	2,713	4,716
Total current assets	\$ 45,378	64,998

Current financial assets not available for general use because of contractual or donor-imposed restrictions were \$0 and \$15,014 at June 30, 2019 and 2018, respectively. Amounts not available for general use include amounts set aside for scheduled principal payments on debt, self-insurance funds, and perpetual, time, and purpose-restricted assets.

As of June 30, 2019, the Organization has liquid assets on hand to cover 176 days of operating expenses. The Organization's practice is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. In the event of an unanticipated liquidity need, the Organization could draw upon its short term assets.

(17) 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.

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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 \$684 and \$412 at June 30, 2019 and 2018, 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 \$1,406 and \$1,013 for the years ended June 30, 2019 and 2018, respectively. Medical malpractice insurance costs is included in the consolidated statement of operations.

(18) Subsequent Events

The Organization entered into a loan agreement on October 25, 2019, which allows for the Organization to draw upon a \$2,000 line of credit and expires after one year. This line of credit is to be used for working capital and funding the acquisition of assets or properties related to private practices. No draws have currently been made against the line of credit.

The Organization has considered subsequent events, through November 22, 2019, and found there were no other events or transactions occurring subsequent to June 30, 2019 that would require adjustment to or disclosure in the consolidated financial statements.

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Consolidating Balance Sheet Information – FASB Basis

June 30, 2019

(In thousands)

Assets	Wills Eye Hospital	Wills Eye Foundation	Wills Eye Ophthalmology Clinic	Cherry Hill	Warminster	Cottman	Plymouth Meeting	Stadium
Current assets:								
Cash and cash equivalents	\$ 1,227	188	132	261	84	247	121	166
Patient accounts receivable, net	5,534	—	1,773	685	380	253	184	375
Investments	23,962	1,000	—	—	—	—	—	—
Inventory	587	—	285	351	154	124	135	227
Pledge and grant receivable	3,660	175	176	—	—	—	—	—
Other current assets	1,483	73	426	135	41	63	55	82
Due from affiliates	1,391	—	803	—	—	—	—	—
Total current assets	<u>37,844</u>	<u>1,436</u>	<u>3,595</u>	<u>1,432</u>	<u>659</u>	<u>687</u>	<u>495</u>	<u>850</u>
Assets whose use is limited or restricted:								
By board for research	4,146	—	—	—	—	—	—	—
By board for other	1,005	—	—	—	—	—	—	—
Donor-restricted	35,840	5,628	—	—	—	—	—	—
Held under debt agreements	21,787	—	—	—	—	—	—	—
Total assets whose use is limited or restricted	62,778	5,628	—	—	—	—	—	—
Investments in joint ventures	—	—	—	—	—	—	—	—
Investments in subsidiaries	7,791	—	—	—	—	—	—	—
Property and equipment, net	23,736	1,948	276	937	328	684	348	391
Other assets	422	—	321	—	—	—	—	—
Total	<u>\$ 132,571</u>	<u>9,012</u>	<u>4,192</u>	<u>2,369</u>	<u>987</u>	<u>1,371</u>	<u>843</u>	<u>1,241</u>

**WILLS EYE HOSPITAL
AND SUBSIDIARIES**

Consolidating Balance Sheet Information – FASB Basis

June 30, 2019

(In thousands)

Assets	Wills Eye Surgical Network L.L.C.	AASOP	Wills Eye Community Surgical Services Corp.	Wills Eye Community Surgical Cottman/ Buxmont	Abbot	Total eliminations	Consolidated totals
Current assets:							
Cash and cash equivalents	\$ 86	1	12	30	6	—	2,561
Patient accounts receivable, net	—	84	—	—	—	—	9,268
Investments	—	—	—	—	—	—	24,962
Inventory	—	—	—	—	—	—	1,863
Pledge and grant receivable	—	—	—	—	—	—	4,011
Other current assets	340	15	—	—	—	—	2,713
Due from affiliates	14	—	—	—	—	(2,208)	—
Total current assets	<u>440</u>	<u>100</u>	<u>12</u>	<u>30</u>	<u>6</u>	<u>(2,208)</u>	<u>45,378</u>
Assets whose use is limited or restricted:							
By board for research	—	—	—	—	—	—	4,146
By board for other	—	—	—	—	—	—	1,005
Donor-restricted	—	—	—	—	—	1	41,469
Held under debt agreements	—	—	—	204	—	—	21,991
Total assets whose use is limited or restricted	—	—	—	204	—	1	68,611
Investments in joint ventures	—	—	3,262	—	—	—	3,262
Investments in subsidiaries	—	—	—	—	—	(7,791)	—
Property and equipment, net	58	8	—	—	4,357	—	33,071
Other assets	—	—	—	—	—	—	743
Total	<u>\$ 498</u>	<u>108</u>	<u>3,274</u>	<u>234</u>	<u>4,363</u>	<u>(9,998)</u>	<u>151,065</u>

**WILLS EYE HOSPITAL
AND SUBSIDIARIES**

Consolidating Balance Sheet Information – FASB Basis

June 30, 2019

(In thousands)

Liabilities and Net Assets	Wills Eye Hospital	Wills Eye Foundation	Wills Eye Ophthalmology Clinic	Cherry Hill	Warminster	Cottman	Plymouth Meeting	Stadium
Current liabilities:								
Current portion of long-term debt	\$ 667	—	—	111	131	59	11	101
Financing obligation	512	—	—	—	—	—	—	—
Accounts payable	10,197	1,169	2,754	984	469	240	231	584
Accrued salaries and other expenses	2,939	65	1,463	257	106	94	86	114
Other liabilities	1,128	—	141	—	—	—	—	—
Due to affiliates	—	287	1,280	35	13	66	42	18
Total current liabilities	<u>15,443</u>	<u>1,521</u>	<u>5,638</u>	<u>1,387</u>	<u>719</u>	<u>459</u>	<u>370</u>	<u>817</u>
Long-term debt, net of current portion	19,739	—	—	202	575	158	7	57
Financing obligation	4,880	—	—	—	—	—	—	—
Pension benefit obligation	19,784	—	—	—	—	—	—	—
Interest rate swap liability	6,778	—	—	—	—	—	—	—
Other liabilities	51	—	29	—	—	—	—	—
Total liabilities	<u>66,675</u>	<u>1,521</u>	<u>5,667</u>	<u>1,589</u>	<u>1,294</u>	<u>617</u>	<u>377</u>	<u>874</u>
Net assets:								
Without donor restrictions	27,955	734	(1,475)	780	(307)	754	466	367
With donor restrictions	38,941	6,757	—	—	—	—	—	—
Total net assets	<u>66,896</u>	<u>7,491</u>	<u>(1,475)</u>	<u>780</u>	<u>(307)</u>	<u>754</u>	<u>466</u>	<u>367</u>
Total liabilities and net assets	<u>\$ 133,571</u>	<u>9,012</u>	<u>4,192</u>	<u>2,369</u>	<u>987</u>	<u>1,371</u>	<u>843</u>	<u>1,241</u>

**WILLS EYE HOSPITAL
AND SUBSIDIARIES**

Consolidating Balance Sheet Information – FASB Basis

June 30, 2019

(In thousands)

Liabilities and Net Assets	Wills Eye Surgical Network L.L.C.	AASOP	Wills Eye Community Surgical Services Corp.	Wills Eye Community Surgical Cottman/ Buxmont	Abbot	Total eliminations	Consolidated totals
Current liabilities:							
Current portion of long-term debt	\$ —	—	—	—	55	—	1,135
Financing obligation	—	—	—	—	—	—	512
Accounts payable	3	—	—	—	—	1	16,632
Accrued salaries and other expenses	208	61	—	—	—	—	5,393
Other liabilities	—	—	—	—	—	—	1,269
Due to affiliates	222	141	1	—	103	(2,208)	—
Total current liabilities	<u>433</u>	<u>202</u>	<u>1</u>	<u>—</u>	<u>158</u>	<u>(2,207)</u>	<u>24,941</u>
Long-term debt, net of current portion	—	—	—	—	211	—	20,949
Financing obligation	—	—	—	—	—	—	4,880
Pension benefit obligation	—	—	—	—	—	—	19,784
Interest rate swap liability	—	—	—	—	—	—	6,778
Other liabilities	—	—	—	—	—	—	80
Total liabilities	<u>433</u>	<u>202</u>	<u>1</u>	<u>—</u>	<u>369</u>	<u>(2,207)</u>	<u>77,412</u>
Net assets:							
Without donor restrictions	65	(94)	3,273	234	3,994	(8,791)	27,955
With donor restrictions	—	—	—	—	—	—	45,698
Total net assets	<u>65</u>	<u>(94)</u>	<u>3,273</u>	<u>234</u>	<u>3,994</u>	<u>(8,791)</u>	<u>73,653</u>
Total liabilities and net assets	<u>\$ 498</u>	<u>108</u>	<u>3,274</u>	<u>234</u>	<u>4,363</u>	<u>(10,998)</u>	<u>151,065</u>

See accompanying independent auditors' report – FASB Basis.

**WILLS EYE HOSPITAL
AND SUBSIDIARIES**

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

Year ended June 30, 2019

(In thousands)

	Wills Eye Hospital	Wills Eye Foundation	Cherry Hill	Warminster	Cottman	AASOP	Plymouth Meeting	Stadium
Unrestricted revenues:								
Patient service revenue	\$ 31,134	—	10,027	4,229	3,727	743	4,338	3,881
Other revenue	4,560	—	2	8	4	—	91	18
Net assets released from restrictions	1,873	965	—	—	—	—	—	—
Total revenues	<u>37,567</u>	<u>965</u>	<u>10,029</u>	<u>4,237</u>	<u>3,731</u>	<u>743</u>	<u>4,429</u>	<u>3,899</u>
Expenses:								
Salaries and benefits other than pension costs	15,888	800	2,947	1,004	1,275	1,010	1,250	1,472
Pension costs	799	14	38	13	17	13	14	18
Supplies and other expenses	18,652	565	6,076	2,672	1,973	151	2,714	2,173
Insurance	946	(15)	178	79	62	84	75	77
Professional – legal and consulting	1,364	215	19	11	101	2	13	15
Professional – medical	572	251	35	36	35	—	36	35
Depreciation and amortization	2,554	—	209	98	128	4	96	154
Interest	1,645	—	18	38	10	—	3	10
Total expenses	<u>42,420</u>	<u>1,830</u>	<u>9,520</u>	<u>3,951</u>	<u>3,601</u>	<u>1,264</u>	<u>4,201</u>	<u>3,954</u>
Operating (loss) income	<u>(4,853)</u>	<u>(865)</u>	<u>509</u>	<u>286</u>	<u>130</u>	<u>(521)</u>	<u>228</u>	<u>(55)</u>
Other income (loss):								
Net realized and unrealized losses on investments	2,764	—	—	—	—	—	—	—
Interest rate swaps valuation adjustment	(927)	—	—	—	—	—	—	—
Investment income, net	(2,287)	—	(17)	(14)	4	—	2	1
Contributions	768	1,618	—	—	—	—	—	—
Total other income	<u>318</u>	<u>1,618</u>	<u>(17)</u>	<u>(14)</u>	<u>4</u>	<u>—</u>	<u>2</u>	<u>1</u>
(Deficiency) excess of revenue over expenses	<u>(4,535)</u>	<u>753</u>	<u>492</u>	<u>272</u>	<u>134</u>	<u>(521)</u>	<u>230</u>	<u>(54)</u>
Net assets released from restrictions used for purchases of property and equipment	187	—	—	—	—	—	—	—
Donated equipment	11	—	—	—	—	—	—	—
Adjustment to pension benefit obligation	(3,770)	—	—	—	—	—	—	—
Distribution to noncontrolling interests in consolidated subsidiary	—	175	(500)	(205)	(80)	444	(100)	(25)
(Decrease) increase in net assets without donor restrictions	<u>\$ (8,107)</u>	<u>928</u>	<u>(8)</u>	<u>67</u>	<u>54</u>	<u>(77)</u>	<u>130</u>	<u>(79)</u>

**WILLS EYE HOSPITAL
AND SUBSIDIARIES**

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

Year ended June 30, 2019

(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	\$ —	—	—	13,535	—	—	71,614
Other revenue	827	—	—	2,527	340	(1,071)	7,306
Net assets released from restrictions	—	—	—	—	—	—	2,838
Total revenues	<u>827</u>	<u>—</u>	<u>—</u>	<u>16,062</u>	<u>340</u>	<u>(1,071)</u>	<u>81,758</u>
Expenses:							
Salaries and benefits other than pension costs	666	—	—	14,493	—	—	40,805
Pension costs	—	—	—	101	—	—	1,027
Supplies and other expenses	124	3	1	5,077	6	(1,071)	39,116
Insurance	7	—	—	516	15	—	2,024
Professional – legal and consulting	21	—	—	86	—	—	1,847
Professional – medical	—	—	—	736	—	—	1,736
Depreciation and amortization	21	—	—	68	69	1	3,402
Interest	—	2	—	—	2	(8)	1,720
Total expenses	<u>839</u>	<u>5</u>	<u>1</u>	<u>21,077</u>	<u>92</u>	<u>(1,078)</u>	<u>91,677</u>
Operating (loss) income	<u>(12)</u>	<u>(5)</u>	<u>(1)</u>	<u>(5,015)</u>	<u>248</u>	<u>7</u>	<u>(9,919)</u>
Other income (loss):							
Net realized and unrealized losses on investments	—	—	—	—	—	—	2,764
Interest rate swaps valuation adjustment	—	—	—	—	—	—	(927)
Investment income, net	—	789	9	—	—	3,119	1,606
Contributions	—	—	—	—	—	—	2,386
Total other income	<u>—</u>	<u>789</u>	<u>9</u>	<u>—</u>	<u>—</u>	<u>3,119</u>	<u>5,829</u>
(Deficiency) excess of revenue over expenses	<u>(12)</u>	<u>784</u>	<u>8</u>	<u>(5,015)</u>	<u>248</u>	<u>3,126</u>	<u>(4,090)</u>
Net assets released from restrictions used for purchases of property and equipment	—	—	—	—	—	—	187
Donated equipment	—	—	—	—	—	—	11
Adjustment to pension benefit obligation	—	—	—	—	—	—	(3,770)
Distribution to noncontrolling interests in consolidated subsidiary	—	(683)	(38)	4,854	(61)	(4,167)	(386)
(Decrease) increase in net assets without donor restrictions	<u>\$ (12)</u>	<u>101</u>	<u>(30)</u>	<u>(161)</u>	<u>187</u>	<u>(1,041)</u>	<u>(8,048)</u>

See accompanying independent auditors' report – FASB Basis.



COLLECTIVE LEGAL INVESTMENT FUND

Financial Statements – FASB Basis and
Sundry Trusts Supplementary Information

December 31, 2019

(With Independent Auditors' Report Thereon)

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, 2019, 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); this includes determining that the FASB basis of accounting is an acceptable basis for the preparation of these financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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, 2019, 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 described in note 1(b).



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 as of and for the year ended December 31, 2019 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 15, 2020

COLLECTIVE LEGAL INVESTMENT FUND

Statement of Assets and Liabilities – FASB Basis

December 31, 2019

Assets:

Investments in securities, at fair value	\$	566,330,767
Cash and cash equivalents		1,635,982
Investment income receivable		1,745,696
Receivables		546,207
Collateral received for securities on loan		<u>131,259,986</u>
Total assets		<u>701,518,638</u>

Liabilities:

Accrued expenses		1,489,777
Due to participating trusts		1,692,393
Payable for securities on loan		<u>131,259,986</u>
Total liabilities		<u>134,442,156</u>
Net assets	\$	<u><u>567,076,482</u></u>

See accompanying notes to financial statements – FASB basis.

COLLECTIVE LEGAL INVESTMENT FUND

Schedule of Investments – FASB Basis

December 31, 2019

Short-term investments (cost \$13,747,841) – 2.4%	\$ 13,747,841
Equities – 66.4%:	
U.S. common stocks – 48.4%:	
Industrials – 6.7%	37,961,886
Consumer discretionary – 5.4%	30,687,139
Consumer staples – 2.1%	11,919,469
Energy – 2.3%	13,228,736
Financial – 7.4%	42,100,661
Materials – 1.7%	9,587,822
Information technology – 9.2%	52,176,799
Utilities – 1.1%	6,306,192
Healthcare – 6.5%	36,663,064
Telecommunications and other – 6.0%	33,202,500
Total U.S. common stocks (cost \$212,311,692)	273,834,268
Exchange-traded funds – 11.6%:	
S&P 500 Index SPDR – 5.8%	33,023,158
Select Sector SPDRs – 5.8%	32,747,114
Total exchange traded funds (cost \$37,383,896)	65,770,272
International equity mutual funds (cost \$27,148,548) – 6.4%	36,404,518
Total equities (cost \$276,844,136)	376,009,058
Fixed income – 24.7%:	
U.S. government and agency obligations – 8.9%:	
U.S. Treasury bonds and notes – 6.2%	35,335,845
U.S. and political subdivisions of the States – 2.6%	14,664,413
Debt securities issued by foreign governments – 0.1%	278,000
Total U.S. government and agency obligations (cost \$49,596,684)	50,278,258
U.S. corporate and other bonds (cost \$57,283,447) – 10.4%	59,006,104
Asset-backed securities (cost \$4,244,486) – 0.8%	4,272,026
Mortgage-backed securities (cost \$8,150,198) – 1.4%	8,186,925
Mutual funds (cost \$18,917,979) – 3.2%	18,269,584
Total fixed income (cost \$138,192,794)	140,012,897
Global tactical asset allocation mutual funds (cost \$22,582,189) – 3.9%	22,305,446
Private equity funds (cost \$14,313,264) – 2.6%	14,255,525
Total investments (cost \$465,680,224) – 100%	\$ 566,330,767

See accompanying notes to financial statements – FASB basis.

COLLECTIVE LEGAL INVESTMENT FUND

Statement of Operations – FASB Basis

Year ended December 31, 2019

Income:		
Interest income	\$	6,383,784
Dividend income		6,440,715
Net income from securities lending		236,404
Other income		<u>140,994</u>
Total investment income		<u>13,201,897</u>
Expenses:		
Investment fees and other expenses		<u>4,416,032</u>
Total expenses		<u>4,416,032</u>
Net investment income		<u>8,785,865</u>
Net realized and unrealized activity on investments:		
Net realized gain from investment transactions		17,535,424
Net change in unrealized appreciation of investments		<u>76,680,326</u>
Net appreciation in fair value of investments		<u>94,215,750</u>
Change in net assets from operations	\$	<u><u>103,001,615</u></u>

See accompanying notes to financial statements – FASB basis.

COLLECTIVE LEGAL INVESTMENT FUND

Statement of Changes in Net Assets – FASB Basis

Year ended December 31, 2019

Operations:		
Net investment income	\$	8,785,865
Net realized gain from investment transactions		17,535,424
Net change in unrealized appreciation of investments		<u>76,680,326</u>
Change in net assets from operations		103,001,615
Net distributions to unit holders:		
Net investment income		(8,733,959)
Cash received for units issued during the year		1,586,979
Cash paid for units redeemed during the year		<u>(16,972,413)</u>
Change in net assets		78,882,222
Net assets:		
Beginning of year		<u>488,194,260</u>
End of year	\$	<u><u>567,076,482</u></u>

See accompanying notes to financial statements – FASB basis.

COLLECTIVE LEGAL INVESTMENT FUND

Statement of Cash Flows – FASB Basis

Year ended December 31, 2019

Operating activities:	
Change in net assets	\$ 78,882,222
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Net realized and unrealized investment gains	(94,215,750)
Net cash paid to unit holders	15,385,434
Changes in assets and liabilities, which provided (used) cash:	
Investment income receivable	(249,976)
Receivables	32,840
Accrued expenses	(398,234)
Due to participating trusts	171,939
Net cash used in operating activities	<u>(391,525)</u>
Investing activities:	
Proceeds from sales of marketable securities	261,870,106
Purchases of marketable securities	(248,337,850)
Proceeds from private equity funds	6,533,781
Investments in private equity funds	(4,017,500)
Net purchases from short-term investments	<u>(125,998)</u>
Net cash provided by investing activities	<u>15,922,539</u>
Financing activities:	
Net cash received for units issued	1,586,979
Net cash paid for units redeemed	<u>(16,972,413)</u>
Net cash used in financing activities	<u>(15,385,434)</u>
Net increase in cash and cash equivalents	145,580
Cash and cash equivalents, beginning of year	<u>1,490,402</u>
Cash and cash equivalents, end of year	<u>\$ 1,635,982</u>

See accompanying notes to financial statements – FASB basis.

COLLECTIVE LEGAL INVESTMENT FUND

Notes to Financial Statements – FASB Basis

December 31, 2019

(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.

COLLECTIVE LEGAL INVESTMENT FUND

Notes to Financial Statements – FASB Basis

December 31, 2019

(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, 2019, the CLIF had loaned out certain securities, returnable on demand, with a market value of approximately \$128,287,000 to several financial institutions that have deposited collateral with respect to such securities of approximately \$131,260,000.

(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 FASB Accounting Standards Codification Topic 740, *Income Taxes*, and has concluded that no provision for income taxes is required as of December 31, 2019.

(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.

COLLECTIVE LEGAL INVESTMENT FUND

Notes to Financial Statements – FASB Basis

December 31, 2019

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. and foreign government and agency asset and 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, 2019.

COLLECTIVE LEGAL INVESTMENT FUND

Notes to Financial Statements – FASB Basis

December 31, 2019

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 five to seven years and have \$3,590,000 in unfunded commitments.

COLLECTIVE LEGAL INVESTMENT FUND

Notes to Financial Statements – FASB Basis

December 31, 2019

The following table presents the investments in securities measured at fair value on a recurring basis as of December 31, 2019 (in thousands):

	Fair value measurements at December 31, 2019 using		
	Fair value	Level 1	Level 2
Short-term investments	\$ 13,748	13,748	—
Equity securities:			
U.S. common stocks:			
Industrials	37,962	37,962	—
Consumer discretionary	30,687	30,687	—
Consumer staples	11,919	11,919	—
Energy	13,229	13,229	—
Financial	42,101	42,101	—
Materials	9,588	9,588	—
Information technology	52,177	52,177	—
Utilities	6,306	6,306	—
Healthcare	36,663	36,663	—
Telecommunications and other	33,202	33,202	—
Total U.S. common stocks	<u>273,834</u>	<u>273,834</u>	<u>—</u>
Exchange-traded funds:			
S&P 500 Index SPDR	33,023	33,023	—
Select Sector SPDRs	32,747	32,747	—
Total exchange-traded funds	<u>65,770</u>	<u>65,770</u>	<u>—</u>
International equity mutual funds	<u>36,405</u>	<u>36,405</u>	<u>—</u>
Total equity securities	<u>376,009</u>	<u>376,009</u>	<u>—</u>

COLLECTIVE LEGAL INVESTMENT FUND

Notes to Financial Statements – FASB Basis

December 31, 2019

		Fair value measurements at December 31, 2019 using		
		<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>
Fixed income:				
U.S. Treasury bonds and notes and other				
U.S. government corporations and agencies	\$	35,336	34,340	996
Other				
Debt securities issued by states of the				
United States and political subdivisions				
of the states		14,664	—	14,664
Debt securities issued by foreign governments		278	—	278
U.S. corporate and other debt securities		59,006	—	59,006
Asset-backed securities		4,272	—	4,272
Mortgage-backed securities		8,187	—	8,187
Mutual funds		18,270	18,270	—
		<u>140,013</u>	<u>52,610</u>	<u>87,403</u>
Global tactical asset allocation mutual funds		22,305	22,305	—
		<u>552,075</u>	<u>\$ 464,672</u>	<u>87,403</u>
Private equity funds reported at net asset value				
per share as a practical expedient		14,256		
		<u>14,256</u>		
Total	\$	<u>566,331</u>		

(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		21.59%
Net assets, end of year	\$	567,076,482
Average net assets		527,635,000
Ratios to average net assets:		
Expenses		0.84%
Net investment income		1.66%
Change in net assets from operations		19.52%

COLLECTIVE LEGAL INVESTMENT FUND

Notes to Financial Statements – FASB Basis

December 31, 2019

(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 15, 2020, 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, 2019

Balance, January 1, 2019, at fair value	\$ 1,649,799
Increases:	
Income from invested funds	29,387
Net realized gain on sale of units	53,558
Net increase in unrealized appreciation in fair value of units	258,231
Total increases	<u>341,176</u>
Decreases:	
Administrative expenses	965
Distributions on behalf of Girard College	85,100
Total decreases	<u>86,065</u>
Change in net assets	<u>255,111</u>
Balance, December 31, 2019, at fair value	<u><u>\$ 1,904,910</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$ 11
Investment income receivable	9,069
16,369 units of Collective Legal Investment Fund, at fair value	1,896,701
Accrued expenses	(871)
Balance, December 31, 2019, at fair value	<u><u>\$ 1,904,910</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	14,672
Increases:		
Income from invested funds		265
Net realized gain on sale of units		282
Net increase in unrealized appreciation in fair value of units		<u>2,513</u>
Total increases		<u>3,060</u>
Decreases:		
Administrative expenses		9
Awards		<u>700</u>
Total decreases		<u>709</u>
Change in net assets		<u>2,351</u>
Balance, December 31, 2019, at fair value	\$	<u><u>17,023</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	33
Investment income receivable		81
146 units of Collective Legal Investment Fund, at fair value		16,917
Accrued expenses		<u>(8)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>17,023</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	5,480
Increases:		
Income from invested funds		96
Net realized gain on sale of units		3
Net increase in unrealized appreciation in fair value of units		<u>1,002</u>
Total increases		<u>1,101</u>
Decreases:		
Administrative expenses		3
Fuel office expenses		30
Cost of fuel distributed to those in need		<u>200</u>
Total decreases		<u>233</u>
Change in net assets		<u>868</u>
Balance, December 31, 2019, at fair value	\$	<u><u>6,348</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	64
Investment income receivable		30
54 units of Collective Legal Investment Fund, at fair value		6,257
Accrued expenses		<u>(3)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>6,348</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	240,765
Increases:		
Income from invested funds		4,376
Net realized gain on sale of units		6,323
Net increase in unrealized appreciation in fair value of units		39,917
Total increases		<u>50,616</u>
Decreases:		
Administrative expenses		170
Support and maintenance of indigent widows and single women		12,360
Total decreases		<u>12,530</u>
Change in net assets		<u>38,086</u>
Balance, December 31, 2019, at fair value	\$	<u><u>278,851</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	123
Investment income receivable		1,327
2,396 units of Collective Legal Investment Fund, at fair value		277,628
Accrued expenses		(227)
Balance, December 31, 2019, at fair value	\$	<u><u>278,851</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	74,827
Increases:		
Income from invested funds		1,357
Net realized gain on sale of units		2,369
Net increase in unrealized appreciation in fair value of units		11,968
Total increases		<u>15,694</u>
Decreases:		
Administrative expenses		43
Scholarship distributions		3,900
Total decreases		<u>3,943</u>
Change in net assets		<u>11,751</u>
Balance, December 31, 2019, at fair value	\$	<u><u>86,578</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	113
Investment income receivable		412
743 units of Collective Legal Investment Fund, at fair value		86,093
Accrued expenses		(40)
Balance, December 31, 2019, at fair value	\$	<u><u>86,578</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	6,118
Increases:		
Income from invested funds		109
Net realized gain on sale of units		103
Net increase in unrealized appreciation in fair value of units		<u>1,044</u>
Total increases		<u>1,256</u>
Decreases:		
Administrative expenses		4
Contribution to Firemen's Pension Fund		<u>300</u>
Total decreases		<u>304</u>
Change in net assets		<u>952</u>
Balance, December 31, 2019, at fair value	\$	<u><u>7,070</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	88
Investment income receivable		33
60 units of Collective Legal Investment Fund, at fair value		6,952
Accrued expenses		<u>(3)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>7,070</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	58,051
Increases:		
Income from invested funds		1,016
Net realized gain on sale of units		3
Net increase in unrealized appreciation in fair value of units		<u>10,695</u>
Total increases		<u>11,714</u>
Decreases:		
Administrative expenses		34
Fuel office expenses		325
Cost of fuel distributed to those in need		<u>2,700</u>
Total decreases		<u>3,059</u>
Change in net assets		<u>8,655</u>
Balance, December 31, 2019, at fair value	\$	<u><u>66,706</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	25
Investment income receivable		317
573 units of Collective Legal Investment Fund, at fair value		66,394
Accrued expenses		<u>(30)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>66,706</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	13,867
Increases:		
Income from invested funds		254
Real estate income		750
Net increase in unrealized appreciation in fair value of units		<u>2,667</u>
Total increases		<u>3,671</u>
Decreases:		
Administrative expenses		8
Contribution to St. Francis Inn		<u>700</u>
Total decreases		<u>708</u>
Change in net assets		<u>2,963</u>
Balance, December 31, 2019, at fair value	\$	<u><u>16,830</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	72
Investment income receivable		80
144 units of Collective Legal Investment Fund, at fair value		16,686
Accrued expenses		<u>(8)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>16,830</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$ 76,142
Increases:	
Income from invested funds	1,383
Net realized gain on sale of units	2,339
Net increase in unrealized appreciation in fair value of units	<u>12,261</u>
Total increases	<u>15,983</u>
Decreases:	
Administrative expenses	44
Distribution to:	
Firemen’s Pension Fund	1,300
Police Pension Fund	1,300
Simon Gratz Teachers’ Fund	<u>1,300</u>
Total decreases	<u>3,944</u>
Change in net assets	<u>12,039</u>
Balance, December 31, 2019, at fair value	<u><u>\$ 88,181</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$ 87
Investment income receivable	419
757 units of Collective Legal Investment Fund, at fair value	87,715
Accrued expenses	<u>(40)</u>
Balance, December 31, 2019, at fair value	<u><u>\$ 88,181</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	1,888,272
Increases:		
Income from invested funds		33,146
Net realized gain on sale of units		65
Net increase in unrealized appreciation in fair value of units		348,962
Total increases		<u>382,173</u>
Decreases:		
Administrative expenses		1,100
Fuel office expenses		10,748
Cost of fuel distributed to those in need		87,000
Total decreases		<u>98,848</u>
Change in net assets		<u>283,325</u>
Balance, December 31, 2019, at fair value	\$	<u><u>2,171,597</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	49
Investment income receivable		10,438
18,660 units of Collective Legal Investment Fund, at fair value		2,162,162
Accrued expenses		<u>(1,052)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>2,171,597</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	225,593
Increases:		
Income from invested funds		4,097
Net realized gain on sale of units		6,511
Net increase in unrealized appreciation in fair value of units		36,761
Total increases		<u>47,369</u>
Decreases:		
Administrative expenses		132
Scholarship awards		11,600
Total decreases		<u>11,732</u>
Change in net assets		<u>35,637</u>
Balance, December 31, 2019, at fair value	\$	<u><u>261,230</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	90
Investment income receivable		1,243
2,244 units of Collective Legal Investment Fund, at fair value		260,016
Accrued expenses		(119)
Balance, December 31, 2019, at fair value	\$	<u><u>261,230</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	418,677
Increases:		
Income from invested funds		7,609
Net realized gain on sale of units		13,620
Net increase in unrealized appreciation in fair value of units		66,744
Total increases		<u>87,973</u>
Decreases:		
Administrative expenses		246
Scholarship awards		21,400
Total decreases		<u>21,646</u>
Change in net assets		<u>66,327</u>
Balance, December 31, 2019, at fair value	\$	<u><u>485,004</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	107
Investment income receivable		2,398
4,166 units of Collective Legal Investment Fund, at fair value		482,721
Accrued expenses		(222)
Balance, December 31, 2019, at fair value	\$	<u><u>485,004</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	32,057
Increases:		
Income from invested funds		560
Net realized gain on sale of units		3
Net increase in unrealized appreciation in fair value of units		5,897
Total increases		<u>6,460</u>
Decreases:		
Administrative expenses		19
Fuel office expenses		179
Cost of fuel distributed to those in need		1,500
Total decreases		<u>1,698</u>
Change in net assets		<u>4,762</u>
Balance, December 31, 2019, at fair value	\$	<u><u>36,819</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	46
Investment income receivable		175
316 units of Collective Legal Investment Fund, at fair value		36,615
Accrued expenses		(17)
Balance, December 31, 2019, at fair value	\$	<u><u>36,819</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	9,547
Increases:		
Income from invested funds		166
Net realized gain on sale of units		2
Net increase in unrealized appreciation in fair value of units		<u>1,742</u>
Total increases		<u>1,910</u>
Decreases:		
Administrative expenses		6
Fuel office expenses		53
Cost of fuel distributed to those in need		<u>400</u>
Total decreases		<u>459</u>
Change in net assets		<u>1,451</u>
Balance, December 31, 2019, at fair value	\$	<u><u>10,998</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	59
Investment income receivable		52
94 units of Collective Legal Investment Fund, at fair value		10,892
Accrued expenses		<u>(5)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>10,998</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	13,195
Increases:		
Income from invested funds		239
Net realized gain on sale of units		415
Net increase in unrealized appreciation in fair value of units		<u>2,111</u>
Total increases		<u>2,765</u>
Decreases:		
Administrative expenses		8
Distribution to Philadelphia Nursing Home		<u>700</u>
Total decreases		<u>708</u>
Change in net assets		<u>2,057</u>
Balance, December 31, 2019, at fair value	\$	<u><u>15,252</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	104
Investment income receivable		92
130 units of Collective Legal Investment Fund, at fair value		15,063
Accrued expenses		<u>(7)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>15,252</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	42,744
Increases:		
Income from invested funds		774
Net realized gain on sale of units		768
Net increase in unrealized appreciation in fair value of units		7,414
Total increases		<u>8,956</u>
Decreases:		
Administrative expenses		25
Girard College Distinguished Service Award		2,200
Total decreases		<u>2,225</u>
Change in net assets		<u>6,731</u>
Balance, December 31, 2019, at fair value	\$	<u><u>49,475</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	149
Investment income receivable		334
423 units of Collective Legal Investment Fund, at fair value		49,014
Accrued expenses		<u>(22)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>49,475</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	12,237
Increases:		
Income from invested funds		220
Net realized gain on sale of units		303
Net increase in unrealized appreciation in fair value of units		2,023
Total increases		<u>2,546</u>
Decreases:		
Administrative expenses		7
Contribution to St. Francis Inn		600
Total decreases		<u>607</u>
Change in net assets		<u>1,939</u>
Balance, December 31, 2019, at fair value	\$	<u><u>14,176</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	95
Investment income receivable		67
121 units of Collective Legal Investment Fund, at fair value		14,020
Accrued expenses		<u>(6)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>14,176</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	43,085
Increases:		
Income from invested funds		752
Net realized gain on sale of units		2
Net increase in unrealized appreciation in fair value of units		7,921
Total increases		<u>8,675</u>
Decreases:		
Administrative expenses		25
Fuel office expenses		240
Cost of fuel distributed to those in need		2,000
Total decreases		<u>2,265</u>
Change in net assets		<u>6,410</u>
Balance, December 31, 2019, at fair value	\$	<u><u>49,495</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	37
Investment income receivable		236
425 units of Collective Legal Investment Fund, at fair value		49,245
Accrued expenses		<u>(23)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>49,495</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	7,263
Increases:		
Income from invested funds		126
Net increase in unrealized appreciation in fair value of units		<u>1,327</u>
Total increases		<u>1,453</u>
Decreases:		
Administrative expenses		4
Fuel office expenses		40
Cost of fuel distributed to those in need		<u>300</u>
Total decreases		<u>344</u>
Change in net assets		<u>1,109</u>
Balance, December 31, 2019, at fair value	\$	<u><u>8,372</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	93
Investment income receivable		40
72 units of Collective Legal Investment Fund, at fair value		8,343
Accrued expenses		<u>(104)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>8,372</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	10,850
Increases:		
Income from invested funds		195
Net realized gain on sale of units		90
Net increase in unrealized appreciation in fair value of units		1,973
Total increases		<u>2,258</u>
Decreases:		
Administrative expenses		6
Student award		600
Total decreases		<u>606</u>
Change in net assets		<u>1,652</u>
Balance, December 31, 2019, at fair value	\$	<u><u>12,502</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	50
Investment income receivable		59
107 units of Collective Legal Investment Fund, at fair value		12,398
Accrued expenses		<u>(5)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>12,502</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	107,079
Increases:		
Income from invested funds		1,947
Net realized gain on sale of units		2,830
Net increase in unrealized appreciation in fair value of units		17,625
Total increases		<u>22,402</u>
Decreases:		
Administrative expenses		63
Scholarship awards		4,500
Total decreases		<u>4,563</u>
Change in net assets		<u>17,839</u>
Balance, December 31, 2019, at fair value	\$	<u><u>124,918</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	167
Investment income receivable		594
1,072 units of Collective Legal Investment Fund, at fair value		124,214
Accrued expenses		(57)
Balance, December 31, 2019, at fair value	\$	<u><u>124,918</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	359,975
Increases:		
Income from invested funds		6,557
Net realized gain on sale of units		7,320
Net increase in unrealized appreciation in fair value of units		61,887
Other		3,000
Total increases		<u>78,764</u>
Decreases:		
Administrative expenses		244
Scholarship awards		18,400
Total decreases		<u>18,644</u>
Change in net assets		<u>60,120</u>
Balance, December 31, 2019, at fair value	\$	<u><u>420,095</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	108
Investment income receivable		1,999
3,609 units of Collective Legal Investment Fund, at fair value		418,180
Accrued expenses		<u>(192)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>420,095</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	8,310
Increases:		
Income from invested funds		149
Net realized gain on sale of units		199
Net increase in unrealized appreciation in fair value of units		1,376
Total increases		<u>1,724</u>
Decreases:		
Administrative expenses		5
Awards		400
Total decreases		<u>405</u>
Change in net assets		<u>1,319</u>
Balance, December 31, 2019, at fair value	\$	<u><u>9,629</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	86
Investment income receivable		46
82 units of Collective Legal Investment Fund, at fair value		9,501
Accrued expenses		(4)
Balance, December 31, 2019, at fair value	\$	<u><u>9,629</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$ 8,625,545
Increases:	
Income from invested funds	157,778
Net realized gain on sale of units	97,599
Net increase in unrealized appreciation in fair value of units	1,565,800
Total increases	<u>1,821,177</u>
Decreases:	
Administrative expenses	5,153
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	<u>430,153</u>
Change in net assets	<u>1,391,024</u>
Balance, December 31, 2019, at fair value	<u>\$ 10,016,569</u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$ 53
Investment income receivable	48,520
87,588 units of Collective Legal Investment Fund, at fair value	10,148,953
Accrued expenses	<u>(180,957)</u>
Balance, December 31, 2019, at fair value	<u>\$ 10,016,569</u>

Note 1: Includes Board-designated funds for future projects of \$450,000.

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, 2019

Balance, January 1, 2019, at fair value	\$	3,025
Increases:		
Income from invested funds		54
Net increase in unrealized appreciation in fair value of units		565
Total increases		<u>619</u>
Decreases:		
Administrative expenses		2
Student prize		100
Total decreases		<u>102</u>
Change in net assets		<u>517</u>
Balance, December 31, 2019, at fair value	\$	<u><u>3,542</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	51
Investment income receivable		17
30 units of Collective Legal Investment Fund, at fair value		3,476
Accrued expenses		(2)
Balance, December 31, 2019, at fair value	\$	<u><u>3,542</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$ 6,702,331
Increases:	
Income from invested funds	121,871
Net realized gain on sale of units	187,940
Net increase in unrealized appreciation in fair value of units	<u>1,099,799</u>
Total increases	<u>1,409,610</u>
Decreases:	
Administrative expenses	3,934
Insurance premiums	339,522
Litigation expenses	<u>712</u>
Total decreases	<u>344,168</u>
Change in net assets	<u>1,065,442</u>
Balance, December 31, 2019, at fair value	\$ <u><u>7,767,773</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$ 234
Investment income receivable	37,476
66,743 units of Collective Legal Investment Fund, at fair value	7,733,612
Accrued expenses	<u>(3,549)</u>
Balance, December 31, 2019, at fair value	\$ <u><u>7,767,773</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	15,652
Increases:		
Income from invested funds		283
Net realized gain on sale of units		21
Net increase in unrealized appreciation in fair value of units		<u>2,950</u>
Total increases		<u>3,254</u>
Decreases:		
Administrative expenses		9
Cost of medals		<u>389</u>
Total decreases		<u>398</u>
Change in net assets		<u>2,856</u>
Balance, December 31, 2019, at fair value	\$	<u><u>18,508</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	120
Investment income receivable		88
158 units of Collective Legal Investment Fund, at fair value		18,308
Accrued expenses		<u>(8)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>18,508</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	29,756
Increases:		
Income from invested funds		538
Net realized gain on sale of units		877
Net increase in unrealized appreciation in fair value of units		4,815
Total increases		<u>6,230</u>
Decreases:		
Administrative expenses		17
Distribution to Penn Treaty Park		1,500
Total decreases		<u>1,517</u>
Change in net assets		<u>4,713</u>
Balance, December 31, 2019, at fair value	\$	<u><u>34,469</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	139
Investment income receivable		164
295 units of Collective Legal Investment Fund, at fair value		34,182
Accrued expenses		(16)
Balance, December 31, 2019, at fair value	\$	<u><u>34,469</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	38,367
Increases:		
Income from invested funds		670
Net realized gain on sale of units		2
Net increase in unrealized appreciation in fair value of units		7,049
Total increases		<u>7,721</u>
Decreases:		
Administrative expenses		22
Fuel office expenses		214
Cost of fuel distributed to those in need		1,800
Total decreases		<u>2,036</u>
Change in net assets		<u>5,685</u>
Balance, December 31, 2019, at fair value	\$	<u><u>44,052</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	63
Investment income receivable		210
378 units of Collective Legal Investment Fund, at fair value		43,799
Accrued expenses		(20)
Balance, December 31, 2019, at fair value	\$	<u><u>44,052</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	74,417
Increases:		
Income from invested funds		1,351
Net realized gain on sale of units		2,016
Net increase in unrealized appreciation in fair value of units		12,250
Total increases		<u>15,617</u>
Decreases:		
Administrative expenses		44
Prizes		3,810
Total decreases		<u>3,854</u>
Change in net assets		<u>11,763</u>
Balance, December 31, 2019, at fair value	\$	<u><u>86,180</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	64
Investment income receivable		410
740 units of Collective Legal Investment Fund, at fair value		85,745
Accrued expenses		(39)
Balance, December 31, 2019, at fair value	\$	<u><u>86,180</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	55,348
Increases:		
Income from invested funds		1,004
Net realized gain on sale of units		242
Net increase in unrealized appreciation in fair value of units		10,423
Other		
Total increases		<u>11,669</u>
Decreases:		
Administrative expenses		32
Awards		<u>2,700</u>
Total decreases		<u>2,732</u>
Change in net assets		<u>8,937</u>
Balance, December 31, 2019, at fair value	\$	<u><u>64,285</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	47
Investment income receivable		306
552 units of Collective Legal Investment Fund, at fair value		63,961
Accrued expenses		<u>(29)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>64,285</u></u>

See accompanying independent auditors' report.

GEORGE EMLLEN 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, 2019

Balance, January 1, 2019, at fair value	\$	48,874
Increases:		
Income from invested funds		856
Net realized gain on sale of units		2
Net increase in unrealized appreciation in fair value of units		9,011
Total increases		<u>9,869</u>
Decreases:		
Administrative expenses		28
Fuel office expenses		274
Cost of fuel distributed to those in need		2,300
Total decreases		<u>2,602</u>
Change in net assets		<u>7,267</u>
Balance, December 31, 2019, at fair value	\$	<u><u>56,141</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	50
Investment income receivable		267
482 units of Collective Legal Investment Fund, at fair value		55,850
Accrued expenses		(26)
Balance, December 31, 2019, at fair value	\$	<u><u>56,141</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	5,237
Increases:		
Income from invested funds		94
Net realized gain on sale of units		2
Net increase in unrealized appreciation in fair value of units		985
Total increases		<u>1,081</u>
Decreases:		
Administrative expenses		<u>(4)</u>
Total decreases		<u>(4)</u>
Change in net assets		<u>1,085</u>
Balance, December 31, 2019, at fair value	\$	<u><u>6,322</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	154
Investment income receivable		30
53 units of Collective Legal Investment Fund, at fair value		6,141
Accrued expenses		<u>(3)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>6,322</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	324,248
Increases:		
Income from invested funds		5,901
Net realized gain on sale of units		9,280
Net increase in unrealized appreciation in fair value of units		52,987
Other		1,500
Total increases		<u>69,668</u>
Decreases:		
Administrative expenses		184
Scholarship awards		16,500
Total decreases		<u>16,684</u>
Change in net assets		<u>52,984</u>
Balance, December 31, 2019, at fair value	\$	<u><u>377,232</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	185
Investment income receivable		1,795
3,240 units of Collective Legal Investment Fund, at fair value		375,424
Accrued expenses		(172)
Balance, December 31, 2019, at fair value	\$	<u><u>377,232</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	128,704
Increases:		
Income from invested funds		2,339
Net realized gain on sale of units		1,982
Net increase in unrealized appreciation in fair value of units		22,697
Other		500
Total increases		<u>27,518</u>
Decreases:		
Administrative expenses		76
Scholarship awards		6,600
Total decreases		<u>6,676</u>
Change in net assets		<u>20,842</u>
Balance, December 31, 2019, at fair value	\$	<u><u>149,546</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	124
Investment income receivable		711
1,284 units of Collective Legal Investment Fund, at fair value		148,779
Accrued expenses		(68)
Balance, December 31, 2019, at fair value	\$	<u><u>149,546</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	11,132
Increases:		
Income from invested funds		179
Net realized gain on sale of units		2
Net increase in unrealized appreciation in fair value of units		1,868
Total increases		<u>2,049</u>
Decreases:		
Administrative expenses		6
Prizes		600
Total decreases		<u>606</u>
Change in net assets		<u>1,443</u>
Balance, December 31, 2019, at fair value	\$	<u><u>12,575</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	124
Investment income receivable		59
107 units of Collective Legal Investment Fund, at fair value		12,398
Accrued expenses		<u>(6)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>12,575</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	60,788
Increases:		
Income from invested funds		1,111
Net realized gain on sale of units		1,714
Net increase in unrealized appreciation in fair value of units		9,972
Other		1,550
Total increases		<u>14,347</u>
Decreases:		
Administrative expenses		36
Scholarship awards		3,100
Total decreases		<u>3,136</u>
Change in net assets		<u>11,211</u>
Balance, December 31, 2019, at fair value	\$	<u><u>71,999</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	81
Investment income receivable		342
618 units of Collective Legal Investment Fund, at fair value		71,609
Accrued expenses		(33)
Balance, December 31, 2019, at fair value	\$	<u><u>71,999</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$ 3,526,130
Increases:	
Income from invested funds	65,005
Net increase in unrealized appreciation in fair value of units	683,735
Total increases	<u>748,740</u>
Decreases:	
Administrative expenses	2,151
Total decreases	<u>2,151</u>
Change in net assets	<u>746,589</u>
Balance, December 31, 2019, at fair value	<u><u>\$ 4,272,719</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$ 52
Investment income receivable	20,341
36,716 units of Collective Legal Investment Fund, at fair value	4,254,338
Accounts payable and accrued expenses	<u>(2,012)</u>
Balance, December 31, 2019, at fair value	<u><u>\$ 4,272,719</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	26,729
Increases:		
Income from invested funds		467
Net realized gain on sale of units		3
Net increase in unrealized appreciation in fair value of units		4,918
Total increases		<u>5,388</u>
Decreases:		
Administrative expenses		16
Fuel office expenses		149
Cost of fuel distributed to those in need		1,200
Total decreases		<u>1,365</u>
Change in net assets		<u>4,023</u>
Balance, December 31, 2019, at fair value	\$	<u><u>30,752</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	30
Investment income receivable		146
264 units of Collective Legal Investment Fund, at fair value		30,590
Accrued expenses		(14)
Balance, December 31, 2019, at fair value	\$	<u><u>30,752</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	857,870
Increases:		
Income from invested funds		15,587
Net realized gain on sale of units		2,497
Net increase in unrealized appreciation in fair value of units		162,177
Total increases		<u>180,261</u>
Decreases:		
Administrative expenses		503
Scholarship awards		44,200
Total decreases		<u>44,703</u>
Change in net assets		<u>135,558</u>
Balance, December 31, 2019, at fair value	\$	<u><u>993,428</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	103
Investment income receivable		6,321
8,522 units of Collective Legal Investment Fund, at fair value		987,457
Accrued expenses		(453)
Balance, December 31, 2019, at fair value	\$	<u><u>993,428</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	15,057
Increases:		
Income from invested funds		275
Net increase in unrealized appreciation in fair value of units		<u>2,897</u>
Total increases		<u>3,172</u>
Decreases:		
Administrative expenses		<u>9</u>
Total decreases		<u>9</u>
Change in net assets		<u>3,163</u>
Balance, December 31, 2019, at fair value	\$	<u><u>18,220</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	66
Investment income receivable		86
156 units of Collective Legal Investment Fund, at fair value		18,076
Accrued expenses		<u>(8)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>18,220</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	8,095
Increases:		
Income from invested funds		146
Net realized gain on sale of units		42
Net increase in unrealized appreciation in fair value of units		1,493
Total increases		<u>1,681</u>
Decreases:		
Administrative expenses		5
Distribution to The School District of Philadelphia		400
Total decreases		<u>405</u>
Change in net assets		<u>1,276</u>
Balance, December 31, 2019, at fair value	\$	<u><u>9,371</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	61
Investment income receivable		44
80 units of Collective Legal Investment Fund, at fair value		9,270
Accrued expenses		(4)
Balance, December 31, 2019, at fair value	\$	<u><u>9,371</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	53,644
Increases:		
Income from invested funds		939
Net realized gain on sale of units		3
Net increase in unrealized appreciation in fair value of units		9,882
Total increases		<u>10,824</u>
Decreases:		
Administrative expenses		31
Fuel office expenses		300
Cost of fuel distributed to those in need		2,500
Total decreases		<u>2,831</u>
Change in net assets		<u>7,993</u>
Balance, December 31, 2019, at fair value	\$	<u><u>61,637</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	76
Investment income receivable		293
529 units of Collective Legal Investment Fund, at fair value		61,296
Accrued expenses		(28)
Balance, December 31, 2019, at fair value	\$	<u><u>61,637</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	71,121
Increases:		
Income from invested funds		1,290
Net realized gain on sale of units		2,000
Net increase in unrealized appreciation in fair value of units		11,624
Total increases		<u>14,914</u>
Decreases:		
Administrative expenses		42
Distribution to The School District of Philadelphia		3,700
Total decreases		<u>3,742</u>
Change in net assets		<u>11,172</u>
Balance, December 31, 2019, at fair value	\$	<u><u>82,293</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	135
Investment income receivable		391
706 units of Collective Legal Investment Fund, at fair value		81,805
Accrued expenses		(38)
Balance, December 31, 2019, at fair value	\$	<u><u>82,293</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	5,800
Increases:		
Income from invested funds		103
Net realized gain on sale of units		100
Net increase in unrealized appreciation in fair value of units		989
Total increases		<u>1,192</u>
Decreases:		
Administrative expenses		3
Prizes		300
Total decreases		<u>303</u>
Change in nets assets		<u>889</u>
Balance, December 31, 2019, at fair value	\$	<u><u>6,689</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	56
Investment income receivable		31
57 units of Collective Legal Investment Fund, at fair value		6,605
Accrued expenses		(3)
Balance, December 31, 2019, at fair value	\$	<u><u>6,689</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	18,309
Increases:		
Income from invested funds		330
Net realized gain on sale of units		505
Net increase in unrealized appreciation in fair value of units		2,981
Total increases		<u>3,816</u>
Decreases:		
Administrative expenses		16
Distribution to Riverview Correctional Facility Female Inmate Welfare Fund		900
Total decreases		<u>916</u>
Change in net assets		<u>2,900</u>
Balance, December 31, 2019, at fair value	\$	<u><u>21,209</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	146
Investment income receivable		100
181 units of Collective Legal Investment Fund, at fair value		20,973
Accrued expenses		(10)
Balance, December 31, 2019, at fair value	\$	<u><u>21,209</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	24,328
Increases:		
Income from invested funds		439
Net realized gain on sale of units		699
Net increase in unrealized appreciation in fair value of units		3,948
Total increases		<u>5,086</u>
Decreases:		
Administrative expenses		21
Scholarship awards		1,200
Total decreases		<u>1,221</u>
Change in net assets		<u>3,865</u>
Balance, December 31, 2019, at fair value	\$	<u><u>28,193</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	147
Investment income receivable		134
241 units of Collective Legal Investment Fund, at fair value		27,925
Accrued expenses		(13)
Balance, December 31, 2019, at fair value	\$	<u><u>28,193</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	35,642
Increases:		
Income from invested funds		646
Net realized gain on sale of units		978
Net increase in unrealized appreciation in fair value of units		5,838
Total increases		<u>7,462</u>
Decreases:		
Administrative expenses		21
Scholarship awards		1,800
Total decreases		<u>1,821</u>
Change in net assets		<u>5,641</u>
Balance, December 31, 2019, at fair value	\$	<u><u>41,283</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	87
Investment income receivable		196
354 units of Collective Legal Investment Fund, at fair value		41,019
Accrued expenses		(19)
Balance, December 31, 2019, at fair value	\$	<u><u>41,283</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	29,443
Increases:		
Income from invested funds		533
Net realized gain on sale of units		41
Net increase in unrealized appreciation in fair value of units		5,592
Total increases		<u>6,166</u>
Decreases:		
Administrative expenses		17
Student prizes		1,600
Total decreases		<u>1,617</u>
Change in net assets		<u>4,549</u>
Balance, December 31, 2019, at fair value	\$	<u><u>33,992</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	127
Investment income receivable		161
291 units of Collective Legal Investment Fund, at fair value		33,719
Accrued expenses		(15)
Balance, December 31, 2019, at fair value	\$	<u><u>33,992</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$ 1,805,842
Increases:	
Income from Blankenburg Pension Fund	1,300
Income from invested funds	33,086
Net realized gain on sale of units	6,397
Net increase in unrealized appreciation in fair value of units	342,808
Total increases	<u>383,591</u>
Decreases:	
Administrative expenses	985
Relief of teachers and clerical assistants	43,000
Total decreases	<u>43,985</u>
Change in net assets	<u>339,606</u>
Balance, December 31, 2019, at fair value	<u><u>\$ 2,145,448</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$ 124
Investment income receivable	10,213
18,435 units of Collective Legal Investment Fund, at fair value	2,136,091
Accrued expenses	(980)
Balance, December 31, 2019, at fair value	<u><u>\$ 2,145,448</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	88,469
Increases:		
Income from invested funds		1,605
Net realized gain on sale of units		579
Net increase in unrealized appreciation in fair value of units		16,373
Total increases		<u>18,557</u>
Decreases:		
Administrative expenses		52
Scholarship awards		4,700
Total decreases		<u>4,752</u>
Change in net assets		<u>13,805</u>
Balance, December 31, 2019, at fair value	\$	<u><u>102,274</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	99
Investment income receivable		486
878 units of Collective Legal Investment Fund, at fair value		101,735
Accrued expenses		(46)
Balance, December 31, 2019, at fair value	\$	<u><u>102,274</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$ 1,415,424
Increases:	
Income from invested funds	24,852
Net increase in unrealized appreciation in fair value of units	<u>261,312</u>
Total increases	<u>286,164</u>
Decreases:	
Administrative expenses	825
Fuel office expenses	7,951
Cost of fuel distributed to those in need	<u>64,680</u>
Total decreases	<u>73,456</u>
Change in net assets	<u>212,708</u>
Balance, December 31, 2019, at fair value	<u><u>\$ 1,628,132</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$ 202
Investment income receivable	7,749
13,988 units of Collective Legal Investment Fund, at fair value	1,620,811
Accrued expenses	<u>(630)</u>
Balance, December 31, 2019, at fair value	<u><u>\$ 1,628,132</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	286,491
Increases:		
Income from invested funds		5,206
Net realized gain on sale of units		8,872
Net increase in unrealized appreciation in fair value of units		46,108
Total increases		<u>60,186</u>
Decreases:		
Administrative expenses		168
Distribution to Philadelphia Department of Welfare		14,800
Total decreases		<u>14,968</u>
Change in net assets		<u>45,218</u>
Balance, December 31, 2019, at fair value	\$	<u><u>331,709</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	165
Investment income receivable		1,578
2,849 units of Collective Legal Investment Fund, at fair value		330,118
Accrued expenses		<u>(152)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>331,709</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	43,147
Increases:		
Income from invested funds		781
Net realized gain on sale of units		1,193
Net increase in unrealized appreciation in fair value of units		7,064
Total increases		<u>9,038</u>
Decreases:		
Administrative expenses		25
Scholarship awards		2,200
Total decreases		<u>2,225</u>
Change in net assets		<u>6,813</u>
Balance, December 31, 2019, at fair value	\$	<u><u>49,960</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	153
Investment income receivable		237
428 units of Collective Legal Investment Fund, at fair value		49,593
Accrued expenses		<u>(23)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>49,960</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	506,328
Increases:		
Income from invested funds		9,018
Net realized gain on sale of units		15,596
Net increase in unrealized appreciation in fair value of units		80,088
Total increases		<u>104,702</u>
Decreases:		
Administrative expenses		296
Distribution to Girard College		26,100
Total decreases		<u>26,396</u>
Change in net assets		<u>78,306</u>
Balance, December 31, 2019, at fair value	\$	<u><u>584,634</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	95
Investment income receivable		2,783
5,023 units of Collective Legal Investment Fund, at fair value		582,023
Accrued expenses		(267)
Balance, December 31, 2019, at fair value	\$	<u><u>584,634</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	95,155
Increases:		
Income from invested funds		1,687
Net realized gain on sale of units		305
Net increase in unrealized appreciation in fair value of units		<u>17,478</u>
Total increases		<u>19,470</u>
Decreases:		
Administrative expenses		56
Fuel office expenses		550
Cost of fuel distributed to those in need		<u>4,500</u>
Total decreases		<u>5,106</u>
Change in net assets		<u>14,364</u>
Balance, December 31, 2019, at fair value	\$	<u><u>109,519</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	12
Investment income receivable		522
941 units of Collective Legal Investment Fund, at fair value		109,035
Accrued expenses		<u>(50)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>109,519</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	160,188
Increases:		
Income from invested funds		2,910
Net realized gain on sale of units		5,163
Net increase in unrealized appreciation in fair value of units		25,573
Total increases		<u>33,646</u>
Decreases:		
Administrative expenses		94
Distribution to Free Library of Philadelphia		8,200
Total decreases		<u>8,294</u>
Change in net assets		<u>25,352</u>
Balance, December 31, 2019, at fair value	\$	<u><u>185,540</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	159
Investment income receivable		883
1,593 units of Collective Legal Investment Fund, at fair value		184,583
Accrued expenses		<u>(85)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>185,540</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	1,176
Increases:		
Income from invested funds		21
Net increase in unrealized appreciation in fair value of units		214
Total increases		<u>235</u>
Decreases:		
Administrative expenses		1
Total decreases		<u>1</u>
Change in net assets		<u>234</u>
Balance, December 31, 2019, at fair value	\$	<u><u>1,410</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	14
Investment income receivable		7
12 units of Collective Legal Investment Fund, at fair value		1,390
Accrued expenses		<u>(1)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>1,410</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$ 1,223,649
Increases:	
Income from invested funds	21,795
Net realized gain on sale of units	8,019
Net increase in unrealized appreciation in fair value of units	<u>223,229</u>
Total increases	<u>253,043</u>
Decreases:	
Administrative expenses	716
Distribution to Girard College	<u>63,200</u>
Total decreases	<u>63,916</u>
Change in net assets	<u>189,127</u>
Balance, December 31, 2019, at fair value	<u><u>\$ 1,412,776</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$ 133
Investment income receivable	6,725
12,139 units of Collective Legal Investment Fund, at fair value	1,406,564
Accrued expenses	<u>(646)</u>
Balance, December 31, 2019, at fair value	<u><u>\$ 1,412,776</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	151,121
Increases:		
Income from invested funds		2,744
Net realized gain on sale of units		3,730
Net increase in unrealized appreciation in fair value of units		25,371
Total increases		<u>31,845</u>
Decreases:		
Administrative expenses		89
Scholarship awards		7,800
Total decreases		<u>7,889</u>
Change in net assets		<u>23,956</u>
Balance, December 31, 2019, at fair value	\$	<u><u>175,077</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	53
Investment income receivable		833
1,504 units of Collective Legal Investment Fund, at fair value		174,271
Accrued expenses		(80)
Balance, December 31, 2019, at fair value	\$	<u><u>175,077</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	24,164
Increases:		
Income from invested funds		436
Net realized gain on sale of units		602
Net increase in unrealized appreciation in fair value of units		4,011
Total increases		<u>5,049</u>
Decreases:		
Administrative expenses		14
Distributions to:		
Free Library of Philadelphia		600
Wills Eye Health System		600
Total decreases		<u>1,214</u>
Change in net assets		<u>3,835</u>
Balance, December 31, 2019, at fair value	\$	<u><u>27,999</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	70
Investment income receivable		133
240 units of Collective Legal Investment Fund, at fair value		27,809
Accrued expenses		(13)
Balance, December 31, 2019, at fair value	\$	<u><u>27,999</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	4,411
Increases:		
Income from invested funds		77
Net realized gain on sale of units		2
Net increase in unrealized appreciation in fair value of units		809
Total increases		<u>888</u>
Decreases:		
Administrative expenses		3
Fuel office expenses		25
Cost of fuel distributed to those in need		200
Total decreases		<u>228</u>
Change in net assets		<u>660</u>
Balance, December 31, 2019, at fair value	\$	<u><u>5,071</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	67
Investment income receivable		24
43 units of Collective Legal Investment Fund, at fair value		4,982
Accrued expenses		<u>(2)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>5,071</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	46,108
Increases:		
Income from invested funds		820
Net realized gain on sale of units		1,480
Net increase in unrealized appreciation in fair value of units		<u>7,225</u>
Total increases		<u>9,525</u>
Decreases:		
Administrative expenses		27
Distribution to Girard College		<u>2,400</u>
Total decreases		<u>2,427</u>
Change in net assets		<u>7,098</u>
Balance, December 31, 2019, at fair value	\$	<u><u>53,206</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	141
Investment income receivable		252
456 units of Collective Legal Investment Fund, at fair value		52,837
Accrued expenses		<u>(24)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>53,206</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	19,186
Increases:		
Income from invested funds		340
Net realized gain on sale of units		556
Net increase in unrealized appreciation in fair value of units		3,052
Total increases		<u>3,948</u>
Decreases:		
Administrative expenses		11
Distribution to Girard College students		1,000
Total decreases		<u>1,011</u>
Change in net assets		<u>2,937</u>
Balance, December 31, 2019, at fair value	\$	<u><u>22,123</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	128
Investment income receivable		105
189 units of Collective Legal Investment Fund, at fair value		21,900
Accrued expenses		(10)
Balance, December 31, 2019, at fair value	\$	<u><u>22,123</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$ 1,678,261
Increases:	
Income from invested funds	30,511
Net realized gain (loss) on sale of units	53,825
Net increase in unrealized appreciation in fair value of units	268,409
Total increases	<u>352,745</u>
Decreases:	
Administrative expenses	986
Distribution to The School District of Philadelphia for medical and dental care of children	85,700
Total decreases	<u>86,686</u>
Change in net assets	<u>266,059</u>
Balance, December 31, 2019, at fair value	<u><u>\$ 1,944,320</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$ 170
Investment income receivable	9,405
16,705 units of Collective Legal Investment Fund, at fair value	1,935,633
Accrued expenses	(888)
Balance, December 31, 2019, at fair value	<u><u>\$ 1,944,320</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	6,260
Increases:		
Income from invested funds		112
Net realized gain on sale of units		198
Net increase in unrealized appreciation in fair value of units		983
Total increases		<u>1,293</u>
Decreases:		
Administrative expenses		4
Distribution to The School District of Philadelphia		300
Total decreases		<u>304</u>
Change in net assets		<u>989</u>
Balance, December 31, 2019, at fair value	\$	<u><u>7,249</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	150
Investment income receivable		34
61 units of Collective Legal Investment Fund, at fair value		7,068
Accrued expenses		(3)
Balance, December 31, 2019, at fair value	\$	<u><u>7,249</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	496,111
Increases:		
Income from invested funds		9,017
Net realized gain on sale of units		16,244
Net increase in unrealized appreciation in fair value of units		78,993
Total increases		<u>104,254</u>
Decreases:		
Administrative expenses		291
Scholarship awards		25,500
Total decreases		<u>25,791</u>
Change in net assets		<u>78,463</u>
Balance, December 31, 2019, at fair value	\$	<u><u>574,574</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	159
Investment income receivable		2,735
4,936 units of Collective Legal Investment Fund, at fair value		571,942
Accrued expenses		(262)
Balance, December 31, 2019, at fair value	\$	<u><u>574,574</u></u>

See accompanying independent auditors' report.

JAMES E. LENNON FUND

Created 1922

“The income arising therefrom to be used in the purchase of textbooks 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, 2019

Balance, January 1, 2019, at fair value	\$	8,657
Increases:		
Income from invested funds		154
Net realized gain on sale of units		92
Net increase in unrealized appreciation in fair value of units		1,542
Total increases		<u>1,788</u>
Decreases:		
Administrative expenses		5
Scholarship awards		400
Total decreases		<u>405</u>
Change in net assets		<u>1,383</u>
Balance, December 31, 2019, at fair value	\$	<u><u>10,040</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	148
Investment income receivable		47
85 units of Collective Legal Investment Fund, at fair value		9,849
Accrued expenses		(4)
Balance, December 31, 2019, at fair value	\$	<u><u>10,040</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	16,500
Increases:		
Income from invested funds		302
Net realized gain on sale of units		26
Net increase in unrealized appreciation in fair value of units		3,138
Total increases		<u>3,466</u>
Decreases:		
Administrative expenses		<u>10</u>
Total decreases		<u>10</u>
Change in net assets		<u>3,456</u>
Balance, December 31, 2019, at fair value	\$	<u><u>19,956</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	56
Investment income receivable		95
171 units of Collective Legal Investment Fund, at fair value		19,814
Accrued expenses		<u>(9)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>19,956</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$ 1,418,419
Increases:	
Income from invested funds	24,911
Net realized gain on sale of units	45
Net increase in unrealized appreciation in fair value of units	<u>262,271</u>
Total increases	<u>287,227</u>
Decreases:	
Administrative expenses	827
Fuel office expenses	7,970
Cost of fuel distributed to those in need	<u>65,500</u>
Total decreases	<u>74,297</u>
Change in net assets	<u>212,930</u>
Balance, December 31, 2019, at fair value	\$ <u><u>1,631,349</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$ 48
Investment income receivable	7,766
14,019 units of Collective Legal Investment Fund, at fair value	1,624,403
Accrued expenses	<u>(868)</u>
Balance, December 31, 2019, at fair value	\$ <u><u>1,631,349</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	9,378
Increases:		
Income from invested funds		173
Net realized gain on sale of units		315
Net increase in unrealized appreciation in fair value of units		<u>1,511</u>
Total increases		<u>1,999</u>
Decreases:		
Administrative expenses		5
Award		<u>500</u>
Total decreases		<u>505</u>
Change in nets assets		<u>1,494</u>
Balance, December 31, 2019, at fair value	\$	<u><u>10,872</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	49
Investment income receivable		52
93 units of Collective Legal Investment Fund, at fair value		10,776
Accrued expenses		<u>(5)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>10,872</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	7,266
Increases:		
Income from invested funds		126
Net increase in unrealized appreciation in fair value of units		<u>1,327</u>
Total increases		<u>1,453</u>
Decreases:		
Administrative expenses		4
Fuel office expenses		40
Cost of fuel distributed to those in need		<u>300</u>
Total decreases		<u>344</u>
Change in net assets		<u>1,109</u>
Balance, December 31, 2019, at fair value	\$	<u><u>8,375</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	96
Investment income receivable		40
72 units of Collective Legal Investment Fund, at fair value		8,343
Accrued expenses		<u>(104)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>8,375</u></u>

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, 2019

Balance, January 1, 2019, primarily at fair value	\$ 4,999,526
Increases:	
Income from invested funds	79,720
Real estate income	35,340
Net increase in unrealized appreciation in fair value of units	836,521
Total increases	<u>951,581</u>
Decreases:	
Administrative expenses	2,712
Real estate expenses	56,295
Total decreases	<u>59,007</u>
Change in net assets	<u>892,574</u>
Balance, December 31, 2019, primarily at fair value	<u><u>\$ 5,892,100</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$ 96
Investment income receivable	30,786
45,933 units of Collective Legal Investment Fund, at fair value	5,322,326
Joint venture investment	430,000
Real estate, at cost	109,386
Accrued expenses	(494)
Balance, December 31, 2019, primarily at fair value	<u><u>\$ 5,892,100</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	39,938
Increases:		
Income from invested funds		723
Net realized gain on sale of units		1,197
Net increase in unrealized appreciation in fair value of units		6,440
Total increases		<u>8,360</u>
Decreases:		
Administrative expenses		23
Scholarship awards		2,100
Total decreases		<u>2,123</u>
Change in net assets		<u>6,237</u>
Balance, December 31, 2019, at fair value	\$	<u><u>46,175</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	92
Investment income receivable		219
396 units of Collective Legal Investment Fund, at fair value		45,885
Accrued expenses		(21)
Balance, December 31, 2019, at fair value	\$	<u><u>46,175</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	1,527
Increases:		
Income from invested funds		24
Net realized gain on sale of units		2
Net increase in unrealized appreciation in fair value of units		249
Total increases		<u>275</u>
Decreases:		
Administrative expenses		1
Fuel office expenses		8
Cost of fuel distributed to those in need		100
Total decreases		<u>109</u>
Change in net assets		<u>166</u>
Balance, December 31, 2019, at fair value	\$	<u><u>1,693</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	64
Investment income receivable		8
14 units of Collective Legal Investment Fund, at fair value		1,622
Accrued expenses		(1)
Balance, December 31, 2019, at fair value	\$	<u><u>1,693</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	428,231
Increases:		
Income from invested funds		7,773
Net realized gain on sale of units		14,619
Net increase in unrealized appreciation in fair value of units		67,547
Total increases		<u>89,939</u>
Decreases:		
Administrative expenses		250
Scholarship awards		22,000
Total decreases		<u>22,250</u>
Change in net assets		<u>67,689</u>
Balance, December 31, 2019, at fair value	\$	<u><u>495,920</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	102
Investment income receivable		4,401
4,243 units of Collective Legal Investment Fund, at fair value		491,643
Accrued expenses		(226)
Balance, December 31, 2019, at fair value	\$	<u><u>495,920</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	7,028
Increases:		
Income from invested funds		121
Net realized gain on sale of units		2
Net increase in unrealized appreciation in fair value of units		1,271
Total increases		<u>1,394</u>
Decreases:		
Administrative expenses		4
Fuel office expenses		39
Cost of fuel distributed to those in need		300
Total decreases		<u>343</u>
Change in net assets		<u>1,051</u>
Balance, December 31, 2019, at fair value	\$	<u><u>8,079</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	50
Investment income receivable		38
69 units of Collective Legal Investment Fund, at fair value		7,995
Accrued expenses		(4)
Balance, December 31, 2019, at fair value	\$	<u><u>8,079</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	949,835
Increases:		
Income from invested funds		17,305
Net realized gain on sale of units		22,004
Net increase in unrealized appreciation in fair value of units		160,576
Other		4,500
Total increases		<u>204,385</u>
Decreases:		
Administrative expenses		560
Scholarship awards		47,400
Total decreases		<u>47,960</u>
Change in net assets		<u>156,425</u>
Balance, December 31, 2019, at fair value	\$	<u><u>1,106,260</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	100
Investment Income receivable		5,417
9,506 units of Collective Legal Investment Fund, at fair value		1,101,474
Accrued expenses		(731)
Balance, December 31, 2019, at fair value	\$	<u><u>1,106,260</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$ 1,003,176
Increases:	
Income from invested funds	18,278
Returned expenditures & additional income	8,100
Net realized gain on sale of units	23,818
Net increase in unrealized appreciation in fair value of units	169,094
Total increases	<u>219,290</u>
Decreases:	
Administrative expenses	593
Scholarship awards	51,300
Total decreases	<u>51,893</u>
Change in net assets	<u>167,397</u>
Balance, December 31, 2019, at fair value	\$ <u><u>1,170,573</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$ 116
Investment Income receivable	5,672
10,057 units of Collective Legal Investment Fund, at fair value	1,165,320
Accrued expenses	<u>(535)</u>
Balance, December 31, 2019, at fair value	\$ <u><u>1,170,573</u></u>

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 leftover . . . 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, 2019

Balance, January 1, 2019, at fair value	\$	504,527
Increases:		
Income from invested funds		9,168
Net realized gain on sale of units		15,993
Net increase in unrealized appreciation in fair value of units		80,838
Total increases		<u>105,999</u>
Decreases:		
Administrative expenses		296
Scholarship awards		26,300
Total decreases		<u>26,596</u>
Change in net assets		<u>79,403</u>
Balance, December 31, 2019, at fair value	\$	<u><u>583,930</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	106
Investment income receivable		2,879
5,016 units of Collective Legal Investment Fund, at fair value		581,211
Accrued expenses		<u>(266)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>583,930</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	1,468,632
Increases:		
Income from invested funds		27,073
Net increase in unrealized appreciation in fair value of units		284,759
Total increases		<u>311,832</u>
Decreases:		
Administrative expenses		896
Total decreases		<u>896</u>
Change in net assets		<u>310,936</u>
Balance, December 31, 2019, at fair value	\$	<u><u>1,779,568</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	32
Investment income receivable		8,472
15,292 units of Collective Legal Investment Fund, at fair value		1,771,907
Accrued expenses		<u>(843)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>1,779,568</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	73,191
Increases:		
Income from invested funds		1,304
Net realized gain on sale of units		609
Net increase in unrealized appreciation in fair value of units		13,145
Total increases		<u>15,058</u>
Decreases:		
Administrative expenses		43
Fuel office expenses		413
Cost of fuel distributed to those in need		1,700
Distribution to Wills Eye Health System for eyeglasses for those in need		1,700
Total decreases		<u>3,856</u>
Change in net assets		<u>11,202</u>
Balance, December 31, 2019, at fair value	\$	<u><u>84,393</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	23
Investment income receivable		402
725 units of Collective Legal Investment Fund, at fair value		84,007
Accrued expenses		(39)
Balance, December 31, 2019, at fair value	\$	<u><u>84,393</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	8,411
Increases:		
Income from invested funds		151
Net realized gain on sale of units		199
Net increase in unrealized appreciation in fair value of units		1,396
Total increases		<u>1,746</u>
Decreases:		
Administrative expenses		5
Prizes		405
Total decreases		<u>410</u>
Change in net assets		<u>1,336</u>
Balance, December 31, 2019, at fair value	\$	<u><u>9,747</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	88
Investment income receivable		46
83 units of Collective Legal Investment Fund, at fair value		9,617
Accrued expenses		<u>(4)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>9,747</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	32,776
Increases:		
Income from invested funds		594
Net realized gain on sale of units		810
Net increase in unrealized appreciation in fair value of units		5,463
Total increases		<u>6,867</u>
Decreases:		
Administrative expenses		19
Distribution to The School District of Philadelphia		1,700
Total decreases		<u>1,719</u>
Change in net assets		<u>5,148</u>
Balance, December 31, 2019, at fair value	\$	<u><u>37,924</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	103
Investment income receivable		180
325 units of Collective Legal Investment Fund, at fair value		37,658
Accrued expenses		(17)
Balance, December 31, 2019, at fair value	\$	<u><u>37,924</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	6,680
Increases:		
Income from invested funds		119
Net realized gain on sale of units		93
Net increase in unrealized appreciation in fair value of units		1,168
Total increases		<u>1,380</u>
Decreases:		
Administrative expenses		4
Distribution to The School District of Philadelphia		300
Total decreases		<u>304</u>
Change in net assets		<u>1,076</u>
Balance, December 31, 2019, at fair value	\$	<u><u>7,756</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	76
Investment income receivable		36
66 units of Collective Legal Investment Fund, at fair value		7,648
Accrued expenses		(4)
Balance, December 31, 2019, at fair value	\$	<u><u>7,756</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	276,581
Increases:		
Income from invested funds		5,026
Net realized gain on sale of units		8,017
Net increase in unrealized appreciation in fair value of units		<u>45,062</u>
Total increases		<u>58,105</u>
Decreases:		
Administrative expenses		162
Scholarship awards		<u>14,100</u>
Total decreases		<u>14,262</u>
Change in net assets		<u>43,843</u>
Balance, December 31, 2019, at fair value	\$	<u><u>320,424</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	168
Investment income receivable		1,524
2,752 units of Collective Legal Investment Fund, at fair value		318,878
Accrued expenses		<u>(146)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>320,424</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	70,344
Increases:		
Income from invested funds		1,276
Net realized gain on sale of units		1,859
Net increase in unrealized appreciation in fair value of units		11,618
Total increases		<u>14,753</u>
Decreases:		
Administrative expenses		41
Scholarship awards		3,600
Total decreases		<u>3,641</u>
Change in net assets		<u>11,112</u>
Balance, December 31, 2019, at fair value	\$	<u><u>81,456</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	112
Investment income receivable		387
699 units of Collective Legal Investment Fund, at fair value		80,994
Accrued expenses		(37)
Balance, December 31, 2019, at fair value	\$	<u><u>81,456</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	114,112
Increases:		
Income from invested funds		2,092
Net realized gain on sale of units		3,803
Net increase in unrealized appreciation in fair value of units		18,274
Total increases		<u>24,169</u>
Decreases:		
Administrative expenses		97
Payments to needy musicians and students		5,800
Total decreases		<u>5,897</u>
Change in net assets		<u>18,272</u>
Balance, December 31, 2019, at fair value	\$	<u><u>132,384</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	154
Investment income receivable		634
1,144 units of Collective Legal Investment Fund, at fair value		132,557
Accrued expenses		(961)
Balance, December 31, 2019, at fair value	\$	<u><u>132,384</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	102,938
Increases:		
Income from invested funds		1,870
Net realized gain on sale of units		3,121
Net increase in unrealized appreciation in fair value of units		16,624
Total increases		21,615
Decreases:		
Administrative expenses		60
Scholarship awards		5,300
Total decreases		5,360
Change in net assets		16,255
Balance, December 31, 2019, at fair value	\$	119,193

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	144
Investment income receivable		567
1,023 units of Collective Legal Investment Fund, at fair value		118,537
Accrued expenses		(55)
Balance, December 31, 2019, at fair value	\$	119,193

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, 2019

Balance, January 1, 2019, at fair value	\$	445,028
Increases:		
Income from invested funds		8,088
Net realized gain on sale of units		14,994
Net increase in unrealized appreciation in fair value of units		70,435
Total increases		<u>93,517</u>
Decreases:		
Administrative expenses		261
Distribution to:		
Blind Relief Fund of Philadelphia		2,800
Caring for Friends		2,800
CORA Services, Inc.		2,800
Helping Hand Rescue Mission		2,800
Old Saint Joseph’s Outreach – Carewalk Center		2,800
People’s Emergency Center		2,800
Project H.O.M.E.		2,800
Raymond and Miriam Klein Jewish Community Centers		2,800
St. Francis Inn		500
Total decreases		<u>23,161</u>
Change in net assets		<u>70,356</u>
Balance, December 31, 2019, at fair value	\$	<u><u>515,384</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	104
Investment income receivable		2,553
4,427 units of Collective Legal Investment Fund, at fair value		512,963
Accrued expenses		(236)
Balance, December 31, 2019, at fair value	\$	<u><u>515,384</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	800,319
Increases:		
Income from invested funds		14,664
Net realized gain on sale of units		27,231
Net increase in unrealized appreciation in fair value of units		127,365
Total increases		<u>169,260</u>
Decreases:		
Administrative expenses		475
Awards		30,000
Expenses in connection with awards		4,846
Total decreases		<u>35,321</u>
Change in net assets		<u>133,939</u>
Balance, December 31, 2019, at fair value	\$	<u><u>934,258</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	185
Investment income receivable		4,463
8,056 units of Collective Legal Investment Fund, at fair value		933,461
Accrued expenses		(3,851)
Balance, December 31, 2019, at fair value	\$	<u><u>934,258</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	626,966
Increases:		
Income from invested funds		11,166
Net realized gain on sale of units		20,646
Net increase in unrealized appreciation in fair value of units		<u>97,826</u>
Total increases		<u>129,638</u>
Decreases:		
Administrative expenses		367
Distributions to Girard College		<u>32,400</u>
Total decreases		<u>32,767</u>
Change in net assets		<u>96,871</u>
Balance, December 31, 2019, at fair value	\$	<u><u>723,837</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	118
Investment income receivable		3,445
6,219 units of Collective Legal Investment Fund, at fair value		720,605
Accrued expenses		<u>(331)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>723,837</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	3,279
Increases:		
Income from invested funds		57
Net realized gain on sale of units		103
Net increase in unrealized appreciation in fair value of units		499
Total increases		<u>659</u>
Decreases:		
Administrative expenses		2
Contribution to Whosoever Gospel Mission		200
Total decreases		<u>202</u>
Change in net assets		<u>457</u>
Balance, December 31, 2019, at fair value	\$	<u><u>3,736</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	129
Investment income receivable		17
31 units of Collective Legal Investment Fund, at fair value		3,592
Accrued expenses		(2)
Balance, December 31, 2019, at fair value	\$	<u><u>3,736</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	61,451
Increases:		
Income from invested funds		1,077
Net realized gain on sale of units		2
Net increase in unrealized appreciation in fair value of units		11,337
Total increases		<u>12,416</u>
Decreases:		
Administrative expenses		36
Fuel office expenses		345
Cost of fuel distributed to those in need		2,799
Total decreases		<u>3,180</u>
Change in net assets		<u>9,236</u>
Balance, December 31, 2019, at fair value	\$	<u><u>70,687</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	49
Investment income receivable		336
607 units of Collective Legal Investment Fund, at fair value		70,334
Accrued expenses		(32)
Balance, December 31, 2019, at fair value	\$	<u><u>70,687</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	17,050
Increases:		
Income from invested funds		300
Net realized gain on sale of units		2
Net increase in unrealized appreciation in fair value of units		3,165
Total increases		<u>3,467</u>
Decreases:		
Administrative expenses		10
Fuel office expenses		97
Cost of fuel distributed to those in need		800
Total decreases		<u>907</u>
Change in net assets		<u>2,560</u>
Balance, December 31, 2019, at fair value	\$	<u><u>19,610</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	60
Investment income receivable		93
168 units of Collective Legal Investment Fund, at fair value		19,466
Accrued expenses		(9)
Balance, December 31, 2019, at fair value	\$	<u><u>19,610</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	25,538
Increases:		
Income from invested funds		493
Net realized gain on sale of units		2
Net increase in unrealized appreciation in fair value of units		4,341
Total increases		<u>4,836</u>
Decreases:		
Administrative expenses		15
Fuel office expenses		124
Cost of fuel distributed to those in need		1,200
Total decreases		<u>1,339</u>
Change in net assets		<u>3,497</u>
Balance, December 31, 2019, at fair value	\$	<u><u>29,035</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	58
Investment income receivable		138
249 units of Collective Legal Investment Fund, at fair value		28,852
Accrued expenses		(13)
Balance, December 31, 2019, at fair value	\$	<u><u>29,035</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	738,399
Increases:		
Income from invested funds		13,421
Net realized gain on sale of units		24,115
Net increase in unrealized appreciation in fair value of units		<u>117,635</u>
Total increases		<u>155,171</u>
Decreases:		
Administrative expenses		433
Distribution to Philadelphia Nursing Home		<u>38,100</u>
Total decreases		<u>38,533</u>
Change in net assets		<u>116,638</u>
Balance, December 31, 2019, at fair value	\$	<u><u>855,037</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	166
Investment income receivable		4,070
7,346 units of Collective Legal Investment Fund, at fair value		851,192
Accrued expenses		<u>(391)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>855,037</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	5,035
Increases:		
Income from invested funds		89
Net realized gain on sale of units		98
Net increase in unrealized appreciation in fair value of units		840
Total increases		<u>1,027</u>
Decreases:		
Administrative expenses		3
Prizes		300
Total decreases		<u>303</u>
Change in net assets		<u>724</u>
Balance, December 31, 2019, at fair value	\$	<u><u>5,759</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	57
Investment income receivable		27
49 units of Collective Legal Investment Fund, at fair value		5,678
Accrued expenses		<u>(3)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>5,759</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	66,254
Increases:		
Income from invested funds		1,160
Net realized gain on sale of units		2
Net increase in unrealized appreciation in fair value of units		<u>12,209</u>
Total increases		<u>13,371</u>
Decreases:		
Administrative expenses		39
Fuel office expenses		371
Cost of fuel distributed to those in need		<u>3,100</u>
Total decreases		<u>3,510</u>
Change in net assets		<u>9,861</u>
Balance, December 31, 2019, at fair value	\$	<u><u>76,115</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	8
Investment income receivable		362
654 units of Collective Legal Investment Fund, at fair value		75,780
Accrued expenses		<u>(35)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>76,115</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	22,308
Increases:		
Income from invested funds		390
Net realized gain on sale of units		2
Net increase in unrealized appreciation in fair value of units		4,103
Total increases		<u>4,495</u>
Decreases:		
Administrative expenses		13
Fuel office expenses		124
Cost of fuel distributed to those in need		1,000
Total decreases		<u>1,137</u>
Change in net assets		<u>3,358</u>
Balance, December 31, 2019, at fair value	\$	<u><u>25,666</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	64
Investment income receivable		122
220 units of Collective Legal Investment Fund, at fair value		25,492
Accrued expenses		(12)
Balance, December 31, 2019, at fair value	\$	<u><u>25,666</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$ 115,375
Increases:	
Income from invested funds	2,385
Net realized gain on sale of units	409
Net increase in unrealized appreciation in fair value of units	<u>24,893</u>
Total increases	<u>27,687</u>
Decreases:	
Administrative expenses	77
Scholarship awards	<u>5,900</u>
Total decreases	<u>5,977</u>
Change in net assets	<u>21,710</u>
Balance, December 31, 2019, at fair value	<u><u>\$ 137,085</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$ 105
Investment income receivable	727
1,312 units of Collective Legal Investment Fund, at fair value	152,023
Accrued expenses	<u>(15,770)</u>
Balance, December 31, 2019, at fair value	<u><u>\$ 137,085</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	73,189
Increases:		
Income from invested funds		1,327
Net realized gain on sale of units		2,324
Net increase in unrealized appreciation in fair value of units		11,697
Total increases		<u>15,348</u>
Decreases:		
Administrative expenses		43
Distribution to:		
St. John’s Hospice		2,800
St. Francis Inn		1,000
Total decreases		<u>3,843</u>
Change in net assets		<u>11,505</u>
Balance, December 31, 2019, at fair value	\$	<u><u>84,694</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	91
Investment income receivable		403
727 units of Collective Legal Investment Fund, at fair value		84,239
Accrued expenses		(39)
Balance, December 31, 2019, at fair value	\$	<u><u>84,694</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	56,102
Increases:		
Income from invested funds		1,017
Net realized gain on sale of units		1,726
Net increase in unrealized appreciation in fair value of units		9,019
Total increases		<u>11,762</u>
Decreases:		
Administrative expenses		33
Distribution to:		
Sunday Breakfast Rescue Mission		2,800
Whosoever Gospel Mission		100
Total decreases		<u>2,933</u>
Change in net assets		<u>8,829</u>
Balance, December 31, 2019, at fair value	\$	<u><u>64,931</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	112
Investment income receivable		309
557 units of Collective Legal Investment Fund, at fair value		64,540
Accrued expenses		(30)
Balance, December 31, 2019, at fair value	\$	<u><u>64,931</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	21,971
Increases:		
Income from invested funds		397
Net realized gain on sale of units		499
Net increase in unrealized appreciation in fair value of units		3,699
Total increases		<u>4,595</u>
Decreases:		
Administrative expenses		13
Prizes		1,100
Total decreases		<u>1,113</u>
Change in net assets		<u>3,482</u>
Balance, December 31, 2019, at fair value	\$	<u><u>25,453</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	84
Investment income receivable		121
218 units of Collective Legal Investment Fund, at fair value		25,260
Accrued expenses		<u>(12)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>25,453</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	1,101,976
Increases:		
Income from invested funds		20,030
Net realized gain on sale of units		32,423
Net increase in unrealized appreciation in fair value of units		179,132
Total increases		<u>231,585</u>
Decreases:		
Administrative expenses		646
Distribution to The Visiting Nurse Society of Philadelphia		56,900
Total decreases		<u>57,546</u>
Change in net assets		<u>174,039</u>
Balance, December 31, 2019, at fair value	\$	<u><u>1,276,015</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	175
Investment income receivable		6,124
10,963 units of Collective Legal Investment Fund, at fair value		1,270,299
Accrued expenses		(583)
Balance, December 31, 2019, at fair value	\$	<u><u>1,276,015</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	82,427
Increases:		
Income from invested funds		1,516
Net realized gain on sale of units		2,709
Net increase in unrealized appreciation in fair value of units		13,277
Total increases		<u>17,502</u>
Decreases:		
Administrative expenses		49
Prizes		4,200
Total decreases		<u>4,249</u>
Change in net assets		<u>13,253</u>
Balance, December 31, 2019, at fair value	\$	<u><u>95,680</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	91
Investment income receivable		460
830 units of Collective Legal Investment Fund, at fair value		96,173
Accrued expenses		<u>(1,044)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>95,680</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	48,577
Increases:		
Income from invested funds		880
Net realized gain on sale of units		1,470
Net increase in unrealized appreciation in fair value of units		7,832
Total increases		<u>10,182</u>
Decreases:		
Administrative expenses		28
Contribution to Whosoever Gospel Mission and Rescue Home of Germantown		2,500
Total decreases		<u>2,528</u>
Change in net assets		<u>7,654</u>
Balance, December 31, 2019, at fair value	\$	<u><u>56,231</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	140
Investment income receivable		267
482 units of Collective Legal Investment Fund, at fair value		55,850
Accrued expenses		(26)
Balance, December 31, 2019, at fair value	\$	<u><u>56,231</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	455,135
Increases:		
Income from invested funds		8,271
Net realized gain on sale of units		15,180
Net increase in unrealized appreciation in fair value of units		<u>72,177</u>
Total increases		<u>95,628</u>
Decreases:		
Administrative expenses		267
Scholarship awards		<u>23,500</u>
Total decreases		<u>23,767</u>
Change in net assets		<u>71,861</u>
Balance, December 31, 2019, at fair value	\$	<u><u>526,996</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	178
Investment income receivable		2,508
4,527 units of Collective Legal Investment Fund, at fair value		524,550
Accrued expenses		<u>(240)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>526,996</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	60,419
Increases:		
Income from invested funds		1,095
Net realized gain on sale of units		1,827
Net increase in unrealized appreciation in fair value of units		9,742
Total increases		<u>12,664</u>
Decreases:		
Administrative expenses		35
Care and maintenance of Independence Hall		3,100
Total decreases		<u>3,135</u>
Change in net assets		<u>9,529</u>
Balance, December 31, 2019, at fair value	\$	<u><u>69,948</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	125
Investment income receivable		332
600 units of Collective Legal Investment Fund, at fair value		69,523
Accrued expenses		(32)
Balance, December 31, 2019, at fair value	\$	<u><u>69,948</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	6,352
Increases:		
Income from invested funds		115
Net realized gain on sale of units		5
Net increase in unrealized appreciation in fair value of units		1,202
Total increases		<u>1,322</u>
Decreases:		
Administrative expenses		<u>4</u>
Total decreases		<u>4</u>
Change in net assets		<u>1,318</u>
Balance, December 31, 2019, at fair value	\$	<u><u>7,670</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	106
Investment income receivable		36
65 units of Collective Legal Investment Fund, at fair value		7,532
Accrued expenses		<u>(4)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>7,670</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	15,260
Increases:		
Income from invested funds		276
Net realized gain on sale of units		26
Net increase in unrealized appreciation in fair value of units		2,882
Total increases		<u>3,184</u>
Decreases:		
Administrative expenses		9
Prize		700
Total decreases		<u>709</u>
Change in net assets		<u>2,475</u>
Balance, December 31, 2019, at fair value	\$	<u><u>17,735</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	47
Investment income receivable		84
152 units of Collective Legal Investment Fund, at fair value		17,612
Accrued expenses		(8)
Balance, December 31, 2019, at fair value	\$	<u><u>17,735</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	61,510
Increases:		
Income from invested funds		1,116
Net realized gain on sale of units		1,735
Net increase in unrealized appreciation in fair value of units		10,056
Total increases		<u>12,907</u>
Decreases:		
Administrative expenses		36
Distributions to disabled firemen		3,200
Total decreases		<u>3,236</u>
Change in net assets		<u>9,671</u>
Balance, December 31, 2019, at fair value	\$	<u><u>71,181</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	77
Investment income receivable		339
611 units of Collective Legal Investment Fund, at fair value		70,797
Accrued expenses		(32)
Balance, December 31, 2019, at fair value	\$	<u><u>71,181</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	67,555
Increases:		
Income from invested funds		1,184
Net realized gain on sale of units		5
Net increase in unrealized appreciation in fair value of units		12,465
Total increases		<u>13,654</u>
Decreases:		
Administrative expenses		39
Fuel office expenses		378
Cost of fuel distributed to those in need		3,100
Total decreases		<u>3,517</u>
Change in net assets		<u>10,137</u>
Balance, December 31, 2019, at fair value	\$	<u><u>77,692</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	71
Investment income receivable		370
667 units of Collective Legal Investment Fund, at fair value		77,286
Accrued expenses		(35)
Balance, December 31, 2019, at fair value	\$	<u><u>77,692</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	4,266
Increases:		
Income from invested funds		76
Net realized gain on sale of units		3
Net increase in unrealized appreciation in fair value of units		1,108
Total increases		<u>1,187</u>
Decreases:		
Administrative expenses		3
Distribution to The School District of Philadelphia		200
Total decreases		<u>203</u>
Change in net assets		<u>984</u>
Balance, December 31, 2019, at fair value	\$	<u><u>5,250</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	130
Investment income receivable		24
44 units of Collective Legal Investment Fund, at fair value		5,098
Accrued expenses		(2)
Balance, December 31, 2019, at fair value	\$	<u><u>5,250</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	119,696
Increases:		
Income from invested funds		2,174
Net realized gain on sale of units		3,433
Net increase in unrealized appreciation in fair value of units		19,529
Total increases		<u>25,136</u>
Decreases:		
Administrative expenses		70
Distribution to Philadelphia Nursing Home		6,200
Total decreases		<u>6,270</u>
Change in net assets		<u>18,866</u>
Balance, December 31, 2019, at fair value	\$	<u><u>138,562</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	79
Investment income receivable		659
1,190 units of Collective Legal Investment Fund, at fair value		137,887
Accrued expenses		<u>(63)</u>
Balance, December 31, 2019, at fair value	\$	<u><u>138,562</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	38,409
Increases:		
Income from invested funds		696
Net realized gain on sale of units		1,206
Net increase in unrealized appreciation in fair value of units		6,150
Total increases		<u>8,052</u>
Decreases:		
Administrative expenses		22
Scholarship awards		2,000
Total decreases		<u>2,022</u>
Change in net assets		<u>6,030</u>
Balance, December 31, 2019, at fair value	\$	<u><u>44,439</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	101
Investment income receivable		211
381 units of Collective Legal Investment Fund, at fair value		44,147
Accrued expenses		(20)
Balance, December 31, 2019, at fair value	\$	<u><u>44,439</u></u>

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, 2019

Balance, January 1, 2019, at fair value	\$	105,828
Increases:		
Income from invested funds		1,871
Net realized gain on sale of units		3
Net increase in unrealized appreciation in fair value of units		19,709
Total increases		<u>21,583</u>
Decreases:		
Administrative expenses		62
Fuel office expenses		592
Cost of fuel distributed to those in need		3,200
Distributions to the trustees of the Free Library of Philadelphia		1,600
Total decreases		<u>5,454</u>
Change in net assets		<u>16,129</u>
Balance, December 31, 2019, at fair value	\$	<u><u>121,957</u></u>

Schedule of Net Assets

December 31, 2019

Cash and cash equivalents	\$	59
Investment income receivable		581
1,048 units of Collective Legal Investment Fund, at fair value		121,433
Accrued expenses		(116)
Balance, December 31, 2019, at fair value	\$	<u><u>121,957</u></u>

See accompanying independent auditors' report.



**BOARD OF DIRECTORS OF CITY TRUSTS
CONTRIBUTORY RETIREMENT PLAN**

Financial Statements – FASB Basis

December 31, 2019

(With Independent Auditors' Report Thereon)

**BOARD OF DIRECTORS OF CITY TRUSTS
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 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, 2019 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, 2019 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.



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 15, 2020

**BOARD OF DIRECTORS OF CITY TRUSTS
CONTRIBUTORY RETIREMENT PLAN**

Statement of Net Assets Available for Plan Benefits – FASB Basis

December 31, 2019

Assets:

Investment, 59,846 units of Collective Legal Investment Fund, at fair value	\$ 6,934,446
Investment income receivable	33,200
Cash and cash equivalents	<u>142,300</u>
Total assets	<u>7,109,946</u>

Liabilities:

Accrued expenses	<u>18,032</u>
Total liabilities	<u>18,032</u>
Net assets available for plan benefits	<u>\$ 7,091,914</u>

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, 2019

Additions to net assets:	
Investment income, net	\$ 108,324
Realized and unrealized investment gains	1,145,551
Employee contributions	36,390
Employer contributions	232,320
	<hr/>
Total additions	1,522,585
Deductions from net assets:	
Retirement benefits paid	382,870
Administrative expenses	69,887
	<hr/>
Total deductions	452,757
	<hr/>
Net increase in net assets available for plan benefits	1,069,828
Net assets available for plan benefits, beginning of year	6,022,086
	<hr/>
Net assets available for plan benefits, end of year	\$ 7,091,914
	<hr/> <hr/>

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, 2019

Actuarial present value of accumulated plan benefits:

Vested benefits:

Participants currently receiving benefits

\$ 3,664,127

Other participants

785,297

Total vested benefits

4,449,424

Nonvested benefits

33,791

Total actuarial present value of accumulated plan benefits

\$ 4,483,215

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, 2019

Actuarial present value of accumulated plan benefits, beginning of year	\$ 4,391,832
Increase (decrease) during the year attributable to:	
Retirement benefits paid	(382,870)
Additional benefit accumulations	80,779
Expected interest due to passage of time	330,555
Net actuarial losses	<u>62,919</u>
Net increase	<u>91,383</u>
Actuarial present value of accumulated plan benefits, end of year	<u><u>\$ 4,483,215</u></u>

See accompanying notes to financial statements – FASB Basis.

**BOARD OF DIRECTORS OF CITY TRUSTS
CONTRIBUTORY RETIREMENT PLAN**

Notes to Financial Statements – FASB Basis

December 31, 2019

(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 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, 2019.

(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.

**BOARD OF DIRECTORS OF CITY TRUSTS
CONTRIBUTORY RETIREMENT PLAN**

Notes to Financial Statements – FASB Basis

December 31, 2019

(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 (NAV) 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.

**BOARD OF DIRECTORS OF CITY TRUSTS
CONTRIBUTORY RETIREMENT PLAN**

Notes to Financial Statements – FASB Basis

December 31, 2019

(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

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

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 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.

**BOARD OF DIRECTORS OF CITY TRUSTS
CONTRIBUTORY RETIREMENT PLAN**

Notes to Financial Statements – FASB Basis

December 31, 2019

At December 31, 2019, 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 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).

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 (Level 1 inputs). 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

NAV provided by limited partnership investees are based on the NAV 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 in note 4.

**BOARD OF DIRECTORS OF CITY TRUSTS
CONTRIBUTORY RETIREMENT PLAN**

Notes to Financial Statements – FASB Basis

December 31, 2019

(3) Actuarial Assumptions

The significant methods and assumptions underlying the actuarial valuation by the consulting actuary as of December 31, 2019 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-2019
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, 2019, less than 3% 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 NAV 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.

**BOARD OF DIRECTORS OF CITY TRUSTS
CONTRIBUTORY RETIREMENT PLAN**

Notes to Financial Statements – FASB Basis

December 31, 2019

At December 31, 2019, the Plan owned 59,846 units (approximately 1.2% of total units) in the CLIF. The total net assets of the CLIF, including investments, as of December 31, 2019 are as follows (in thousands):

Assets:	
Investments:	
Short-term investments	\$ 13,748
Equities	376,009
Fixed income	140,013
Global tactical asset allocation mutual funds	22,305
Private equity	<u>14,256</u>
Total investments	566,331
Cash and cash equivalents	1,636
Investment income receivable	1,746
Other receivables	546
Collateral received for securities on loan	<u>131,260</u>
Total assets	<u>701,519</u>
Liabilities:	
Accrued expenses	1,490
Due to participating trusts	1,692
Payable for securities on loan	<u>131,260</u>
Total liabilities	<u>134,442</u>
Net assets	<u>\$ 567,077</u>
Plan interest in CLIF net assets	\$ 6,934

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, 2019 (in thousands):

	Fair value measurements at December 31, 2019 using		
	Fair value	Level 1	Level 2
Short-term investments	\$ 13,748	13,748	—
Equity securities	376,009	376,009	—
Fixed income	140,013	52,610	87,403
Global tactical asset allocation mutual funds	<u>22,305</u>	<u>22,305</u>	<u>—</u>
Subtotal	<u>552,075</u>	<u>464,672</u>	<u>87,403</u>
Private equity funds reported at NAV per share as a practical expedient	<u>14,256</u>		
Total	<u>\$ 566,331</u>		

BOARD OF DIRECTORS OF CITY TRUSTS
CONTRIBUTORY RETIREMENT PLAN

Notes to Financial Statements – FASB Basis

December 31, 2019

Private equity funds, which are measured at NAV 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, 2019, the CLIF had loaned out certain securities, returnable on demand, with a market value of approximately \$128,287,000 to several financial institutions that have deposited collateral with respect to such securities of approximately \$131,260,000.

Net investment income of the CLIF for the year ended December 31, 2019 is as follows (in thousands):

Investment income:		
Interest and dividend income	\$	12,825
Other income		<u>377</u>
Total investment income		13,202
Expenses:		
Investment fees and other expenses		<u>4,416</u>
Net investment income	\$	<u><u>8,786</u></u>

**BOARD OF DIRECTORS OF CITY TRUSTS
CONTRIBUTORY RETIREMENT PLAN**

Notes to Financial Statements – FASB Basis

December 31, 2019

Net realized and unrealized gains on investments of the CLIF for the year ended December 31, 2019 are as follows (in thousands):

Net realized and unrealized activity on investments:	
Net realized gain from investment transactions	\$ 17,536
Net unrealized gain on investments	<u>76,680</u>
Net appreciation in fair value of investments	<u>\$ 94,216</u>

(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, 2019.

(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 15, 2020, which is the date the financial statements were available to be issued and noted no matters requiring disclosure.



**BOARD OF DIRECTORS OF CITY TRUSTS
GIRARD NON-CONTRIBUTORY RETIREMENT PLAN**

Financial Statements – FASB Basis

December 31, 2019

(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, 2019 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, 2019, 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 15, 2020

**BOARD OF DIRECTORS OF CITY TRUSTS
GIRARD NON-CONTRIBUTORY RETIREMENT PLAN**

Statement of Net Assets Available for Plan Benefits – FASB Basis

December 31, 2019

Assets:

Investment, 360,015 units of Collective Legal Investment Fund, at fair value	\$ 41,715,473
Investment income receivable	200,778
Cash and cash equivalents	<u>306,145</u>
Total assets	<u>42,222,396</u>

Liabilities:

Accrued expenses	<u>18,033</u>
Total liabilities	<u>18,033</u>
Net assets available for plan benefits	<u>\$ 42,204,363</u>

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, 2019

Additions to net assets:	
Investment income, net	\$ 646,879
Realized and unrealized investment gains	6,852,525
Employer contributions	<u>520,000</u>
Total additions	<u>8,019,404</u>
Deductions from net assets:	
Retirement benefits paid	1,703,893
Administrative expenses	<u>60,911</u>
Total deductions	<u>1,764,804</u>
Net increase in net assets available for plan benefits	6,254,600
Net assets available for plan benefits, beginning of year	<u>35,949,763</u>
Net assets available for plan benefits, end of year	<u>\$ <u>42,204,363</u></u>

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

Year ended December 31, 2019

Actuarial present value of accumulated plan benefits:

Vested benefits:

Participants currently receiving benefits

\$ 15,835,473

Other participants

9,104,345

Total vested benefits

24,939,818

Nonvested benefits

66,557

Total actuarial present value of accumulated plan benefits

\$ 25,006,375

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, 2019

Actuarial present value of accumulated plan benefits, beginning of year	\$ 24,621,537
Increase (decrease) during the year attributable to:	
Retirement benefits paid	(1,703,893)
Additional benefit accumulations	395,028
Expected interest due to passage of time	1,867,256
Net actuarial gains	<u>(173,553)</u>
Net increase	<u>384,838</u>
Actuarial present value of accumulated plan benefits, end of year	<u>\$ 25,006,375</u>

See accompanying notes to financial statements – FASB basis.

**BOARD OF DIRECTORS OF CITY TRUSTS
GIRARD NON-CONTRIBUTORY RETIREMENT PLAN**

Notes to Financial Statements – FASB Basis

December 31, 2019

(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, 2019.

(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.

**BOARD OF DIRECTORS OF CITY TRUSTS
GIRARD NON-CONTRIBUTORY RETIREMENT PLAN**

Notes to Financial Statements – FASB Basis

December 31, 2019

(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.

**BOARD OF DIRECTORS OF CITY TRUSTS
GIRARD NON-CONTRIBUTORY RETIREMENT PLAN**

Notes to Financial Statements – FASB Basis

December 31, 2019

(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.

**BOARD OF DIRECTORS OF CITY TRUSTS
GIRARD NON-CONTRIBUTORY RETIREMENT PLAN**

Notes to Financial Statements – FASB Basis

December 31, 2019

At December 31, 2019, 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 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).

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 (Level 1 inputs). 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 in note 4.

(3) Actuarial Assumptions

The significant methods and assumptions underlying the actuarial valuation by the consulting actuary as of December 31, 2019 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-2019
Turnover	Varying – none after age 50
Retirement age	The later of age 65 or after five years of service, or on the valuation

BOARD OF DIRECTORS OF CITY TRUSTS
GIRARD NON-CONTRIBUTORY RETIREMENT PLAN

Notes to Financial Statements – FASB Basis

December 31, 2019

(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, 2019, less than 3% 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, 2019, the Plan owned 360,015 units (approximately 7.4% of total units) in the CLIF. The total net assets of the CLIF, including investments, as of December 31, 2019 are as follows (in thousands):

Assets:	
Investments:	
Short-term investments	\$ 13,748
Equities	376,009
Fixed income	140,013
Global tactical asset allocation mutual funds	22,305
Private equity	<u>14,256</u>
Total investments	566,331
Cash and cash equivalents	1,636
Investment income receivable	1,746
Other receivables	546
Collateral received for securities on loan	<u>131,260</u>
Total assets	<u>701,519</u>

**BOARD OF DIRECTORS OF CITY TRUSTS
GIRARD NON-CONTRIBUTORY RETIREMENT PLAN**

Notes to Financial Statements – FASB Basis

December 31, 2019

Liabilities:	
Accrued expenses	\$ 1,490
Due to participating trusts	1,692
Payable for securities on loan	131,260
Total liabilities	134,442
Net assets	\$ 567,077
Plan interest in CLIF net assets	\$ 41,715

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, 2019 (in thousands):

Fair value measurements at December 31, 2019 using			
	Fair value	Level 1	Level 2
Short-term investments	\$ 13,748	13,748	—
Equity securities	376,009	376,009	—
Fixed income	140,013	52,610	87,403
Global tactical asset allocation mutual funds	22,305	22,305	—
Subtotal	552,075	464,672	87,403
Private equity funds reported at net asset value per share as a practical expedient	14,256		
Total	\$ 566,331		

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, 2019, the CLIF had loaned out certain securities, returnable on demand, with a market value of approximately

**BOARD OF DIRECTORS OF CITY TRUSTS
GIRARD NON-CONTRIBUTORY RETIREMENT PLAN**

Notes to Financial Statements – FASB Basis

December 31, 2019

\$128,287,000 to several financial institutions that have deposited collateral with respect to such securities of approximately \$131,260,000.

Net investment income of the CLIF for the year ended December 31, 2019 is as follows (in thousands):

Investment income:	
Interest and dividend income	\$ 12,825
Other income	377
	13,202
Expenses:	
Investment fees and other expenses	4,416
	\$ 8,786

Net realized and unrealized gains on investments of the CLIF for the year ended December 31, 2019 are as follows (in thousands):

Net realized and unrealized activity on investments:	
Net realized gain from investment transactions	\$ 17,536
Net unrealized gain on investments	76,680
	\$ 94,216

(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, 2019.

(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.

**BOARD OF DIRECTORS OF CITY TRUSTS
GIRARD NON-CONTRIBUTORY RETIREMENT PLAN**

Notes to Financial Statements – FASB Basis

December 31, 2019

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 15, 2020, which is the date the financial statements were available to be issued and noted no matters requiring disclosure.



**BOARD OF DIRECTORS OF CITY TRUSTS
WILLS EYE HEALTH SYSTEM
NON-CONTRIBUTORY RETIREMENT PLAN**

Financial Statements – FASB Basis

December 31, 2019

(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, 2019 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, 2019, 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 15, 2020

**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, 2019

Assets	
Investment, 316,027 units of Collective Legal Investment Fund, at fair value	\$ 36,618,520
Investment income receivable	175,320
Cash and cash equivalents	<u>463,501</u>
Total assets	<u>37,257,341</u>
Liabilities	
Accrued expenses	<u>18,034</u>
Total liabilities	<u>18,034</u>
Net assets available for plan benefits	<u>\$ 37,239,307</u>

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, 2019

Additions to net assets:	
Investment income, net	\$ 569,565
Realized and unrealized investment gains	6,043,527
Employer contributions	<u>1,501,400</u>
Total additions	<u>8,114,492</u>
Deductions from net assets:	
Retirement benefits paid	2,660,510
Survivors' benefits paid	12,921
Administrative expenses	<u>71,305</u>
Total deductions	<u>2,744,736</u>
Net increase in net assets available for plan benefits	5,369,756
Net assets available for plan benefits, beginning of year	<u>31,869,551</u>
Net assets available for plan benefits, end of year	<u><u>\$ 37,239,307</u></u>

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, 2019

Actuarial present value of accumulated plan benefits:

Vested benefits:

Participants currently receiving benefits

\$ 23,097,472

Other participants

13,423,976

Total vested benefits

36,521,448

Total actuarial present value of accumulated plan benefits

\$ 36,521,448

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, 2019

Actuarial present value of accumulated plan benefits, beginning of year	\$ 36,171,880
Increase (decrease) during the year attributable to:	
Retirement benefits paid	(2,673,431)
Additional benefit accumulations	224,370
Expected interest due to passage of time	2,708,481
Net actuarial losses	<u>90,148</u>
Net increase	<u>349,568</u>
Actuarial present value of accumulated plan benefits, end of year	<u>\$ 36,521,448</u>

See accompanying notes to financial statements – FASB Basis.

**BOARD OF DIRECTORS OF CITY TRUSTS
WILLS EYE HEALTH SYSTEM
NON-CONTRIBUTORY RETIREMENT PLAN**

Notes to Financial Statements – FASB Basis

December 31, 2019

(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 net assets available for plan benefits exceeded the total actuarial present value of accumulated plan benefits as of December 31, 2019.

(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.

**BOARD OF DIRECTORS OF CITY TRUSTS
WILLS EYE HEALTH SYSTEM
NON-CONTRIBUTORY RETIREMENT PLAN**

Notes to Financial Statements – FASB Basis

December 31, 2019

(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.

**BOARD OF DIRECTORS OF CITY TRUSTS
WILLS EYE HEALTH SYSTEM
NON-CONTRIBUTORY RETIREMENT PLAN**

Notes to Financial Statements – FASB Basis

December 31, 2019

(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.

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December 31, 2019

At December 31, 2019, 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 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).

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 (Level 1 inputs). 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 in note 4.

**BOARD OF DIRECTORS OF CITY TRUSTS
WILLS EYE HEALTH SYSTEM
NON-CONTRIBUTORY RETIREMENT PLAN**

Notes to Financial Statements – FASB Basis

December 31, 2019

(3) Actuarial Assumptions

The significant methods and assumptions underlying the actuarial valuation by the consulting actuary as of December 31, 2019 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-2019
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, 2019, less than 3% 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.

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NON-CONTRIBUTORY RETIREMENT PLAN**

Notes to Financial Statements – FASB Basis

December 31, 2019

At December 31, 2019, the Plan owned 316,027 units (approximately 6.5% of total units) in the CLIF. The total assets of the CLIF, including investments, as of December 31, 2019 are as follows (in thousands):

Assets:	
Investments:	
Short-term investments	\$ 13,748
Equities	376,009
Fixed income	140,013
Global tactical asset allocation mutual funds	22,305
Private equity	<u>14,256</u>
Total investments	566,331
Cash and cash equivalents	1,636
Investment income receivable	1,746
Other receivables	546
Collateral received for securities on loan	<u>131,260</u>
Total assets	<u>701,519</u>
Liabilities:	
Accrued expenses	1,490
Due to participating trusts	1,692
Payable for securities on loan	<u>131,260</u>
Total liabilities	<u>134,442</u>
Net assets	<u>\$ 567,077</u>
Plan interest in CLIF net assets	\$ 36,619

**BOARD OF DIRECTORS OF CITY TRUSTS
WILLS EYE HEALTH SYSTEM
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Notes to Financial Statements – FASB Basis

December 31, 2019

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, 2019 (in thousands):

Fair value measurements at December 31, 2019 using			
	Fair value	Level 1	Level 2
Short-term investments	\$ 13,748	13,748	—
Equity securities	376,009	376,009	—
Fixed income	140,013	52,610	87,403
Global tactical asset allocation mutual funds	22,305	22,305	—
Subtotal	552,075	464,672	87,403
Private equity funds reported at net asset value per share as a practical expedient	14,256		
Total	\$ 566,331		

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, 2019, the CLIF had loaned out certain securities, returnable on demand, with a market value of approximately \$128,287,000 to several financial institutions that have deposited collateral with respect to such securities of approximately \$131,260,000.

**BOARD OF DIRECTORS OF CITY TRUSTS
WILLS EYE HEALTH SYSTEM
NON-CONTRIBUTORY RETIREMENT PLAN**

Notes to Financial Statements – FASB Basis

December 31, 2019

Net investment income of the CLIF for the year ended December 31, 2019 is as follows (in thousands):

Investment income:	
Interest and dividend income	\$ 12,825
Other income	377
	13,202
Expenses:	
Investment fees and other expenses	4,416
	8,786
	\$ 8,786

Net realized and unrealized gains on investments of the CLIF for the year ended December 31, 2019 are as follows (in thousands):

Net realized and unrealized activity on investments:	
Net realized gain from investment transactions	\$ 17,536
Net unrealized gain on investments	76,680
	94,216
	\$ 94,216

(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, 2019.

(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.

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WILLS EYE HEALTH SYSTEM
NON-CONTRIBUTORY RETIREMENT PLAN**

Notes to Financial Statements – FASB Basis

December 31, 2019

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 15, 2020, which is the date the financial statements were available to be issued and noted no matters requiring disclosure.