

**BOARD OF DIRECTORS OF CITY TRUSTS
ACTING FOR THE CITY OF PHILADELPHIA
2023 ANNUAL REPORT**

**BOARD OF DIRECTORS OF CITY TRUSTS
ACTING FOR THE CLITY OF PHILADELPHIA
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THE ESTATE OF STEPHEN GIRARD, DECEASED

Basic Financial Statements

June 30, 2023 and 2022

(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 Members of the Board
The Estate of Stephen Girard, Deceased:

Opinion

We have audited the financial statements of the Estate of Stephen Girard, Deceased (the Estate) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Estate's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Estate as of June 30, 2023 and 2022, and the changes in fiduciary net position for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Estate and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Estate's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Estate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Estate's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the required supplementary information in schedules 1 through 4 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

KPMG LLP

Philadelphia, Pennsylvania
March 27, 2024

THE ESTATE OF STEPHEN GIRARD, DECEASED

Management's Discussion and Analysis (Unaudited)

June 30, 2023 and 2022

The following discussion and analysis of the Estate of Stephen Girard, Deceased (the Estate) provides an overview of the financial activities of the Estate for the years ended June 30, 2023 and 2022, with comparative information presented as of and for the year ended June 30, 2021.

The information contained within this Management's Discussion and Analysis is only a component of the entire financial statement report. Readers should take time to read and evaluate all sections of the report, including the notes to the basic financial statements that are provided in addition to this Management's Discussion and Analysis. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

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, which is overseen by the Board of Directors of City Trusts (the Board). 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.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction into the Estate's basic financial statements. The Estate is considered a fiduciary fund in accordance with governmental accounting standards. Fiduciary funds are used to account for resources held for the benefit of parties outside a government. The Estate's basic financial statements comprise the statements of fiduciary net position, statements of changes in fiduciary net position, and notes to the financial statements.

Statements of Fiduciary Net Position

These statements are used to account for resources held in a trustee or agency capacity for others and are not available for the support of any government programs. These statements present the total assets held, less any liabilities to report the net position held in trust for the Estate. Investments and the interest rate swap are shown at fair value and all other assets and liabilities are determined on an accrual basis.

Statements of Changes in Fiduciary Net Position

These statements present the results of activities during the year. Activities include additions of contributions to Girard College, lease income and other real estate activity, investment income, net appreciation of investments, and deductions, including expenses for Girard College, real estate activity expenses, and administrative expenses to determine the change in net position for each year.

Notes to the Financial Statements

The notes to the financial statements are an integral part of the financial statements providing additional detail that is essential to a full understanding of the financial statements.

THE ESTATE OF STEPHEN GIRARD, DECEASED

Management's Discussion and Analysis (Unaudited)

June 30, 2023 and 2022

Financial Highlights

The Estate's net position increased approximately \$23 million (5%) in 2023 compared to a decrease of approximately \$18 million (4%) in fiscal year 2022. The change year over year is primarily due to changes in investment performance as a result of market conditions. Net investment income (loss) for the year ended June 30, 2023 was approximately \$47 million compared to approximately (\$360) thousand for the prior fiscal year.

In fiscal year 2022 the Estate's net position decreased approximately \$18 million (4%) compared to an increase of approximately \$93.1 million in fiscal year 2021. The change year over year is primarily due to changes in investment performance as a result of market conditions. Net investment income (loss) for the year ended June 30, 2022 was approximately (\$360) thousand compared to approximately \$111 million for the prior fiscal year.

Condensed Financial Information

The following schedule is a summary of the June 30, 2023 and 2022 statements of fiduciary net position with comparative information as of June 30, 2021.

Fiduciary Net Position

	2023	2022	2021
Assets:			
Cash and cash equivalents	\$ 2,803	2,772	2,874
Other assets	7,440	6,847	6,359
Investments	501,260	492,767	526,904
Lease receivable	97,421	105,037	111,574
Net pension asset	20,198	29,606	22,147
Capital assets, net	129,504	129,204	132,480
Total assets	758,626	766,233	802,338
Deferred outflows of resources	6,696	1,017	1,024
Total assets and deferred outflows of resources	765,322	767,250	803,362
Liabilities:			
Accounts payable and accrued expenses	3,944	4,997	4,510
Line of credit	11,497	11,497	11,537
Interest rate swap	10,329	14,784	24,082
Other liabilities	2,690	2,370	2,161
Long-term debt	110,769	113,213	114,200
Total liabilities	139,229	146,861	156,490
Deferred inflows of resources	162,843	179,824	188,293
Net position restricted	\$ 463,250	440,565	458,579

The Estate's investments are primarily invested in the Collective Legal Investment Fund (CLIF) and various real estate investments.

THE ESTATE OF STEPHEN GIRARD, DECEASED

Management's Discussion and Analysis (Unaudited)

June 30, 2023 and 2022

The CLIF is a pooled investment fund created for the collective investments managed by the Board. The CLIF is a balanced portfolio primarily comprising equity securities, fixed income funds, short-term investments, and alternative investments held in private equity investments. The real estate investments represent limited partnership interests in real estate assets. The Estate has no authority to operate or govern the assets of these investments, it is not the guarantor of any debt obligations, and does not have an ongoing financial responsibility. The Estate is entitled to preferred cumulative dividends and/or operational cash flow from net operating income.

The Estate's investments are reported at fair value and for the year ended June 30, 2023 increased by approximately \$8 million primarily due to favorable market conditions during the year. During the year ended June 30, 2023 the Estate earned approximately \$17.4 million in investment income and approximately \$24.1 million in net appreciation in fair value of investments. During 2023, the sale of certain real estate investment holdings offset the impact of net investment income.

In fiscal year 2022 the Estate's investments decreased by approximately \$34 million primarily due to the sale of several real estate ventures during the year. During the year ended June 30, 2022 the Estate earned approximately \$15 million in investment income which was offset by approximately \$25 million in net depreciation in fair value of investments.

For the years ended June 30, 2023 and 2022 lease receivable decreased by approximately \$7.6 million and \$6.5 million, respectively, as a result of receiving one year of lease payments.

The net pension asset is measured as of December 31, 2022 and December 31, 2021 and rolled forward to June 30, 2023 and 2022 respectively. The various stock market indices performance had a direct impact on the Plans' investments, which decreased by approximately \$9.4 million and increased by \$7.5 million, respectively.

The fair value of the interest rate swap liability decreased by approximately \$4.4 million and \$9.3 million, respectively, due to the changes in interest rates and market conditions.

In fiscal year 2023 deferred outflows increased by approximately \$5.7 million primarily due to the change in the difference between projected and actual earnings on pension plan investments. In fiscal year 2022 deferred outflows remained flat compared to fiscal year 2021.

In fiscal year 2023 deferred inflows of resources decreased by approximately \$16.9 million due to recognition of \$10.7 million of lease income and a decrease of \$6.3 million for the change in the difference between projected and actual earnings on pension plan investments.

In fiscal year 2022 deferred inflows of resources decreased by approximately \$10.8 million due to recognition of \$11.3 million of lease income offset by an increase of \$500 thousand for the change in the difference between projected and actual earnings on pension plan investments.

The following schedule is a summary of the statements of changes in fiduciary net position for the years ended June 30, 2023 and 2022 with comparative information for the year ended June 30, 2021.

THE ESTATE OF STEPHEN GIRARD, DECEASED

Management's Discussion and Analysis (Unaudited)

June 30, 2023 and 2022

Changes in Fiduciary Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Additions:			
Contributions to Girard College	\$ 1,074	1,797	1,256
Lease income	23,806	23,169	22,378
Net investment income (loss)	46,782	(360)	111,040
Other	3,679	2,657	2,434
Total additions	<u>75,341</u>	<u>27,263</u>	<u>137,108</u>
Deductions:			
Girard College	25,867	19,717	18,867
Real estate	18,897	18,439	17,835
Administrative and other	1,489	1,086	989
Interest	6,403	6,035	6,297
Total deductions	<u>52,656</u>	<u>45,277</u>	<u>43,988</u>
Change in net position	<u>\$ 22,685</u>	<u>(18,014)</u>	<u>93,120</u>

The Estate leases its properties to various tenants with various expiration dates through fiscal year 2036 and with monthly lease income ranging from \$125 per month to \$330 thousand per month. None of the leases allow a lessee to terminate the lease or abate payments. Lease income has remained relatively flat year over year.

For the years ended June 30, 2023 and 2022 net investment income (loss) totaled approximately \$46.8 million compared to net investment loss of approximately (\$360) thousand, respectively. The change of approximately \$47 million was primarily due to positive investment performance and market conditions for the Estate's investments for the year ended June 30, 2023.

For the years ended June 30, 2022 and 2021 net investment income (loss) totaled approximately (\$360) thousand and \$111 million, respectively. The change of approximately \$111 million was primarily due to a reversal of unrealized gains on the Estate's investments for the year ended June 30, 2021 offset by an increase in the change in fair value of the interest rate swap due to changes in interest rates and gains from the change in fair value of the real estate investments.

For the year ended June 30, 2023 the expenses for Girard College increased approximately 31% or \$6.2 million, due to increases in salaries and personnel related costs.

For the year ended June 30, 2022 the expenses for Girard College increased 4%, or \$850 thousand, due to increases in contract services.

THE ESTATE OF STEPHEN GIRARD, DECEASED

Management's Discussion and Analysis (Unaudited)

June 30, 2023 and 2022

For the year ended June 30, 2023 real estate expenses increased approximately \$460 thousand primarily due to an increase in depreciation expense of approximately \$176 thousand and an increase in contract service expenses of approximately \$220 thousand.

For fiscal year 2022 real estate expenses increased approximately \$600 thousand due to an increase in depreciation expense of approximately \$337 thousand, an increase in contract expenses of approximately \$495 thousand, and an increase in insurance expense of approximately \$383 thousand, offset by reductions in real estate taxes and changes in allocation of expenses.

For the year ended June 30, 2023 interest expense increased by approximately \$370 thousand due to increases in interest rates related to the Estate's line of credit.

In fiscal year 2022 interest expense decreased by \$262 thousand compared to fiscal year 2021 due to the reduction in principal year over year.

Debt

The Estate had no new debt obligations during the years ended June 30, 2023 and 2022.

Contacting the Estate

This financial report is designed to provide families, supporters, investors, and creditors with a general overview of the Estate's finances and to demonstrate the Estate's accountability. Additional information is also available on the Estate's website at www.citytrusts.com. If you have any questions about this report or would like additional information, please contact:

Finance Department
Estate of Stephen Girard, Deceased
c/o Board of City Trusts
1101 Market Street
Suite 2600
Philadelphia, PA 19107
215-568-0440

THE ESTATE OF STEPHEN GIRARD, DECEASED

Statements of Fiduciary Net Position

June 30, 2023 and 2022

(In thousands)

	2023	2022
Assets:		
Cash and cash equivalents	\$ 2,803	2,772
Other receivables, net	3,205	2,796
Prepaid and other assets	4,235	4,051
Investments	501,260	492,767
Lease receivable	97,421	105,037
Net pension asset	20,198	29,606
Nondepreciable capital assets	35,466	29,138
Depreciable capital assets, net	94,038	100,066
Total assets	758,626	766,233
Deferred outflows of resources:		
Pension activities	6,696	1,017
Total assets and deferred outflows	765,322	767,250
Liabilities:		
Current portion of long-term debt	2,559	2,446
Accounts payable	1,338	2,264
Accrued expenses	2,606	2,733
Line of credit	11,497	11,497
Interest rate swap liability	10,329	14,784
Other liabilities	2,690	2,370
Long-term debt, net of current portion	108,210	110,767
Total liabilities	139,229	146,861
Deferred inflows of resources:		
Pension activities	167	6,412
Lease income	162,676	173,412
Total liabilities and deferred inflows	302,072	326,685
Net position restricted for Girard College	\$ 463,250	440,565

See accompanying notes to basic financial statements.

THE ESTATE OF STEPHEN GIRARD, DECEASED

Statements of Changes in Fiduciary Net Position

Years ended June 30, 2023 and 2022

(In thousands)

	2023	2022
Additions:		
Contributions to Girard College	\$ 1,074	1,797
Reimbursements under government grants	1,171	687
Lease income	23,806	23,169
Other	2,508	1,970
Net investment income (loss):		
Investment income	17,427	14,758
Interest on lease income	2,134	2,227
Change in fair value of interest rate swap	4,455	9,299
Net appreciation (depreciation) in fair value of investments	24,121	(24,996)
Total investment income	48,137	1,288
Investment expenses	(1,355)	(1,648)
Net investment income (loss)	46,782	(360)
Total additions	75,341	27,263
Deductions:		
Girard College expenses	25,867	19,717
Real estate and other expenses	18,897	18,439
Administrative expenses	1,489	1,086
Interest expense	6,403	6,035
Total deductions	52,656	45,277
Net increase (decrease) in net position	22,685	(18,014)
Net position restricted:		
Beginning of year	440,565	458,579
End of year	\$ 463,250	440,565

See accompanying notes to basic financial statements.

THE ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Basic Financial Statements

June 30, 2023 and 2022

(1) Summary of Significant Accounting Policies

(a) Description of the Entity

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, which is overseen by the Board of Directors of City Trusts (the Board). The Estate of Stephen Girard, deceased (Estate or Girard 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 to support 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

The accompanying financial statements were prepared in accordance with U.S. generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB), which utilizes the accrual basis of accounting where the measurement focus is on the flow of economic resources. The Estate is classified as a Private-Purpose Trust Fund under the fiduciary fund designation of GASB.

(c) Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

(d) Deposits

Cash and cash equivalents are defined as deposits with financial institutions, money market accounts and money market mutual funds and highly liquid investments, which are readily convertible into cash and have a maturity date when purchased of three months or less.

The Estate's deposits are insured by the Federal Deposit Insurance Corporation (FDIC) (subject to the FDIC limit of \$250,000). However, the Estate's cash balances can exceed FDIC insured limits. As of June 30, 2023 and 2022, cash in the bank amounted to approximately \$4.6 million and \$2.9 million, of which, approximately \$4.3 million and \$2.6 million, respectively, was uninsured.

(e) Receivables

Receivables include investment income and other receivables, 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.

THE ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Basic Financial Statements

June 30, 2023 and 2022

(f) Valuation of Investments

(i) Collective Legal Investment Fund (CLIF)

The Estate's investments are primarily invested in the CLIF, which is a pooled investment fund created for the collective investments managed by the Board. The Estate has no restrictions on withdrawals from the CLIF. The CLIF is a balanced portfolio primarily comprising equity securities, fixed income funds, short-term investments, and alternative investments held in private equity investments. The Estate's investment in the CLIF is measured using net asset value (NAV) per share as a practical expedient to fair value. The CLIF issues separately available audited financial statements, which are available at www.citytrusts.com.

(ii) Real Estate Investments

The Estate is a limited partner in several investments that own diversified real estate assets. The Estate has no authority to operate or govern the assets of these limited partnerships, it is not the guarantor of any debt obligations, and does not have an ongoing financial responsibility. The Estate is entitled to preferred cumulative dividends and/or operational cash flow from net operating income. Real estate investments are reported at fair value and considered Level 3 investments in the fair value hierarchy table.

(iii) Money Market Funds

The Estate also invests in money market funds, which are valued at \$1 per share and are considered Level I investments in the fair value hierarchy table.

(g) Interest Rate Swap

The Estate records its interest rate swap at fair value and is considered a Level 3 investment in the hierarchy table. The interest swap is ineffective and, accordingly, is classified as an investment derivative. The change in fair value is recognized as a component of investment income (loss) in the statements of changes in fiduciary net position.

(h) Capital Assets

Capital assets comprise land, equipment, real estate improved and acquired, Girard College real property and facilities, and construction in progress. The Estate capitalizes assets that exceed \$5,000 and have a useful life greater than one year.

Expenditures for capital assets 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.

(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.

THE ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Basic Financial Statements

June 30, 2023 and 2022

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 and money market funds 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 or published 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, as well as interest-rate swaps. 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's investments held in the CLIF, are valued at NAV.

(j) Contributions and Grant Reimbursements

Contributions are typically made for the general purpose of Girard College, while reimbursements are typically related to federal programs. Contributions and grant reimbursements are recognized when all applicable eligibility requirements are met. Funds received before the eligibility requirements are met are reported as unearned revenue.

(k) Leases

The Estate is a lessor for various noncancellable leases of its buildings. A lease receivable and deferred inflows of resources are initially recognized at the commencement of the lease and discounted back to present value using the Estate's incremental borrowing rate. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflows of resources is subsequently amortized on a straight line basis and recognized as lease income over the lease term.

(i) Variable Lease Payments

Variable lease payments that are based on a Consumer Price Index and tenant's pay a pro-rata amount of common area maintenance costs are excluded from the measurement of the lease receivable. These amounts are recognized in the period in which the amounts are earned.

(ii) Short-Term Leases

For lease arrangements with a term less than 12 months at commencement, the Estate recognizes lease income based on the provisions of the lease.

THE ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Basic Financial Statements

June 30, 2023 and 2022

(iii) Advanced Lease Payments

Lease payments received in advance of the commencement of the lease are reported as deferred inflows of resources and recognized as lease income on a straight-line basis over the term of the lease.

(iv) Key Estimates and Judgments

Key estimates and judgments include how the Estate determines the discount rate it uses to calculate the present value of the expected lease receivable, term, and payments.

- The Estate uses its estimated incremental borrowing rate as the discount rate, which is based on the rate of interest it would need to pay if it obtained debt to borrow an amount equal to the lease payments under similar terms at the commencement or remeasurement date.
- The lease term includes the noncancellable period of the lease plus any options that extend the term of the lease by either the Estate or tenant for which the option is reasonably certain to be exercised. Periods in which both the Estate and the tenant have a unilateral option to terminate are excluded from the lease.
- Payments are evaluated by the Estate to determine if they should be included in the measurement of the lease including those payments that require a determination of whether they are reasonably certain of being made.

(v) Remeasurement of Lease

The Estate monitors changes in circumstances that may require remeasurement of a lease. When certain changes occur that are expected to significantly affect the amount of the lease receivable, the receivable is remeasured and a corresponding adjustment is made to the deferred inflows of resources.

(l) Deferred Outflows/Inflows of Resources

Deferred outflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources are defined as an acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets, and deferred inflows of resources decrease net position, similar to liabilities.

(m) Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (benefit) have been determined on the same basis as they are reported by the Board of Directors of City Trusts Contributory and Non-Contributory Retirement plans (the Plans). See note 8 for further information.

THE ESTATE OF STEPHEN GIRARD, DECEASED

Notes to Basic Financial Statements

June 30, 2023 and 2022

(2) Investments

Investments consists of the following as of June 30, 2023 and 2022 (in thousands):

	<u>2023</u>	<u>2022</u>
Investment in CLIF *	\$ 372,917	397,442
Real estate investments	128,125	95,107
Money market funds	<u>218</u>	<u>218</u>
Total investments	<u>\$ 501,260</u>	<u>492,767</u>

* Amounts include \$10,328,000 and \$26,281,000 at June 30, 2023 and 2022, respectively, that are segregated within the CLIF to comply with provisions under the Collateral Pledge and Security Agreement for the 2014 swap master agreement in which 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. In addition, the counterparty has a priority secured position, in the event of default, against the Estate's marketable securities.

Net investment income (loss) consists of the following for the years ended June 30, 2023 and 2022 (in thousands):

	<u>2023</u>	<u>2022</u>
Investment income	\$ 17,427	14,758
Investment expenses	<u>(1,355)</u>	<u>(1,648)</u>
	16,072	13,110
Change in fair value of interest rate swap	4,455	9,299
Net appreciation (depreciation) in fair value of investments	<u>24,121</u>	<u>(24,996)</u>
	44,648	(2,587)
Interest on lease income	<u>2,134</u>	<u>2,227</u>
Net investment income (loss)	<u>\$ 46,782</u>	<u>(360)</u>

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(3) Capital Assets, Net

Capital assets and related accumulated depreciation activity for the years ended June 30, 2023 and 2022 is as follows (in thousands):

	2023		
	Beginning	Increases	Decreases
	Ending		
Nondepreciable capital assets:			
Land	\$ 26,563	—	(61)
Construction in progress	2,575	7,841	(1,452)
	29,138	7,841	(1,513)
Depreciable capital assets:			
Buildings and improvements	196,654	2,368	—
Tenant alterations	26,521	1,202	—
Equipment	4,330	161	—
	227,505	3,731	—
Accumulated depreciation:			
Buildings and improvements	118,237	7,384	—
Tenant alterations	6,270	2,034	—
Equipment	2,932	341	—
	127,439	9,759	—
Depreciable capital assets, net	100,066	(6,028)	—
Total capital assets, net	\$ 129,204	1,813	(1,513)

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	2022			
	Beginning	Increases	Decreases	Ending
Nondepreciable capital assets:				
Land	\$ 26,563	—	—	26,563
Construction in progress	1,010	1,565	—	2,575
	27,573	1,565	—	29,138
Depreciable capital assets:				
Buildings and improvements	194,036	2,618	—	196,654
Tenant alterations	24,921	1,600	—	26,521
Equipment	3,923	407	—	4,330
	222,880	4,625	—	227,505
Accumulated depreciation:				
Buildings and improvements	110,983	7,254	—	118,237
Tenant alterations	4,418	1,852	—	6,270
Equipment	2,572	360	—	2,932
	117,973	9,466	—	127,439
Depreciable capital assets, net	104,907	(4,841)	—	100,066
Total capital assets, net	\$ 132,480	(3,276)	—	129,204

Depreciation expense for the years ended June 30, 2023 and 2022 was approximately \$9,759,000 and \$9,466,000, respectively.

(4) 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 \$25,000,000. Amounts outstanding under this line bear interest at the daily Bloomberg Short-Term Bank Yield Index (BSBY) plus 0.50% and 0.40% (5.69% and 1.89% at June 30, 2023 and 2022, respectively). The agreement also allows the Estate to draw unsecured advances at its option under the line, which bear interest at the daily BSBY rate plus 0.50%. During 2023, the Estate chose to make unsecured advances on the line. In April 2022, the line was renewed by the bank for three years to April 2025 with a mutual option to renew by both parties.

At June 30, 2023 and 2022, the Estate had outstanding borrowings of \$11,497,000 and \$11,497,000, respectively, under this line of which all were unsecured.

(5) Long-Term Debt

(a) Mortgage Payable

In December 2018, an insurance company 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. Interest-only payments began in February 2019 for a

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period of 36 months with principal and interest payments due monthly for the remaining 13 years up to and including January 2035.

(b) Series 2014 Tax-Exempt 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 2014 Tax-Exempt Revenue Refunding Bonds (2014 Bonds) with a bank being the sole holder. All revenues of the Estate secure the 2014 Bonds.

There are no principal payments due until 2031 (\$23.2 million) and 2032 (\$36 million). As of June 30, 2023 and 2022, the interest rate on the bonds was 4.49% and 1.66%, respectively. In January 2023, the interest rate was amended to change from London Interbank Offered Rate (LIBOR) to Secured Financing Overnight Rate (SOFR).

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.

A summary of long-term debt activity for the years ended June 30, 2023 and 2022 is as follows (in thousands):

	June 30, 2022	Additions	Reductions	June 30, 2023	Amounts due within 1 year
Mortgage payable	\$ 54,013	—	(2,444)	51,569	2,559
2014 Bonds	59,200	—	—	59,200	—
Total	<u>\$ 113,213</u>	<u>—</u>	<u>(2,444)</u>	<u>110,769</u>	<u>2,559</u>

	June 30, 2021	Additions	Reductions	June 30, 2022	Amounts due within 1 year
Mortgage payable	\$ 55,000	—	(987)	54,013	2,446
2014 Bonds	59,200	—	—	59,200	—
Total	<u>\$ 114,200</u>	<u>—</u>	<u>(987)</u>	<u>113,213</u>	<u>2,446</u>

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Future principal and interest maturities of the long-term debt outstanding are as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2024	\$ 2,559	5,724	8,283
2025	2,676	5,606	8,282
2026	2,800	5,483	8,283
2027	2,928	5,354	8,282
2028	3,063	5,219	8,282
2029–2033	76,767	19,317	96,084
2034–2035	19,976	1,211	21,187
	<u>\$ 110,769</u>	<u>47,914</u>	<u>158,683</u>

(c) Debt Covenants

The bond and mortgage agreements require the Estate to maintain a ratio of market value cash and investments to funded debt equal to or greater than 1.50, and the Estate was in compliance. The bond and mortgage agreements also require the Estate to deliver its audited financial statements within 120 days of year-end. The Estate obtained a waiver for not providing its June 30, 2023 and 2022 audited financial statements within 120 days of year-end.

(6) Interest Rate Swap

In connection with the issuance of the 2014 Bonds, in order to address its interest rate risk, the Estate entered into an interest rate swap contract by converting the variable interest rate for the 2014 Bonds to a synthetic fixed rate plus the applicable credit spread. The terms of the swap contract have a notional amount of \$59,200,000, the Estate pays an interest rate of 4.9035% plus 69% of the 30-day LIBOR and receives 69% of the 30-day LIBOR. The swap contract matures on June 1, 2032. In December 2022, the interest rate on the swap contract was amended to change from LIBOR to SOFR.

The fair value of the interest rate swap amounted to a liability of \$10,329,000 and \$14,784,000 at June 30, 2023 and 2022, respectively, and is classified as level 3 in the fair value hierarchy. Changes in the fair value are reported as increase or decrease in the statements of changes of fiduciary net position. For the years ended June 30, 2023 and 2022, the change in the fair value of the interest rate swap was a gain of \$4,455,000 and \$9,299,000, respectively.

(a) Counterparty Risk

Interest rate swaps are also subject to counterparty risk, which is the risk of loss of an amount expected to be delivered under an agreement in the event of the default or bankruptcy of the counterparty. Counterparty risk with swaps is limited by execution under the standardized International Swap and Derivatives Association Agreements. These contracts allow for the mutual exchange of collateral should an overall unsecured market value exceed a certain threshold.

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(b) Credit Risk

As of June 30, 2023 and 2022, the Estate was not exposed to credit risk on its interest rate swap contract since the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the Estate would be exposed to credit risk in the amount of the swap's fair value.

(c) Interest rate risk

The Estate will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

(7) Leases

The Estate leases its properties to various tenants with various expiration dates through fiscal year 2036 and with monthly lease income ranging from \$125 per month to \$330,000 per month. None of the leases allow a lessee to terminate the lease or abate payments.

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. The \$90,000,000 was paid prior to lease commencement and reported as deferred inflows of resources in the statements of fiduciary net position. The unamortized balance at June 30, 2023 and 2022 were \$70,737,000 and \$71,937,000, respectively. The lessee has been granted the right to perform property improvements up to and including the demolishing of current structures and the development of new properties. Title to new properties and improvements passes to the Estate at the end of the lease term. The leases do not contain bargain purchase options.

For the years ended June 30, 2023 and 2022, the components of lease income recognized on the statements of changes in fiduciary net position is as follows (in thousands):

	2023	2022
Amortization of deferred inflows of resources	\$ 10,079	8,245
Short-term lease income	5,131	5,428
Variable lease income	8,596	9,496
	23,806	23,169
Interest on leases	2,134	2,227
Total lease income	\$ 25,940	25,396

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As of June 30, 2023 and 2022, the lease receivable and deferred inflows of resources related to the aforementioned leases amounted to approximately \$97.4 million and \$162.7 million and \$105.0 million and \$173.4 million, respectively.

A summary of principal and interest from the future payments that are included in the measurement of the lease receivable for the next five years and in subsequent five-year increments thereafter is as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2024	\$ 10,346	1,979	12,325
2025	9,855	1,790	11,645
2026	8,515	1,608	10,123
2027	8,111	1,426	9,537
2028	8,403	1,239	9,642
2029–2033	39,365	3,415	42,780
2034–2037	12,826	319	13,145
	<u>\$ 97,421</u>	<u>11,776</u>	<u>109,197</u>

(8) Defined Benefit Pension Plans

(a) Description of the Plans

The Estate contributes to the following single-employer defined benefit pension plans:

1. Board of Directors of City Trusts Contributory Retirement Plan (Contributory Plan) – covers certain union employees, hired prior to December 20, 2019, 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 Estate's noncontributory plans.
2. Board of Directors of City Trusts Non-Contributory Retirement Plan (Non-Contributory Plan) – covers certain employees of the Board of Directors of City Trusts and Girard Estate and Girard College non-union employees, hired prior to September 1, 2010, and certain union employees, hired prior to September 16, 2019, who have completed one year of service regardless of age and certain union employees under union contracts that provide for participation.

Both the Contributory and Non-Contributory Plans (the Plans) report on a calendar year-end (December 31) and issue separately available audited financial statements. Additional information for each plan is available at www.citytrusts.com.

Participants in the Plans 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.

For the year ended June 30, 2023, the Estate's net pension asset for each plan was measured as of December 31, 2022 (the measurement date), and the total pension liability used to calculate the net

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pension asset for each plan were determined by actuarial valuations as of January 1, 2022 rolled forward to June 30, 2023. For the year ended June 30, 2022, the Estate's net pension asset for each plan was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset for each plan were determined by actuarial valuations as of January 1, 2021 rolled forward to June 30, 2022.

(b) Benefits

The following is a summary of the benefits specific to each plan:

Contributory Plan

Benefits are based on cumulative employee contributions required by each 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.

(1) Normal Retirement Benefit:

- (i) Service Benefit: Approximately 1.1% of the first \$3,600 plus 2.75% of the excess over \$3,600 of the annual rate of earnings on each January 1 according to salary class.
- (ii) Minimum Benefit: \$2,400 annually.

(2) Early Retirement Benefit: Retirement benefit accrued to early retirement date, as in (1) above, and reduced 4% for each year that retirement precedes age 65.

(3) Postponed (Late) Retirement Benefit: For active members, the retirement benefit accrued to Postponed Retirement Date. For inactive members, the retirement benefit as in (1) above, accrued to Normal Retirement Date is increased 1/3 of 1% for each month that benefit commencement exceeds Normal Retirement Date.

(4) Deferred Vested Benefit: Retirement benefit accrued to date of termination as in (1) above. Benefits commence at normal retirement date or, if member has 15 or more years of service, as early as age 50 with benefits reduced as described in (2) above. If member delays commencement beyond normal retirement date, the benefit shall be increased as described in (3) above.

Non-Contributory Plan

Benefits are based on salary and years of service. Early retirement benefits are calculated by discounting the normal retirement benefit by an early termination factor.

(1) Normal Retirement Benefit, with an effective date of May 1, 1975, includes:

- (i) Accrued Benefit: The annual accrued benefit credited in the prior Contributory Plan as of the effective date of this plan, if any, plus
- (ii) Past Service Benefit: 1% of annual pay on the effective date multiplied by years of service to the effective date, provided the members had not attained age 65 on the effective date, plus

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- (iii) Future Service Benefit: 1.5% (2% for non-union employees) of final 5-year average pay multiplied by years of service from date of participation to retirement.

Monthly retirement income shall not exceed 50% of final monthly base pay.

- (2) Early Retirement Benefit: Income accrued to early retirement date as in (1) above, reduced 1/3 of 1% for each month by which the benefit commencement date preceded Normal Retirement Date.
- (3) Deferred Vested Income: Income accrued to date of termination as in (1) above. Benefits commence at Normal Retirement Date or, if member has 15 or more years of service, as early as age 50 with benefits reduced as described in (2) above.

(c) Plan Members Covered by Benefit Terms

The following members were covered by the respective benefit terms of each plan for 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Contributory Plan:		
Inactive members or beneficiaries currently receiving benefits	32	33
Inactive members entitled to, but not yet receiving, benefits	16	16
Active members	<u>8</u>	<u>8</u>
Total	<u>56</u>	<u>57</u>
	<u>2023</u>	<u>2022</u>
Non-Contributory Plan:		
Inactive members or beneficiaries currently receiving benefits	154	135
Inactive members entitled to, but not yet receiving, benefits	123	137
Active members	<u>53</u>	<u>58</u>
Total	<u>330</u>	<u>330</u>

(d) Expected Rate of Return

The long-term expected rate of return on the Plans' investments were determined using a building block method in which the best estimate ranges of expected real rates of return (i.e., expected returns, net of investment expenses, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected real rates of return by the target asset allocation percentage and by adding expected inflation. For the years ended

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June 30, 2023 and 2022, the target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

		2023
		Long-term expected real rate of return
	Target asset allocation	
Domestic equity	50 %	6.5 %
International equity	10	6.5
Fixed income	30	3.5
Real estate/alternative	10	6.0
Total	<u>100 %</u>	

		2022
		Long-term expected real rate of return
	Target asset allocation	
Domestic equity	50 %	6.5 %
International equity	10	6.5
Fixed income	30	3.5
Real estate/alternative	10	6.0
Total	<u>100 %</u>	

(e) Actuarial Assumptions

For the years ended June 30, 2023 and 2022, the total pension liability was determined by actuarial valuations for the Plans using the following actuarial assumptions applied to the period included in the measurement:

Projected salary increases	3% compounded annually
Investment rate of return	7.5% per annum, compounded annually, net of investment expenses
Inflation adjustment	3% compounded annually
Mortality	PRI-2012 Amount Weighted Mortality Table with 2021 MP generational scale

(f) Discount Rate

For the years ended June 30, 2023 and 2022, the discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the rates applicable to each member and that employer contributions will be made at rates as determined by the actuary. Based on those assumptions, the

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Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and non-active members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

(g) Sensitivity of Net Pension Asset to Change in the Discount Rate

The following presents the net pension asset for each plan as of June 30, 2023 and 2022, calculated using the discount rate of 7.5% for each year, as well as what the net pension asset would be if it were calculated using a discount rate that is 1 percent lower or 1 percent higher than the current rate:

		2023		
		1% Decrease (6.5%)	Discount rate (7.5%)	1% Increase (8.5%)
Contributory Plan – net pension asset	\$	(2,436,127)	(3,099,841)	(3,644,207)
Non-Contributory Plan – net pension asset		(13,518,695)	(17,097,804)	(20,262,394)

		2022		
		1% Decrease (6.5%)	Discount rate (7.5%)	1% Increase (8.5%)
Contributory Plan – net pension asset	\$	(3,765,583)	(4,413,100)	(4,980,920)
Non-Contributory Plan – net pension asset		(21,525,782)	(25,192,859)	(28,218,901)

Pension expense (benefit) for the years ended June 30, 2023 and 2022 amounted to approximately (\$82,500), (\$787,000) and (\$476,000), (\$2.6 million) for the Contributory and Non-Contributory Plans, respectively.

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(h) *Deferred Outflows/Inflows of Resources*

Contributory Plan

At June 30, 2023 and 2022, the Estate reported deferred outflows and inflows of resources related to the Contributory Plan from the following sources:

	2023	
	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 10,186	6,527
Changes in assumptions	7,754	—
Net difference between projected and actual earnings on pension plan investments	859,501	—
Subtotal before post-measurement date contributions	877,441	6,527
Contributions subsequent to the measurement date	210,764	—
Total	<u>\$ 1,088,205</u>	<u>6,527</u>

	2022	
	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ —	80,251
Changes in assumptions	46,522	7,705
Net difference between projected and actual earnings on pension plan investments	—	900,987
Subtotal before post-measurement date contributions	46,522	988,943
Contributions subsequent to the measurement date	210,763	—
Total	<u>\$ 257,285</u>	<u>988,943</u>

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Non-Contributory Plan

At June 30, 2023 and 2022, the Estate reported deferred outflows and inflows of resources related to the Non-Contributory Plan from the following sources:

	2023	
	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 11,467	160,262
Changes in assumptions	14,986	—
Net difference between projected and actual earnings on pension plan investments	5,011,023	—
Subtotal before post-measurement date contributions	5,037,476	160,262
Contributions subsequent to the measurement date	570,000	—
Total	\$ 5,607,476	160,262

	2022	
	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 49,692	298
Changes in assumptions	140,321	—
Net difference between projected and actual earnings on pension plan investments	—	5,423,022
Subtotal before post-measurement date contributions	190,013	5,423,320
Contributions subsequent to the measurement date	570,000	—
Total	\$ 760,013	5,423,320

Deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as an increase to the net pension asset for the year ended June 30, 2023, but are not

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included in the table below. Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense (benefit) as follows:

	Contributory plan	Non-Contributory plan
Year ended June 30:		
2024	\$ 37,955	(10,941)
2025	185,376	1,074,991
2026	256,278	1,498,928
2027	391,305	2,314,236
	<u>\$ 870,914</u>	<u>4,877,214</u>

(i) Changes in Net Pension Asset

Changes in the net pension asset for the years ended June 30, 2023 and 2022 are as follows:

Contributory Plan

	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability/(asset) (a)-(b)
Balances as of June 30, 2022	\$ 4,694,018	9,107,118	(4,413,100)
Changes for the year:			
Service cost	56,800	—	56,800
Interest	344,290	—	344,290
Differences between expected and actual experience	24,737	—	24,737
Contributions – employer	—	421,527	(421,527)
Contributions – member	—	22,296	(22,296)
Net investment income	—	(1,253,490)	1,253,490
Benefit payments, including refunds of member contributions	(376,859)	(376,859)	—
Plan administrative expense	—	(77,765)	77,765
Net changes	<u>48,968</u>	<u>(1,264,291)</u>	<u>1,313,259</u>
Balances as of June 30, 2023	<u>\$ 4,742,986</u>	<u>7,842,827</u>	<u>(3,099,841)</u>

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	Total pension liability	Plan fiduciary net position	Net pension liability/(asset)
	(a)	(b)	(a)-(b)
Balances as of June 30, 2021	\$ 4,662,223	7,841,427	(3,179,204)
Changes for the year:			
Service cost	69,764	—	69,764
Interest	341,443	—	341,443
Differences between expected and actual experience	(71,805)	—	(71,805)
Changes of assumptions	85,290	—	85,290
Contributions – employer	—	421,527	(421,527)
Contributions – member	—	24,857	(24,857)
Net investment income	—	1,263,337	(1,263,337)
Benefit payments, including refunds of member contributions	(392,897)	(392,897)	—
Plan administrative expense	—	(51,133)	51,133
Net changes	31,795	1,265,691	(1,233,896)
Balances as of June 30, 2022	\$ 4,694,018	9,107,118	(4,413,100)

Non-Contributory Plan

	Total pension liability	Plan fiduciary net position	Net pension liability/(asset)
	(a)	(b)	(a)-(b)
Balances as of June 30, 2022	\$ 28,221,862	53,414,721	(25,192,859)
Changes for the year:			
Service cost	112,607	—	112,607
Interest	2,018,499	—	2,018,499
Differences between expected and actual experience	(480,787)	—	(480,787)
Contributions – employer	—	1,140,000	(1,140,000)
Net investment income	—	(7,483,680)	7,483,680
Benefit payments, including refunds of member contributions	(1,915,348)	(1,915,348)	—
Plan administrative expense	—	(101,056)	101,056
Net changes	(265,029)	(8,360,084)	8,095,055
Balances as of June 30, 2023	\$ 27,956,833	45,054,637	(17,097,804)

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	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability/(asset) (a)-(b)
Balances as of June 30, 2021	\$ 27,572,516	46,540,320	(18,967,804)
Changes for the year:			
Service cost	167,962	—	167,962
Interest	2,022,900	—	2,022,900
Differences between expected and actual experience	87,917	—	87,917
Changes of assumptions	114,890	—	114,890
Contributions – employer	—	1,140,000	(1,140,000)
Net investment income	—	7,542,470	(7,542,470)
Benefit payments, including refunds of member contributions	(1,744,323)	(1,744,323)	—
Plan administrative expense	—	(63,746)	63,746
Net changes	649,346	6,874,401	(6,225,055)
Balances as of June 30, 2022	\$ 28,221,862	53,414,721	(25,192,859)

(9) 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' 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 year 2023 and 2022 were set at 3% of eligible compensation and in the aggregate were approximately \$50,000 and \$63,000, respectively.

(10) Commitments and Contingencies

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

Commitments related to construction-in-progress projects were approximately \$4 million at June 30, 2023.

(11) Related-Party Transactions

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

**THE ESTATE OF STEPHEN GIRARD, DECEASED
CONTRIBUTORY RETIREMENT PLAN**

Schedule of Changes in the Employer's Net Pension Asset and Related Ratios (Unaudited)

June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:									
Service cost	\$ 56,800	69,764	89,282	86,038	83,001	71,894	67,782	59,390	54,903
Interest	344,290	341,443	349,689	356,009	356,110	347,575	338,252	323,854	304,616
Differences between expected and actual experience	24,737	(71,805)	(122,177)	(49,736)	72,023	84,417	25,517	225,972	—
Changes of assumptions	—	85,290	(17,390)	(16,901)	(18,990)	(14,589)	230,890	—	68,390
Benefit payments, including refunds of member contributions	(376,859)	(392,897)	(391,849)	(382,870)	(370,987)	(375,873)	(344,077)	(319,551)	(378,309)
Net change in total pension liability	48,968	31,795	(92,445)	(7,460)	121,157	113,424	318,364	289,665	49,600
Total pension liability – beginning	4,694,018	4,662,223	4,754,668	4,762,128	4,640,971	4,527,547	4,209,183	3,919,518	3,869,918
Total pension liability – ending	4,742,986	4,694,018	4,662,223	4,754,668	4,762,128	4,640,971	4,527,547	4,209,183	3,919,518
Plan fiduciary net position									
Contributions – employer	421,527	421,527	263,855	232,320	256,356	385,160	237,720	354,051	412,068
Contributions – member	22,296	24,857	30,768	36,390	40,026	35,117	36,306	37,527	45,497
Net investment income	(1,253,490)	1,263,337	898,459	1,253,875	(348,873)	831,003	344,926	(29,651)	310,254
Benefit payments, including refunds of member contributions	(376,859)	(392,897)	(391,849)	(382,870)	(370,987)	(375,873)	(344,077)	(319,551)	(378,309)
Administrative expense	(77,765)	(51,133)	(51,720)	(69,887)	(47,874)	(46,363)	(48,851)	(45,867)	(48,553)
Net change in plan fiduciary net position	(1,264,291)	1,265,691	749,513	1,069,828	(471,352)	829,044	226,024	(3,491)	340,957
Plan fiduciary net position – beginning	9,107,118	7,841,427	7,091,914	6,022,086	6,493,438	5,664,394	5,438,370	5,441,861	5,100,904
Plan fiduciary net position – ending	7,842,827	9,107,118	7,841,427	7,091,914	6,022,086	6,493,438	5,664,394	5,438,370	5,441,861
Net pension asset	\$ (3,099,841)	(4,413,100)	(3,179,204)	(2,337,246)	(1,259,958)	(1,852,467)	(1,136,847)	(1,229,187)	(1,522,343)
Plan fiduciary net position as a percentage of the total pension liability	165.36%	194.02%	168.19%	149.16%	126.46%	139.92%	125.11%	129.20%	138.84%
Covered employee payroll	\$ 527,808	643,969	815,357	908,334	946,203	897,132	993,694	1,241,350	1,319,441
Net pension asset as a percentage of covered employee payroll	(587.30)%	(685.30)%	(389.92)%	(257.31)%	(133.16)%	(206.49)%	(114.41)%	(99.02)%	(115.38)%

The requirement for this schedule is to present 10 years of information. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

**THE ESTATE OF STEPHEN GIRARD, DECEASED
CONTRIBUTORY RETIREMENT PLAN**

Schedule of Employer Contributions (Unaudited)

June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 142,971	142,971	263,855	232,320	256,356	385,160	237,720	354,051	412,068
Contributions in relation to the actuarially determined contribution	<u>421,527</u>	<u>421,527</u>	<u>263,855</u>	<u>232,320</u>	<u>256,356</u>	<u>385,160</u>	<u>237,720</u>	<u>354,051</u>	<u>412,068</u>
Contribution deficiency (excess)	<u>\$ (278,556)</u>	<u>(278,556)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Covered employee payroll	\$ 527,808	643,969	815,357	908,334	946,203	897,132	993,694	1,241,350	1,319,441
Contributions as a percentage of covered employee payroll	79.86%	65.46%	32.36%	25.58%	27.09%	42.93%	23.92%	28.52%	31.23%

The requirement for this schedule is to present 10 years of information. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

**THE ESTATE OF STEPHEN GIRARD, DECEASED
CONTRIBUTORY RETIREMENT PLAN**

Notes to Required Supplementary Information (Unaudited)

June 30, 2023

(1) Significant methods and assumptions used in calculating the actuarially determined contributions

The methods and assumptions used in calculating the actuarially determined contributions are as follows:

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Valuation date	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015	January 1, 2014
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis
Remaining amortization period	15 years	15 years	15 years	15 years	15 years	15 years	15 years	15 years	15 years
Actuarial assumptions:									
Investment rate of return (discount rate)	7.50 %	7.50 %	7.75 %	7.75 %	7.75 %	7.75 %	7.75 %	8.00 %	8.00 %
Projected salary increases	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Postretirement mortality	PRI-2012 Amount Weighted Mortality Table with 2021 MP generational scale	PRI-2012 Amount Weighted Mortality Table with 2021 MP generational scale	PRI-2012 Amount Weighted Mortality Table with 2020 MP generational scale	RP-2014 with 2018 MP generational scale	RP-2014 with 2017 MP generational scale	RP-2014 with 2016 MP generational scale	RP-2014 with 2015 MP generational scale	RP-2000	RP-2000
Cost-of-living adjustments	3.00 %	3.00 %	3.00 %	2.75 %	2.50 %	2.50 %	2.50 %	2.50 %	2.50 %
Discount rate – actuarially accrued liability	2.79	2.79	2.72	3.49	4.14	3.79	3.48	4.20	4.20

See accompanying independent auditors' report.

**THE ESTATE OF STEPHEN GIRARD, DECEASED
NON-CONTRIBUTORY RETIREMENT PLAN**

Schedule of Changes in the Employer's Net Pension Asset and Related Ratios (Unaudited)

June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability									
Service cost	\$ 112,607	167,962	163,327	169,689	185,901	219,495	225,789	239,019	245,000
Interest	2,018,499	2,022,900	2,019,863	1,986,825	1,963,436	1,989,149	1,961,454	1,864,464	1,795,610
Differences between expected and actual experience	(480,787)	87,917	(1,494)	(51,111)	(822,615)	(293,763)	27,297	78,633	—
Changes of assumptions	—	114,890	376,911	(94,901)	(98,567)	(91,205)	1,225,000	—	367,911
Benefit payments, including refunds of member contributions	(1,915,348)	(1,744,323)	(1,741,520)	(1,703,893)	(1,667,431)	(1,506,874)	(1,372,869)	(1,306,149)	(1,201,062)
Net change in total pension liability	(265,029)	649,346	817,087	306,609	(439,276)	316,802	2,066,671	875,967	1,207,459
Total pension liability – beginning	28,221,862	27,572,516	26,755,429	26,448,820	26,888,096	26,571,294	24,504,623	23,628,656	22,421,197
Total pension liability – ending	27,956,833	28,221,862	27,572,516	26,755,429	26,448,820	26,888,096	26,571,294	24,504,623	23,628,656
Plan fiduciary net position									
Contributions – employer	1,140,000	1,140,000	790,000	520,000	1,475,616	1,927,488	1,927,488	1,927,488	1,927,488
Net investment income	(7,483,680)	7,542,470	5,351,887	7,499,404	(2,111,704)	4,588,022	2,017,683	(167,071)	1,722,310
Benefit payments, including refunds of member contributions	(1,915,348)	(1,744,323)	(1,741,520)	(1,703,893)	(1,667,431)	(1,506,874)	(1,372,869)	(1,306,149)	(1,201,062)
Administrative expense	(101,056)	(63,746)	(64,410)	(60,911)	(59,318)	(57,347)	(54,683)	(55,841)	(60,212)
Net change in plan fiduciary net position	(8,360,084)	6,874,401	4,335,957	6,254,600	(2,362,837)	4,951,289	2,517,619	398,427	2,388,524
Plan fiduciary net position – beginning	53,414,721	46,540,320	42,204,363	35,949,763	38,312,600	33,361,311	30,843,692	30,445,265	28,056,741
Plan fiduciary net position – ending	45,054,637	53,414,721	46,540,320	42,204,363	35,949,763	38,312,600	33,361,311	30,843,692	30,445,265
Net pension asset	\$ (17,097,804)	(25,192,859)	(18,967,804)	(15,448,934)	(9,500,943)	(11,424,504)	(6,790,017)	(6,339,069)	(6,816,609)
Plan fiduciary net position as a percentage of the total pension liability	161.16%	189.27%	168.79%	157.74%	135.92%	142.49%	125.55%	125.87%	128.85%
Covered employee payroll	\$ 2,824,541	3,586,030	3,667,840	3,799,354	4,565,227	4,865,493	4,607,230	4,940,396	5,719,484
Net pension asset as a percentage of covered employee payroll	(605.33)%	(702.53)%	(517.14)%	(406.62)%	(208.12)%	(234.81)%	(147.38)%	(128.31)%	(119.18)%

The requirement for this schedule is to present 10 years of information. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

**THE ESTATE OF STEPHEN GIRARD, DECEASED
NON-CONTRIBUTORY RETIREMENT PLAN**

Schedule of Employer Contributions (Unaudited)

June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 185,692	1,140,000	790,000	520,000	1,475,616	1,927,488	1,927,488	1,927,488	1,927,488
Contributions in relation to the actuarially determined contribution	1,140,000	1,140,000	790,000	520,000	1,475,616	1,927,488	1,927,488	1,927,488	1,927,488
Contribution deficiency (excess)	<u>\$ (954,308)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Covered employee payroll	\$ 2,824,541	3,586,030	3,667,840	3,799,354	4,565,227	4,865,493	4,607,230	4,940,396	5,719,484
Contributions as a percentage of covered employee payroll	40.36%	31.79%	21.54%	13.69%	32.32%	39.62%	41.84%	39.01%	33.70%

The requirement for this schedule is to present 10 years of information. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

**THE ESTATE OF STEPHEN GIRARD, DECEASED
NON-CONTRIBUTORY RETIREMENT PLAN**

Notes to Required Supplementary Information (Unaudited)

June 30, 2023

(1) Significant methods and assumptions used in calculating the actuarially determined contributions

The methods and assumptions used in calculating the actuarially determined contributions are as follows:

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Valuation date	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015	January 1, 2014
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis
Remaining amortization period	15 years	15 years	15 years	15 years	15 years	15 years	15 years	15 years	15 years
Actuarial assumptions:									
Investment rate of return	7.50 %	7.50 %	7.75 %	7.75 %	7.75 %	7.75 %	7.75 %	8.00 %	8.00 %
Projected salary increases	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Postretirement mortality	PRI-2012 Amount Weighted Mortality Table with 2021 MP generational scale	PRI-2012 Amount Weighted Mortality Table with 2021 MP generational scale	PRI-2012 Amount Weighted Mortality Table with 2020 MP generational scale	RP-2014 with 2018 MP generational scale	RP-2014 with 2017 MP generational scale	RP-2014 with 2016 MP generational scale	RP-2014 with 2015 MP generational scale	RP-2000	RP-2000
Cost-of-living adjustments	3.00 %	3.00 %	3.00 %	2.75 %	2.50 %	2.50 %	2.50 %	2.50 %	2.50 %
Discount rate – actuarially accrued liability	2.79	2.73	2.64	3.46	4.14	3.77	3.51	4.27	4.16

See accompanying independent auditors' report.



WILLS EYE HOSPITAL

Basic Financial Statements

June 30, 2023 and 2022

(With Independent Auditor's Report Thereon)

WILLS EYE HOSPITAL

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KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

Independent Auditors' Report

The Board of Directors of City Trusts:

Opinion

We have audited the financial statements of Wills Eye Hospital (the Hospital), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Hospital, as of June 30, 2023 and 2022, and the changes in its financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Hospital and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, schedule of changes in the employer's net pension liability (asset) and related ratios, and schedule of employer contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Hospital's basic financial statements. The supplementary information in the schedule of blended component units – ambulatory surgery centers is presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

KPMG LLP

Philadelphia, Pennsylvania
May 23, 2024

WILLS EYE HOSPITAL

Management's Discussion and Analysis (Unaudited)

June 30, 2023 and 2022
(In thousands)

The following discussion and analysis of the Wills Eye Hospital ("Hospital") provides an overview of the financial activities of the Hospital for the years ended June 30, 2023 and 2022.

The information contained within this Management's Discussion and Analysis is only a component of the entire financial statement report. Readers should take time to read and evaluate all sections of the report, including the Notes to the Financial Statements that are provided in addition to this Management's Discussion and Analysis.

The Hospital was established in 1832 through a bequest of James Wills, a Quaker merchant, to the City of Philadelphia, and 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.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction into the Hospital's basic financial statements. The Hospital is considered a proprietary fund in accordance with governmental accounting standards. Proprietary funds report on business-type activities and the financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. The Hospital's basic financial statements comprise the statements of net position, statements of revenues, expenses and changes in net position, statements of cash flows and notes to the financial statements.

Despite being legally separate from the Hospital, the following component units are considered blended component units and reported as if they were part of the Hospital because the governing body of the component units are essentially the same as the Hospital:

Wills Eye Foundation, Inc., ("the Foundation") a domestic nonprofit corporation, owned 100% by the Hospital, 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.

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 Ambulatory Surgery Centers (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), Wills Community Services of Plymouth Meeting, Inc. and Wills Community Surgical Services of Cottman – Buxmont, Inc., (Services of Cottman-Buxmont) wholly-owned subsidiaries of the Hospital, established to be the majority owners of the Centers.

Wills Eye Ophthalmology Clinic, Inc., ("WEOC") a wholly-owned subsidiary of the Hospital, established to provide outpatient clinical services, which also owns and operates optical shops at the Hospital and other locations.

WILLS EYE HOSPITAL

Management's Discussion and Analysis (Unaudited)

June 30, 2023 and 2022

(In thousands)

Abbot, Inc., ("Abbott") a wholly-owned subsidiary of the Hospital, established to own and operate real estate for leasing purposes.

The Hospital also has a majority ownership in several Centers which are deemed to be blended component units since the Hospital is deemed to be financially accountable and the governing body of the component units are essentially the same as the Hospital. The Centers were established to provide high-quality, cost-effective, outpatient surgical services at five locations more accessible to the Hospital's patients. The Hospital has developed its network of the Centers to provide outpatient surgical services in the Delaware Valley area. The Centers provide both single-specialty (ophthalmology) and multispecialty services. The following Centers have been included as part of the Hospital's financial statements:

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 Center, LLC (Stadium)

The Hospital and its blended component units are collectively referred to as the Organization.

Statements of Net Position

This statement provides information about the nature and amount of the Hospital's investments in resources (assets), obligations to the Organization's creditors (liabilities) as well as the deferred outflows and inflows of resources, with the difference between these amounts reported as the Organization's net position.

Statements of Revenues, Expenses and Changes in Net Position

This statement reports how the Organization's net position changed during the year presented by accounting for all revenues and expenses and measuring the financial results of operations. The information may be used to determine how the Organization has funded its costs.

Statements of Cash Flows

This statement provides information regarding the Organization's cash receipts and payments as well as net changes in cash resulting from operating, noncapital and related financing, capital and related financing and investing activities.

Notes to the Financial Statements

The notes to the financial statements are an integral part of the financial statements providing additional detail that is essential to a full understanding of the financial statements.

Financial Highlights

The Organization's net position decreased \$4,002 (4%) during the year ended June 30, 2023 compared to a decrease of \$20,050 (17%) during the year ended June 30, 2022. The change year over year is primarily due to changes in investment performance as a result of market conditions. The Organization reported net investment income of \$9,440 during the year ended June 30, 2023 compared to a net investment loss of \$10,822 during

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the year ended June 30, 2022. Operating revenues and expenses increased by 4% and 7%, respectively, during the year ended June 30, 2023 compared to June 30, 2022.

The Hospital had previously entered into a financing arrangement in which the Hospital transferred its leasehold interest to a third party for a 35 year agreement and subsequently entered into a sublease arrangement. The Hospital had recognized the liability which totaled \$3,752 as of June 30, 2022. During the year ended June 30, 2023, the Hospital purchased the rights of the lease and refinanced the liability by obtaining debt of \$5,200. The cost to buyout the third party's interest in the lease totaled \$1,038 and is reported as an other non-operating expense.

Effective July 1, 2021, the Organization adopted GASB Statement No. 87, Leases (GASB 87) which establishes a uniform approach for lease accounting based on the principle that leases are financings of the right-to use an underlying asset. In accordance with GASB 87, the lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and the lessor is required to recognize a lease receivable and deferred inflow of resources. GASB 87 also requires enhanced disclosure which includes a general description of the leasing arrangement, the aggregate amount of resource inflows and outflows recognized from lease contracts, including those not included in the measurement of the lease liability and receivable.

At July 1, 2021, the Organization recognized right-of-use assets of \$12,539, lease liabilities of \$12,714, and adjusted existing deferred rent liability of \$175, based upon the present value of the remaining rental payments. The applicable discount rates ranged from 1.1% to 4.4% which were based on the Organization's incremental borrowing rates. Additionally, for the lease in which the Organization is a lessor, the Organization also recorded a lease receivable of \$4,139 based upon the present value of the remaining rental receipts, deferred inflows of resources of \$3,985, and adjusted \$153 of existing deferred rental income. The applicable discount rate of 3.2% was based on the Organization's incremental borrowing rate.

Condensed Financial Information

The following schedule is a summary of the Organization's June 30, 2023 Statement of Net Position with comparative information as of June 30, 2022 and 2021.

Summary of Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets and deferred outflows of resources:			
Current assets:			
Cash and cash equivalents	\$ 2,599	2,457	5,121
Patient accounts receivable	11,271	8,487	13,542
Lease receivable, current	558	528	499
Investments	32,379	38,394	49,855
Other current assets	6,657	4,988	5,397
	<u>53,464</u>	<u>54,854</u>	<u>74,414</u>

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Management's Discussion and Analysis (Unaudited)

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(In thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Noncurrent assets:			
Investments	\$ 60,146	60,562	68,500
Lease receivable, net of current portion	2,554	3,112	3,640
Net pension asset	679	8,227	2,909
Capital assets, net	41,644	38,984	42,996
Other assets	487	480	580
	<u>105,510</u>	<u>111,365</u>	<u>118,625</u>
Total assets	158,974	166,219	193,039
Deferred outflows of resources	<u>7,789</u>	<u>4,828</u>	<u>7,303</u>
Total assets and deferred outflows of resources	<u>\$ 166,763</u>	<u>171,047</u>	<u>200,342</u>
Liabilities, deferred inflows of resources and net position:			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 24,083	23,859	24,372
Current portion of long-term debt	20,143	1,066	1,215
Line of credit	4,492	985	—
Current portion of lease liabilities	2,294	2,290	2,256
Other current liabilities	972	2,538	6,369
	<u>51,984</u>	<u>30,738</u>	<u>34,212</u>
Noncurrent liabilities:			
Long-term debt, net of current portion	7,048	19,841	20,848
Lease liabilities, net of current portion	9,178	8,243	10,457
Interest rate swap liability	2,817	4,078	6,553
Other noncurrent liabilities	198	3,346	4,991
Total noncurrent liabilities	<u>19,241</u>	<u>35,508</u>	<u>42,849</u>
Total liabilities	<u>71,225</u>	<u>66,246</u>	<u>77,061</u>
Deferred inflows of resources	2,847	8,108	6,538
Net position:			
Net investment in capital assets	5,230	5,287	13,356
Restricted	69,973	68,906	77,558
Unrestricted	17,488	22,500	25,829
Total net position	<u>92,691</u>	<u>96,693</u>	<u>116,743</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 166,763</u>	<u>171,047</u>	<u>200,342</u>

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(In thousands)

Cash increased slightly from the prior year due to use of cash in operating activities of \$13,246 and in capital and related financing activities of \$4,294, which was offset by cash provided from noncapital financing of activities of \$3,872 and by investing activities of \$13,810. The decrease in cash during the year ended June 30, 2022 resulted from additions of use of cash from operations totaling \$9,052 and use of cash from capital and related financing activities of \$4,049 offset by proceeds from noncapital financing activities of \$1,230 and proceeds from investing activities of \$9,207.

The increase in patient accounts receivable as of June 30, 2023 is due to an increase of \$1,000 for the Hospital, an increase of \$1,938 at WEOC, offset by a decrease in the ASCs of \$154. The decrease in patients accounts receivable as June 30, 2022 is due to an accrual of \$5,200 for a 2021 Medicaid Supplemental payment at June 30, 2021 that was received during the fiscal year ended June 30, 2022. There was no accrual at June 30, 2022 for the Organization's 2022 Medicaid Supplemental payment since it was also received during the fiscal year ended June 30, 2022. This decrease was also offset by an increase of \$320 in WEOC due to normal timing of collections.

The Organization's investments are concentrated in the Collective Legal Investment Fund (CLIF), which represented 93% and 91% of its total investment portfolio as of June 30, 2023 and 2022, respectively. The balance of the Organization's investments are held in cash and cash equivalents and a minority interest in an ambulatory surgery center.

The CLIF is a pooled investment fund created for the collective investments managed by the Board. The CLIF is a balanced portfolio primarily comprising equity securities, fixed income funds, short-term investments, and alternative investments held in private equity investments. The Organization has no authority to operate or govern the assets of these investments, it is not the guarantor of any debt obligations, and does not have an ongoing financial responsibility. The Organization is entitled to preferred cumulative dividends and/or operations cash flow from net operating income. The CLIF is reported at net asset value (NAV) which is a practical expedient to fair value.

The Organization also holds a minority interest as a limited partner in an ambulatory surgical center. The Organization reports this investment on the equity method of accounting.

The Organization's total investments, including its investment in surgery center, decreased by \$6,431 and \$19,399 as of June 30, 2023 and 2022, respectively. The decrease at June 30, 2023 was driven by \$11,925 sales of investments, \$1,422 proceeds from interest and dividends and \$964 distributions received from its investment in surgery center, offset by purchases of and unrealized gains on its investments of \$350 and \$7,530, respectively. The decrease at June 30, 2022 was driven by \$6,700 sales of investments, \$1,822 proceeds from interest and dividends, \$988 distributions received from its investment in surgery center and unrealized losses on its investments of \$9,889.

Capital assets includes leased assets and increased by \$2,660 during the year ended June 30, 2023 due to capital additions of \$5,631 and new leases of \$3,137, offset by depreciation and amortization of \$6,101 and loss from disposition of \$7. Capital assets decreased by \$4,012 during the year ended June 30, 2022 due to depreciation of \$6,266 and the \$11 disposal of net capital assets, offset by \$2,180 of capital additions and \$85 of new leases.

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(In thousands)

The net pension asset decreased by \$7,548 as of June 30, 2023 and increased by \$5,318 as of June 30, 2022 primarily driven by changes in investments year over year since contributions to the plan remained consistent each year.

Other assets include lease receivable and charitable gift annuity and the decrease in the balance as of June 30, 2023 relates to the change in the lease receivable. The increase in the balance for June 30, 2022 is due to the implementation of GASB 87 and recognition of the lease receivable.

Deferred outflows of resources includes amounts related to the Organization's defined benefit pension plan and interest rate swaps. The Organization's deferred outflows of resources for the interest rate swap increased as of June 30, 2023 due to the addition of a new swap and the change in fair value of the existing swap. The decrease in fair value of \$2,475 as of June 30, 2022 is due to favorable market conditions. Changes in the investment performance of assets held by the defined benefit plan resulted in a deferred outflow of resources for the year ended June 30, 2023.

The Hospital needed to utilize its lines of credit for working capital needs during the years ended June 30, 2023 and 2022 which accounts for the increase each year.

As of June 30, 2023, the Organization's debt increased by \$6,284 due to new debt of \$7,602 in which \$6,200 relates to the refinance of other liability (see commentary above) and offset by principal payments of \$1,318. As of June 30, 2022, the Organization's debt decreased by \$1,270 based on the Organization's principal payments on long-term debt offset by \$114 of additional borrowing.

The fair value of the interest rate swap liability increased by \$1,261 due to the addition of a new swap and the change in fair value of the existing swap due to the changes in interest rates and market conditions, and decreased by \$2,474 as of June 30, 2022 due to the changes in interest rates and market conditions. The change in the fair value of the interest swap liability has the opposite impact to the deferred outflows of resources.

Total lease liabilities increased by \$939 as of June 30, 2023 due to new leases and remeasurements of existing leases less payments of the lease liabilities during the year. Total lease liabilities decreased by \$2,181 as of June 30, 2022 primarily due to payments on leases.

The Organization's other current and noncurrent liabilities decreased by \$4,714 during the year ended June 30, 2023, which was primarily driven by the refinancing of \$3,752 with long-term debt and the \$1,038 payment made to effect such refinancing (see financial highlights above), offset by a reduction of \$74 liabilities through the normal course of operations. As of June 30, 2022, other current liabilities decreased by \$3,831 which relates to recoupments by Medicare of advanced funding provided under the CARES Act.

Deferred inflows of resources includes amounts related to the Organization's defined benefit pension plan and the lease receivables. Due to changes in investment performance for the Hospital's defined benefit plan (see commentary above), the deferred inflow of resources decreased by \$4,692. The deferred inflows of resources for the pension plan increased by \$2,139 as of June 30, 2022 due to the change in the calculation of the net pension asset. Deferred inflows of resources for leases decreased by \$569 and \$569 as of June 30, 2023 and 2022, respectively, due to the amortization of lease income.

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Management's Discussion and Analysis (Unaudited)

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(In thousands)

The following schedule is a summary of the Organization's Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2023 with comparative information for the years ended June 30, 2022 and 2021.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenue:			
Patient service revenue	\$ 95,572	90,740	85,770
Grant revenue	553	1,339	4,534
Other revenue	5,694	6,151	7,404
Total operating revenue	<u>101,819</u>	<u>98,230</u>	<u>97,708</u>
Operating expenses:			
Salaries and benefits	56,574	52,117	55,512
Other expenses	54,624	51,818	50,101
Depreciation and amortization	6,101	6,266	3,938
Total operating expenses	<u>117,299</u>	<u>110,201</u>	<u>109,551</u>
Operating loss	(15,480)	(11,971)	(11,843)
Nonoperating (expense) revenue	10,463	(8,324)	26,785
Contributions to permanent endowment fund	1,015	245	2,627
(Decrease) Increase in net position	<u>\$ (4,002)</u>	<u>(20,050)</u>	<u>17,569</u>

For the year ended June 30, 2023, patient service revenue increased by \$4,832 (5%) due to increases in Hospital revenue of \$2,334 (6%), WEOC of \$1,662 (7%), and the Centers of \$953 (4%), offset by a decrease in AASOP of \$117. For the year ended June 30, 2022, patient service revenue increased overall by 5.8%, of which there was an 11.0% increase at the Centers, a 7.5% increase at WEOC and a 3.0% increase at the Organization attributed to annual insurance reimbursement rate increases and case volume increases.

Grant revenue decreased by \$786 and \$3,195 for the years ended June 30, 2023 and 2022, respectively, primarily due to a reduction in government grants.

Other revenue decreased by \$457 during the year ended June 30, 2023, driven by a reduction in rental income. Other revenue decreased by \$1,253 during the year ended June 30, 2022, driven by \$929 in the Payroll Protection Program loan forgiveness, received during the year ended June 30, 2021, plus a \$324 reduction in rental income.

Salaries and benefits increased by \$4,457 (9%) during the year ended June 30, 2023 due an increase of \$1,883 in pension expense for the defined benefit plan, salary increases of \$1,173 (5%) at WEOC, salary increases of \$1,039 (7%), and health insurance increases of \$568 (30%), offset by decreases in other salaries and benefits of \$206. Salaries and benefits decreased by \$3,395 (6%) during the year ended June 30, 2022

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(In thousands)

primarily due to a decrease in pension costs of \$5,978, offset by an overall increase in salaries of \$2,583 or 5.0%.

Other expenses increased by \$2,806 (5%) for the year ended June 30, 2023 due to an increase in insurance of \$545 (20%), professional fees of \$1,276 (28%) and other expenses of \$985 (2%). Other expenses increased by \$1,717 during the year ended June 30, 2022, as compared to the year ended June 30, 2021 due to increases of \$476 (22%) in insurance, \$1,046 (30%) in professional fees, and \$195 (0%) in other expenses.

Nonoperating expenses and revenues primarily consist of net investment income (loss), contributions from private donors, interest expense, and other expenses. Overall nonoperating (expenses) revenues increased by \$18,787 due to an increase in net investment income of \$20,262 and increase in contributions of \$411, offset by increases in interest expense of \$501, a \$1,038 payment made to effect the refinancing of the other long-term liability (see comments above) and \$347 in other costs.

Nonoperating expenses and revenues decreased by \$35,081 during the year ended June 30, 2022 due to decreases in the value of investments of \$37,168 compared to June 30, 2021, offset by an increase in net investment income of \$231 and an increase of contributions of \$1,856.

Contributions to the permanent endowment fluctuate from year to year and increased by \$770 for the year ended June 30, 2023 and decreased by \$2,382 for the year ended June 30, 2022.

Non-GAAP Financial Measurements

The following discussion includes references to Adjusted operating loss and Adjusted net cash used in operating activities which are non-GAAP financial measures (collectively, Non-GAAP Financial Measures). A Non-GAAP Financial Measure is a numerical measure of an entity's value, historical or future financial performance, financial position and cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable financial measure calculated and presented in accordance with GAAP in the statements of net position, statements of revenues, expenses and changes in net position, or statements of cash flows of the entity; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable financial measure so calculated and presented. In this regard, GAAP refers to generally accepted accounting principles in the United States. We have provided reconciliations of the Non-GAAP Financial Measures to the most directly comparable GAAP financial measures.

We believe the presentation of Non-GAAP Financial Measures provides useful information to stakeholders regarding our results of operations because these financial measures are useful for trending, analyzing and benchmarking the performance and value of our business. By excluding certain expenses and other items that may not be indicative of our core business operating results, these Non-GAAP Financial Measures:

- allow stakeholders to evaluate our performance from management's perspective, resulting in greater transparency with respect to supplemental information used by us in our financial and operational decision making;
- facilitate comparisons with prior periods and reflect the principal basis on which management monitors financial performance;
- facilitate comparisons with the performance of others in the healthcare industry; and

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(In thousands)

- provide better transparency as to the measures used by management and others who follow our industry to estimate the value of our organization.

We primarily use two Non-GAAP Financial Measures (Adjusted operating loss and Adjusted net cash used in operating activities) as performance measures and believe that the GAAP financial measure most directly comparable to these two Non-GAAP Financial Measures is Operating loss and Net cash used in operating activities. We use Non-GAAP Financial Measures to assess the performance of our operating businesses, as well as the employees responsible for operating such businesses. Non-GAAP Financial Measures are useful in this regard because they include contributions received by the Organization and do not include such costs as pension expense or those incurred to secure contributions, which may vary from period to period or be based upon actuarial analysis. By excluding such factors when measuring financial performance, many of which are outside of the control of the employees responsible for operating our businesses, we are better able to evaluate value and the operating performance of the business and the employees responsible for business performance.

We believe Operating loss and Net cash used in operating activities are useful to a stakeholder in evaluating our operating performance because they help stakeholders evaluate and compare the results of our operations from period to period.

We adjust Operating loss when evaluating our performance because we believe that the consideration of certain additional items described below provides useful supplemental information to stakeholders regarding our ongoing performance, in the case of Adjusted operating loss. We believe that the presentation of Adjusted operating loss, when combined with GAAP Operating loss is beneficial to a stakeholder's complete understanding of our operating performance.

We adjust Operating loss for the following items:

- Contributions.
- Expenses incurred from restricted contributions.
- Pension expense (income).

The Organization understands that not all fees for services support the operations of the Hospital, and therefore, soliciting of contributions from individuals and other organizations is a necessary part of the Hospital's operations. Additionally, the Foundation's purpose is to solicit contributions on behalf of the Hospital and the Foundation is a component unit of the Hospital. Pursuant to governmental accounting standards, contributions are not reported as operating revenues and, therefore, are reflected as nonoperating revenue in the Organizations statements of revenues, expenses and changes in net position. Some contributions are received from donors that designate specific purposes for which the funds should be utilized.

In accordance with governmental accounting standards, the pension expense (income) is based upon an actuarial valuation, which is performed at a measurement date that does not coincide with the Organization's fiscal year-end. As such, there could be activity impacting pension expense (income), subsequent to the measurement date, which is excluded from the pension expense (income) reported in the Organization's statements of revenues, expenses and changes in net position.

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(In thousands)

The following table provides a reconciliation of operating loss to Non-GAAP Adjusted operating loss for the years ended June 30:

	2023	2022
Operating loss	\$ (15,480)	(11,971)
Add: Contributions	4,063	3,652
Add: Prior contributions used to fund current expenses	3,574	4,176
Add (Subtract): Pension expense (income)	134	(1,679)
Adjusted operating loss	<u>\$ (7,709)</u>	<u>(5,822)</u>

We adjust Net cash used in operating activities when evaluating our performance because we believe that the consideration of certain additional items described below provides useful supplemental information to stakeholders regarding our ongoing performance, in the case of Adjusted net cash used in operating activities. We believe that the presentation of Adjusted net cash used in operating activities, when combined with GAAP Net cash used in operating activities is beneficial to a stakeholder's complete understanding of our operating performance.

We adjust Net cash used in operating activities for the following items:

- Proceeds from contributions.
- Expenses incurred from restricted contributions.

In addition to the presentation of the Organization's operating loss, governmental accounting standards also has impacted the presentation of the statements of cash flows, specifically cash flows from operations. Disbursements for restricted funds are reported as part of operations, and therefore deemed a use of operating cash. However, the proceeds for which those restricted expenses are not reported as part of operations. Accordingly, there is a mismatch of cash flows from operations. The following table provides a reconciliation of Net cash used in operating activities to Non-GAAP Adjusted net cash used in operating activities for the years ended June 30:

	2023	2022
Net cash used in operating activities	\$ (13,246)	(9,052)
Add: Proceeds from contributions	3,795	2,901
Add: Prior contributions used to fund current expenses	3,574	4,176
Adjusted net cash used in operating activities	<u>\$ (5,877)</u>	<u>(1,975)</u>

WILLS EYE HOSPITAL

Management's Discussion and Analysis (Unaudited)

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(In thousands)

Debt

During the year ended June 30, 2023, the Organization obtained the following new debt obligations:

On September 28, 2002, the organization entered into a \$5,200 loan, which matures on September 28, 2032, bears interest at an annual amount of one-month term SOFR plus 1.8% and requires monthly repayments of principal in amounts that amortize the loan over a 15-year period. The Organization used these funds to exercise its option to acquire a property the Organization was already in a financing arrangement.

On March 13, 2023, the Organization received a \$1,000 bridge loan in anticipation of receiving a \$1,000 Pennsylvania Redevelopment Capital Assistance Program grant. The loan was set to expire on March 13, 2024 but was extended to June 11, 2024 and bears interest at the one month term SOFR rate plus 1.8%. As of June 30, 2023, the balance of the loan amounted to \$1,000.

On September 20, 2022, the Hospital entered into an interest rate swap agreement to hedge against the risk of changes in interest rates associated with its variable rate mortgage. The terms of the swap contract have an initial notional value of \$5,200 (\$5,046 as June 30, 2023), and the Hospital pays a fixed rate of 5.33% and will receive a rate of the one-month SOFR CME term plus 1.8%. The swap expires in September 2032.

With respect to the Organization's Series 2012 Bonds, the registered owner (i.e. the trustee bank), in its sole discretion, shall have an option during the twelfth anniversary of the debt (March 2024) and ending one hundred eight (180) days after each anniversary date, the option to tender the Series 2012 Bonds for mandatory purchase by the borrowers (i.e. the Organization) on or before the applicable tender option payment date. In March 2024, the bank retains its ability to exercise this option to August 2024. Therefore, the bonds have been reported as current debt.

Contacting the Hospital

This financial report is designed to provide customers and creditors with a general overview of the Organization's finances and to demonstrate the Organization's accountability for the resources at its disposal. Additional information is also available on the Organization's website at www.citytrusts.com. If you have any questions about this report or would like additional information, please contact:

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Statements of Net Position
June 30, 2023 and 2022
(In thousands)

Assets and Deferred Outflows of Resources	2023	2022
Current assets:		
Cash and cash equivalents	\$ 2,599	2,457
Patient accounts receivable	11,271	8,487
Other receivables	2,109	430
Lease receivable, current	558	528
Inventory	2,106	2,149
Investments	32,379	38,394
Other current assets	2,442	2,409
Total current assets	53,464	54,854
Noncurrent assets:		
Investments	56,948	57,222
Investment in surgery center	3,198	3,340
Lease receivable, net of current portion	2,554	3,112
Net pension asset	679	8,227
Capital assets, net	41,644	38,984
Other assets	487	480
Total noncurrent assets	105,510	111,365
Total assets	158,974	166,219
Deferred outflows of resources:		
Pension	4,972	750
Interest rate swap	2,817	4,078
Total deferred outflows of resources	7,789	4,828
Total assets and deferred outflows of resources	\$ 166,763	171,047
Liabilities, Deferred Inflows of Resources and Net Position		
Current liabilities:		
Accounts payable	\$ 15,743	15,738
Accrued liabilities	8,340	8,121
Line of credit	4,492	985
Current portion of long-term debt	20,143	1,066
Current portion of lease liabilities	2,294	2,290
Other current liabilities	972	2,538
Total current liabilities	51,984	30,738
Noncurrent liabilities:		
Long-term debt, net of current portion	7,048	19,841
Lease liabilities, net of current portion	9,178	8,243
Interest rate swap liability	2,817	4,078
Other noncurrent liabilities	198	3,346
Total noncurrent liabilities	19,241	35,508
Total liabilities	71,225	66,246
Deferred inflows of resources:		
Pension	—	4,692
Lease	2,847	3,416
Total deferred inflows of resources	2,847	8,108
Net position:		
Net investment in capital assets	5,230	5,287
Restricted:		
Expendable:		
Collateral for debt	22,764	21,220
Other	17,468	18,484
Nonexpendable	29,741	29,202
Unrestricted	17,488	22,500
Total net position	92,691	96,693
Total liabilities, deferred inflows of resources and net position	\$ 166,763	171,047

See accompanying notes to financial statements.

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Statements of Revenues, Expenses and Changes in Net Position

Years ended June 30, 2023 and 2022

(In thousands)

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Patient service revenue	\$ 95,572	90,740
Grant revenue	553	1,339
Other revenue	5,694	6,151
Total operating revenues	<u>101,819</u>	<u>98,230</u>
Operating expenses:		
Salaries and benefits	56,574	52,117
Supplies and other expenses	45,605	44,620
Insurance	3,225	2,680
Professional fees	5,794	4,518
Depreciation and amortization	6,101	6,266
Total operating expenses	<u>117,299</u>	<u>110,201</u>
Operating loss	<u>(15,480)</u>	<u>(11,971)</u>
Nonoperating revenues (expenses):		
Investment income (loss), net	9,440	(10,822)
Equity in net earnings of investee	822	987
Contributions	4,063	3,652
Other expense	(1,523)	(303)
Interest expense	(2,339)	(1,838)
Total nonoperating revenues (expenses)	<u>10,463</u>	<u>(8,324)</u>
Loss before contributions	<u>(5,017)</u>	<u>(20,295)</u>
Contributions to permanent endowment fund	<u>1,015</u>	<u>245</u>
Decrease in net position	<u>(4,002)</u>	<u>(20,050)</u>
Net position – beginning of year	<u>96,693</u>	<u>116,743</u>
Net position – end of year	<u>\$ 92,691</u>	<u>96,693</u>

See accompanying notes to financial statements.

WILLS EYE HOSPITAL
Statements of Cash Flows
Years ended June 30, 2023 and 2022
(In thousands)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash receipts from customers	\$ 92,788	95,725
Other operating cash receipts	6,214	7,910
Cash payments to employees for services	(57,720)	(53,261)
Cash payments to vendors for goods and services	(54,528)	(59,426)
Net cash used in operating activities	<u>(13,246)</u>	<u>(9,052)</u>
Cash flows from noncapital financing activities:		
Proceeds from lines of credit	4,837	985
Repayments of lines of credit	(1,330)	—
Contributions to permanent endowment	365	245
Net cash provided by noncapital financing activities	<u>3,872</u>	<u>1,230</u>
Cash flows from capital and related financing activities:		
Additions to capital assets	(5,631)	(1,430)
Proceeds from disposition of assets	—	15
Repayments of lease liabilities	(2,198)	(2,266)
Proceeds from lease receivable	634	499
Proceeds from contributions	3,795	2,901
Repayments of long-term debt	(1,318)	(1,270)
Proceeds from long-term debt	7,602	114
Repayment of other long-term liability	(3,752)	(590)
Payment for buy-out of long-term liability	(1,038)	—
Payment of debt issuance costs	(61)	—
Payments to lenders and other creditors for interest	(2,327)	(2,022)
Net cash used in capital and related financing activities	<u>(4,294)</u>	<u>(4,049)</u>
Cash flows from investing activities:		
Proceeds from sales of investments	11,925	6,700
Purchases of investments	(350)	—
Proceeds from interest and dividends	1,422	1,822
Distributions to minority net position holders	(151)	(303)
Distributions from investment in surgery center	964	988
Net cash provided by investing activities	<u>13,810</u>	<u>9,207</u>
Net increase (decrease) in cash and cash equivalents	142	(2,664)
Cash and cash equivalents – beginning	<u>2,457</u>	<u>5,121</u>
Cash and cash equivalents – ending	<u>\$ 2,599</u>	<u>2,457</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (15,480)	(11,971)
Adjustments for noncash charges to operations		
Depreciation and amortization	6,101	6,266
Loss (gain) on disposition of assets	7	(4)
Changes in assets and liabilities:		
Patient accounts receivable	(2,784)	5,056
Other assets	(1,782)	505
Accounts payable, accrued and other liabilities	2,627	(5,155)
Deferred outflows/inflows of resources, net	(1,935)	(3,749)
Net cash used in operating activities	<u>\$ (13,246)</u>	<u>(9,052)</u>

Noncash investing capital and financing activities:

Lease liabilities and corresponding assets of \$3,137 and \$12,624 were and capitalized, respectively, when the Organization entered into and amended its leases for buildings and equipment during the years ended June 30, 2023 and 2022, respectively.
The increase (decrease) in the fair value of the Organization's investments was \$6,708 and \$(10,876) during the years ended June 30, 2023 and 2022, respectively.
The increase in the fair value of the Organization's investment in surgery center was \$822 and \$987 during the years ended June 30, 2023 and 2022, respectively.

See accompanying notes to financial statements.

WILLS EYE HOSPITAL

Notes to Financial Statements

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(In thousands)

(1) Reporting Entity

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, through various component units, which provide medical services to area residents.

Blended Component Units

Component units that provide service exclusively to the Hospital whose governing bodies are substantially the same as that of the Hospital, whose total debt outstanding are expected to be repaid with resources of the Hospital, or who are organized as not-for-profits and the Hospital is the sole corporate member (business-type activities), are reported as if they were part of the Hospital, or blended into the Hospital's financial statements. They include the following:

- 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. The Hospital is the sole member of the Foundation.
- 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 Ambulatory Surgery Centers (the Centers, see below). 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.), Wills Community Services of Plymouth Meeting, Inc. (Services of Plymouth Meeting) and Wills Community Surgical Services of Cottman – Buxmont, Inc. (Services of Cottman – Buxmont), wholly-owned subsidiaries of the Hospital, established to be the majority owners of the Centers.
- Wills Eye Ophthalmology Clinic Inc. (WEOC), a wholly owned subsidiary of the Hospital, established to provide outpatient clinical services, which also owns and operates optical shops at the Hospital and other locations.
- Abbot, Inc. (Abbot), a wholly-owned subsidiary of the Hospital, established to own and operate real estate for leasing purposes.

Ambulatory Surgery Centers

The Centers were established to provide high-quality, cost-effective, outpatient surgical services at five locations more accessible to the Hospital's patients. The Hospital has developed its network of Centers to provide outpatient surgical services in the Delaware Valley area. 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 Center, LLC (Stadium). The Centers represent partnerships, between the Hospital and

WILLS EYE HOSPITAL

Notes to Financial Statements

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practicing physicians, of which the Hospital owns a majority of the respective outstanding shares. Additionally, the Hospital appoints the governing body of the Centers and management of the Centers is performed by employees of Services Corp. Therefore, the Centers meet the definition of a blended component unit.

The Hospital and its blended component units are collectively referred to as the Organization.

(2) Summary of Significant Accounting Policies

(a) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying financial statements were prepared in accordance with U.S. generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). The Organization's activities are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

The Organization is reported as a special-purpose government engaged in business-type activities. Business-type activities are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

All significant transactions between the Hospital and its blended component units have been eliminated.

(b) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Operating and Non-Operating Revenues and Expenses

Operating revenues and expenses generally result from providing services in connection with the Organization's principal ongoing operations. Operating revenues primarily include patient service revenue, and other government grants and funding, whereas nonoperating revenues include contributions and investment income. Operating expenses include the cost of services provided, administrative expenses, and depreciation on capital assets whereas nonoperating expense includes interest on debt and other gains (losses).

WILLS EYE HOSPITAL

Notes to Financial Statements

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(In thousands)

(d) Cash and Cash Equivalents

Cash consists of on-hand petty cash and amounts in the Organization's operating bank accounts. 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. The Organization's deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") (subject to the FDIC limit or \$250,000). Periodically during the years, cash and cash equivalents may have exceeded the FDIC limitation. As of June 30, 2023 and 2022, cash in the bank amounted to \$3,551 and \$3,221, respectively of which, \$1,450 and \$1,512, respectively, was uninsured.

(e) 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.

(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.

(g) Capital Assets

Capital assets consists of buildings, improvements and equipment and are recorded at cost. The Organization capitalizes assets that exceed \$5 and have a useful life greater than one year. Depreciation is provided over the following useful lives on a straight-line basis:

Buildings and improvements	5 – 40 years
Equipment	3 – 20 years

(h) Investments and Restricted Assets

Collective Legal Investment Fund (CLIF)

The CLIF is a pooled investment fund created for the collective investments managed by the Board. The Organization has no restrictions on withdrawals from the CLIF. The CLIF is a balanced portfolio primarily comprising equity securities, fixed income funds, short-term investments and alternative investments held in private equity investments. The Hospital has no authority to operate or govern the assets of these investments, it is not the guarantor of any debt obligations and does not have an ongoing financial responsibility. The Organization's investment in the CLIF is measured using net asset value (NAV) per share as a practical expedient to fair value. The CLIF issues stand-alone audited financial statements, which are available at www.citytrusts.com.

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Money Market Accounts

The Organization holds money market accounts. As of June 30, 2023 and 2022, the Organization recorded \$5,868 and \$8,354, respectively, of money market accounts, of which, \$5,537 and \$7,747, respectively, exceeded the FDIC coverage and was uninsured.

(i) Investment in Surgery Center

The Organization holds a 38% interest in an ambulatory surgical center for which the Organization does not have an ongoing financial interest nor is it the guarantor of any debt obligations. The Organization accounts for this investment under the equity method.

(j) Interest Rate Swaps

The Organization records its interest rate swaps at fair value. The interest rate swaps are deemed to be effective hedging instruments, and the changes in fair value are recognized as deferred inflows/outflow of resources in the statements of net position. The fair value of the interest rate swaps are based on discounted cash flow models, with Level 2 inputs, including the value of the relevant market index, upon which the swaps are based. As such, the interest rate swaps are classified as Level 2 investments in the fair value hierarchy.

(k) Fair Value

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

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

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

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.

At June 30, 2023 and 2022, the Organization's investments held in the CLIF are valued at NAV.

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Notes to Financial Statements

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(In thousands)

(l) *Deferred Outflows or Inflows of Resources*

Deferred outflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources are defined as an acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets, and deferred inflows of resources decrease net position, similar to liabilities.

(m) *Net Position*

Net position represents the difference between the Organization's assets and deferred outflows of resources and liabilities and deferred inflows of resources.

Net investment in capital assets represents capital assets, reduced by accumulated depreciation and by any outstanding debt related to the acquisition, construction or improvement of those assets, including lease liabilities.

Restricted net position represents net position with restrictions imposed by external creditors, grantors, contributions, laws or regulations, or by law through constitutional provisions or enabling legislation. Nonexpendable includes permanent endowment which represents funds used to report resources that are legally restricted to the extent that only earnings may be used for purposes that support the Organization's programs (See Note 11 for more information on the Organization's permanent endowment). and also includes the minority interest in the Centers ((\$23) and \$453 as of June 30, 2023 and 2022, respectively).

Unrestricted net position consists of net assets that do not meet the definition of "restricted" or "net investments in capital assets". When both restricted and unrestricted resources are available for specified expenditures, restricted resources are considered spent before unrestricted resources.

(n) *Revenue*

Patient Service Revenue

The Organization's 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 in the period earned. 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.

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.

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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.

Consistent with the Organization's mission, care is provided to patients regardless of their ability to pay. Patients who meet the Organization's criteria for charity care are provided care without charge or at amounts less than established rates. The Organization maintains records to identify the level of charity care it provides. The amount of costs foregone for services, supplies, and wages furnished under its charity care policy totaled \$1,065 and \$976, during the years ended June 30, 2023 and 2022, respectively. Charity care is reported as a reduction to patient service revenue.

Grant Revenue

Grant revenue is recognized when all applicable eligibility requirements are met. Funds received before the eligibility requirements are met are reported as unearned revenue.

(o) Pension

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the net position of the Board of Directors of City Trusts Wills Eye Health System Non-Contributory Retirement Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 9 for further information.

(p) Leases

The Organization is a lessee or a lessor in various noncancellable leases of property for all of its clinical and office space, most of which are subject to triple-net leases. The Organization's real estate leases generally have initial terms of 5 to 15 years, and typically include one or more options to renew, with renewal terms that generally extend the lease term for an additional five years or more. Exercise of the renewal options is generally subject to the satisfaction of certain conditions, which vary by contract, and follow payment terms that are consistent with those in place during the initial term. The lease term is the non-cancelable period of the lease, inclusive of the option periods that the Organization is reasonably certain to exercise. The payment structure of the Organization's leases generally contains annual escalation clauses that are fixed in nature or variable based upon the consumer price index.

At lease commencement, lease liabilities and receivables are measured as the present value of the future lease payments expected to be made during the lease term using the Organization's incremental borrowing rate for collateralized borrowings. For all leases in which the Organization is the lessee, the lease asset is initially measured as the initial measurement of the lease liability plus initial direct costs

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ancillary to placing the asset into service. For all leases in which the Organization is the lessor, the deferred inflow is initially measured as the initial measurement of the lease receivable plus any payments received at or before commencement less lease incentives paid at or before commencement.

Subsequent to lease commencement date, the lease liability or receivable is reduced by the principal portion of lease payments remitted or received, respectively. The lease asset (lessee) is amortized on a straight-line basis over the shorter of the lease term or useful life of the underlying asset, while the deferred inflow of resources (lessor) is amortized on a straight-line basis over the lease term.

The Organization monitors changes in circumstances that may require remeasurement of a lease. When certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable, it is remeasured and a corresponding adjustment is made to the lease asset or deferred inflow of resources, respectively.

Variable Lease Payments

Variable lease payments that are based on an index or a rate (such as the Consumer Price Index or a market interest rate) are included in the initial measurement of the lease liability or lease receivable using the index or rate as of the commencement date of the lease term.

Short-term Leases

For lease arrangements with a term of a maximum of twelve months or less at commencement, the Organization recognizes lease expense or income based on the provisions of the lease.

(q) Adoption of New Accounting Pronouncement

Effective July 1, 2021, the Organization adopted GASB Statement No. 87, *Leases* (GASB 87), which establishes a uniform approach for lease accounting based on the principle that leases are financings of the right-to use an underlying asset. In accordance with GASB 87, the lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and the lessor is required to recognize a lease receivable and deferred inflow of resources. GASB 87 also requires enhanced disclosure, which includes a general description of the leasing arrangement, the aggregate amount of resource inflows and outflows recognized from lease contracts, including those not included in the measurement of the lease liability and receivable.

At July 1, 2021, the Organization recognized right-to-use assets of \$12,539, lease liabilities of \$12,714, based upon the present value of the remaining rental payments. The applicable discount rates ranged from 1.1% to 4.4% which were based on the Organization's incremental borrowing rates. Additionally, for the lease in which the Organization is a lessor, the Organization also recorded a lease receivable of \$4,139 and deferred inflows of \$3,985, based upon the present value of the remaining rental receipts. The applicable discount rate of 3.2% was based on the Organization's incremental borrowing rate.

GASB Statement No. 96 (GASB 96), *Subscription-Based Information Technology Arrangements*, provides a more uniform accounting for subscription-based contracts to use vendor-provided information technology. The Organization adopted this standard on July 1, 2022 and the adoption did not have a material impact on its financial statements.

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(r) *Reclassifications*

Certain reclassifications of prior-year financial information presented herein for comparative purposes have been reclassified to conform to the current year presentation. The reclassifications had no impact on the decrease in net position for the year ended June 30, 2022.

(3) **Significant Risks and Uncertainties**

Revenue Sources

The Organization receives revenues from Medicare, Medicaid, managed care, self-pay patients and other third-party payors. The sources and amounts of the Organization's revenues are determined by a number of factors, including the mix of payors and varying contract reimbursement rates. Changes in the mix of payors can significantly affect the Organization's financial position.

The following table depicts the Organization's net patient services revenue, by source, for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Medicare	44 %	52 %
Medicaid	12	10
Managed care	27	28
Other third-party payors	15	8
Self-pay	2	2
	<u>100 %</u>	<u>100 %</u>

During the years ended June 30, 2023 and 2022, the Organization recorded revenue of \$7,932 and \$5,300, respectively, related to the supplemental payments made, by the Commonwealth of Pennsylvania, 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.

Concentration of Credit Risk

The Organization also experiences credit risk related to the concentration of its accounts receivable. However, management does not believe there are any other significant concentrations of credit risk as of

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(In thousands)

June 30, 2023 and 2022. The mix of net receivables from patients and third-party payors at June 30, 2023 and 2022 was as follows:

	<u>2023</u>	<u>2022</u>
Medicare	35 %	35 %
Medicaid	6	7
Managed care	41	40
Other third-party payors	13	12
Self-pay	5	6
	<u>100 %</u>	<u>100 %</u>

(4) Investments

The following summarizes the Organization's investments as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Investment in CLIF	\$ 83,459	87,262
Money market accounts	5,868	8,354
	89,327	95,616
Less noncurrent investments (see below)	56,948	57,222
Current investments	<u>\$ 32,379</u>	<u>38,394</u>

Current investments include the following:

	<u>2023</u>	<u>2022</u>
Undesignated	\$ 16,832	22,512
Donor designated	10,480	10,786
Board designated	5,067	5,096
Total current investments	<u>\$ 32,379</u>	<u>38,394</u>

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Noncurrent investments include the following:

	<u>2023</u>	<u>2022</u>
Endowments (See Note 11)	\$ 34,184	36,110
Investments held as collateral for debt agreements	<u>22,764</u>	<u>21,112</u>
Total noncurrent investments	<u>\$ 56,948</u>	<u>57,222</u>

(5) Capital Assets, Net

Capital assets and related accumulated depreciation activity for the years ended June 30, 2023 and 2022 is as follows:

	<u>2023</u>			
	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Nondepreciable capital assets:				
Land	\$ 2,976	—	—	2,976
Construction in progress	<u>725</u>	<u>2,439</u>	<u>—</u>	<u>3,164</u>
	<u>3,701</u>	<u>2,439</u>	<u>—</u>	<u>6,140</u>
Depreciable capital assets:				
Buildings and improvements	54,407	1,664	(7)	56,064
Equipment	<u>37,299</u>	<u>1,528</u>	<u>(198)</u>	<u>38,629</u>
	<u>91,706</u>	<u>3,192</u>	<u>(205)</u>	<u>94,693</u>
Leased assets:				
Building	11,770	2,931	—	14,701
Equipment	<u>854</u>	<u>206</u>	<u>—</u>	<u>1,060</u>
	<u>12,624</u>	<u>3,137</u>	<u>—</u>	<u>15,761</u>
Total depreciable capital assets	<u>104,330</u>	<u>6,329</u>	<u>(205)</u>	<u>110,454</u>
Accumulated depreciation:				
Buildings and improvements	(38,485)	(1,727)	7	(40,205)
Equipment	(28,079)	(1,880)	191	(29,768)
Leased buildings	(2,242)	(2,227)	—	(4,469)
Leased equipment	<u>(241)</u>	<u>(267)</u>	<u>—</u>	<u>(508)</u>
Total accumulated depreciation	<u>(69,047)</u>	<u>(6,101)</u>	<u>198</u>	<u>(74,950)</u>
Depreciable capital assets, net	<u>35,283</u>	<u>228</u>	<u>(7)</u>	<u>35,504</u>
Total capital assets, net	<u>\$ 38,984</u>	<u>2,667</u>	<u>(7)</u>	<u>41,644</u>

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(In thousands)

	2022			
	Beginning	Increases	Decreases	Ending
Nondepreciable capital assets:				
Land	\$ 2,923	53	—	2,976
Construction in progress	43	682	—	725
	<u>2,966</u>	<u>735</u>	<u>—</u>	<u>3,701</u>
Depreciable capital assets:				
Buildings and improvements	54,109	298	—	54,407
Equipment	36,482	1,147	(330)	37,299
	<u>90,591</u>	<u>1,445</u>	<u>(330)</u>	<u>91,706</u>
Leased assets:				
Building	11,770	—	—	11,770
Equipment	769	85	—	854
	<u>12,539</u>	<u>85</u>	<u>—</u>	<u>12,624</u>
Total depreciable capital assets	<u>103,130</u>	<u>1,530</u>	<u>(330)</u>	<u>104,330</u>
Accumulated depreciation:				
Buildings and improvements	(36,739)	(1,746)	—	(38,485)
Equipment	(26,361)	(2,037)	319	(28,079)
Leased buildings	—	(2,242)	—	(2,242)
Leased equipment	—	(241)	—	(241)
Total accumulated depreciation	<u>(63,100)</u>	<u>(6,266)</u>	<u>319</u>	<u>(69,047)</u>
Depreciable capital assets, net	<u>40,030</u>	<u>(4,736)</u>	<u>(11)</u>	<u>35,283</u>
Total capital assets, net	<u>\$ 42,996</u>	<u>(4,001)</u>	<u>(11)</u>	<u>38,984</u>

Depreciation expense on depreciable capital assets was \$3,607 and \$3,783 for the years ended June 30, 2023 and 2022, respectively. Amortization expense on the leased assets was \$2,494 and \$2,483 for the years ended June 30, 2023 and 2022, respectively.

(6) Debt

(a) Lines of Credit

The Organization has a revolving line of credit agreement with a bank, which provides that the Hospital may borrow up to \$5,000, until the line expires on August 15, 2024. Amounts outstanding under this line bear interest at the Daily 1-month Secured Financing Overnight Rate (SOFR), plus an applicable margin ranging from 2.0% to 2.5% (6.09% at June 30, 2023). The Hospital 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. Subsequent to June 30, 2023, the maturity date on the line of credit was extended to August 15, 2024. At June 30, 2023 and 2022, the Hospital had outstanding borrowings of \$3,955 and \$985, respectively, under this line.

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(In thousands)

The Organization has a revolving line of credit agreement with a bank, which provides that one of the Centers may borrow up to \$750, until the line expires on August 15, 2024. Amounts outstanding under this line bear interest at the Daily Bloomberg Short-Term Bank Yield Index (BSBY) Rate plus an applicable margin of 1.35% (6.52% at June 30, 2023). At June 30, 2023 and 2022, the Hospital had outstanding borrowings of \$537 and \$0, respectively, under this line.

(b) Series 2012 Bonds

On March 1, 2012, the Hospitals and Higher Education Facilities Authority of Philadelphia (the Authority) issued Variable Rate Revenue Bonds, Series 2012, in the aggregate principal amount of \$15,000 (Series 2012 Bonds), with a final maturity date of November 1, 2030. The Series 2012 Bonds were concurrently purchased by a bank. The variable rate of the Series 2012 Bonds is a market rate based on SOFR plus 83 basis points (5.81% at June 30, 2023). The Series 2012 Bonds are collateralized by securities held in the CLIF. There are no principal payments required to be made under the Series 2012 Bonds until 2030.

However, the bank has an option during each of the periods commencing 90 days prior to (i) March 1, 2024 and (ii) March 1, 2029, and ending 180 days after each date, to tender the Series 2012 Bonds for mandatory purchase by the Hospital within 120 days from the date on which the notice is provided. Given that the bank has neither waived nor exercised its tender option, as of the date that the financial statements are available to be issued, and that such tender option is available to the bank through August 2024, the entire balance of the outstanding principal is recorded as current portion of long-term debt on the Organization's June 30, 2023 balance sheet.

(c) Committed Loan

In January 2014, the Organization converted an existing line of credit to a term loan requiring monthly principal and interest payments at a variable annual interest rate of SOFR plus 1.7% (6.86% as of June 30, 2023). Subsequent to June 30, 2023, the maturity date on the committed loan was extended to June 1, 2024. As of June 30, 2023 and 2022, the balance of the loan amounted to \$3,100 and \$3,426, respectively. The loan is collateralized by certain real estate.

(d) Commercial Bank Loans

The Organization has a term loan with a bank requiring monthly payments of principal and interest at a fixed annual interest rate of 2.27%, expiring April 2028. The loan is collateralized by securities held in the CLIF. As of June 30, 2023 and 2022, the balance of the loan amounted to \$879 and \$1,049, respectively.

The Organization has a term loan with a bank requiring monthly payments of principal and interest at an annual fixed interest rate of 3.95%, maturing July 2025. As of June 30, 2023 and 2022, the balance of the loan amounted to \$223 and \$315, respectively.

(e) Mortgage

On September 28, 2022, the organization entered into a \$5,200 loan, which matures on September 28, 2032, bears interest at an annual amount of one-month term SOFR plus 1.8% (6.96% at June 30, 2023) and requires monthly repayments of principal in amounts that amortize the loan over a 15-year

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period. The mortgage is collateralized by capital assets. As of June 30, 2023, the balance of the loan amounted to \$5,046 and \$0, respectively.

(f) *Bridge Loan*

On March 13, 2023, the Organization received a \$1,000 bridge loan in anticipation of receiving a \$1,000 Pennsylvania Redevelopment Capital Assistance Program grant. The loan originally was set to expire March 13, 2024 but was extended to June 11, 2024 and bears interest at the one-month term SOFR rate plus 1.8% (6.96% at June 30, 2023). As of June 30, 2023, the balance of the loan amounted to \$1,000.

(g) *Finance Agreements*

The Organization has several finance agreements for equipment with balances ranging from \$0 to \$375, interest rates ranging from 2.1% to 11.7%, and maturity dates ranging from September 2023 to October 2028. As of June 30, 2023 and 2022, the balance of the finance agreements amounted to \$1,705 and \$750, respectively.

(h) *Summary of Changes in Debt Obligations*

A summary of debt activity for the years ended June 30, 2023 and 2022 follows:

Description	2023			June 30, 2023	Amounts due within 1 year
	June 30, 2022	Additions	Reductions		
Lines of credit	\$ 985	4,837	(1,330)	4,492	4,492
Series 2012 bonds	\$ 15,000	—	—	15,000	15,000
Committed loan	3,426	—	(326)	3,100	3,100
Commercial bank loan	1,049	—	(170)	879	174
Commercial bank loan	315	—	(92)	223	105
Mortgage	—	5,200	(154)	5,046	241
Bridge loan	—	1,000	—	1,000	1,000
Other debt	367	—	(129)	238	94
Finance agreements	750	1,402	(447)	1,705	429
Total	\$ 20,907	7,602	(1,318)	27,191	20,143

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Description	2022				Amounts due within 1 year
	June 30, 2021	Additions	Reductions	June 30, 2022	
Line of credit	\$ —	985	—	985	985
Series 2012 bonds	\$ 15,000	—	—	15,000	—
Committed loan	3,753	—	(327)	3,426	327
Commercial bank loan	1,215	—	(166)	1,049	170
Commercial bank loan	420	—	(105)	315	105
Other debt	517	—	(150)	367	134
Finance agreements	1,158	114	(522)	750	330
Total	\$ 22,063	114	(1,270)	20,907	1,066

(i) Future Principal and Interest Payments

Future principal and interest maturities of the long-term debt outstanding are as follows:

	Principal	Interest	Total
Year ending June 30:			
2024	\$ 20,143	750	20,893
2025	950	346	1,296
2026	777	302	1,079
2027	778	261	1,039
2028	684	221	905
2029 – 2033	3,758	691	4,449
2034 – 2038	28	14	42
2039 – 2043	32	10	42
2044 – 2048	37	5	42
2049 – 2050	4	—	4
Total	\$ 27,191	2,600	29,791

Future interest requirements for the Organization's variable-rate debt were determined using the interest rate in effect at June 30, 2023.

(j) Debt Covenants

The Organization's debt agreements contain financial, affirmative, and negative covenants, and events of default that are customary for debt securities of this type. The Organization was in compliance with all of its loan covenants as of June 30, 2023, except the requirement to deliver the June 30, 2023 audited financial statements within 150 days of year-end. The Organization obtained waivers for this covenant violation.

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(7) Interest Rate Swaps

On March 1, 2012, 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. The terms of the swap contract have a notional value of \$15,000 and the Hospital pays a fixed rate of 5.81% and will receive a rate of 75% of the 30-day SOFR. The swap expires in November 2030.

On September 20, 2022, the Hospital entered into an interest rate swap agreement to hedge against the risk of changes in interest rates associated with its variable rate mortgage. The terms of the swap contract have an initial notional value of \$5,200 (\$5,046 as June 30, 2023), and the Hospital pays a fixed rate of 5.33% and will receive a rate of the one month SOFR CME Term plus 1.8%. The swap expires in September 2032.

The fair value of the interest rate swaps was \$2,817 and \$4,078 at June 30, 2023 and 2022, respectively. Changes in the fair value are reported as deferred outflows or inflows of resources in the statements of net position.

Under the interest rate swap agreements, the Hospital incurred net interest expense of \$434 and \$840 for the years ended June 30, 2023 and 2022, respectively. Net swap payments through the term of the swap are as follows: FY 2024 through FY 2028: \$290 per year, FY2029-2030: \$580 in total. Future net payments related to the interest rate swaps were determined based upon the terms in effect at June 30, 2023. However, as future rates vary, the variable interest rate payments on the net swap payments will also vary.

(a) Counterparty Risk

Interest rate swaps are also subject to counterparty risk which is the risk of loss of an amount expected to be delivered under an agreement in the event of the default or bankruptcy of the counterparty. Counterparty risk with swaps is limited by execution under the standardized International Swap and Derivatives Association Agreements. These contracts allow for the mutual exchange of collateral should an overall unsecured market value exceed a certain threshold.

(b) Credit Risk

As of June 30, 2023 and 2022, the Hospital was not exposed to credit risk on its interest rate swap contract since the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the Hospital would be exposed to credit risk in the amount of the swap's fair value.

(c) Interest Rate Risk

The Hospital will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

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(8) Leases

Lessee:

A summary of changes in lease liabilities during the years ended June 30, 2023 and 2022 is as follows:

		2023				
		Beginning	Additions	Remeasure- ments	Deductions	Ending
Lease liabilities:						
Buildings	\$	9,913	275	2,656	1,937	10,907
Equipment		620	206	—	261	565
Total lease liabilities	\$	10,533	481	2,656	2,198	11,472
		2022				
		Beginning	Additions	Remeasure- ments	Deductions	Ending
Lease liabilities:						
Buildings	\$	11,945	—	—	2,032	9,913
Equipment		769	85	—	234	620
Total lease liabilities	\$	12,714	85	—	2,266	10,533

During the years ended June 30, 2023 and 2022, the Organization did not incur any expenses related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment.

The components of lease cost for the years ended June 30, 2023 and 2022 recognized as supplies and other expenses in the statements of revenues, expenses and changes in net position are as follows:

	2023	2022
Amortization of right-to-use asset	\$ 2,494	2,483
Interest on lease liabilities	539	360
Short-term lease expense	133	165
Variable lease expense	307	240
Total lease cost	<u>\$ 3,473</u>	<u>3,248</u>

Lease assets obtained in exchange for lease liabilities (exclusive of the date of adoption on July 1, 2021) amounted to \$3,137 and \$0, for the years ended June 30, 2023 and 2022, respectively.

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Weighted average lease term and discount rate as of June 30, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Weighted average remaining lease term	7.97 yrs	7.37 yrs
Weighted average discount rate	4.75 %	3.00 %

A summary of principal and interest for future payments that are included in the measurement of the lease liability for the next five years and in subsequent five-year increments thereafter is as follows:

	<u>Total payment</u>	<u>Interest</u>	<u>Principal</u>
2024	\$ 2,794	500	2,294
2025	2,208	423	1,785
2026	1,507	358	1,149
2027	1,459	294	1,165
2028	1,292	235	1,057
2029 – 2033	3,008	570	2,438
2034 – 2037	1,716	132	1,584
Total	<u>\$ 13,984</u>	<u>2,512</u>	<u>11,472</u>

Lessor:

The components of lease income for the years ended June 30, 2023 and 2022 recognized as other revenue in the statements of revenues, expenses and changes in net position are as follows:

	<u>2023</u>	<u>2022</u>
Amortization of deferred inflows of resources	\$ 569	569
Short-term lease income	538	1,035
Variable lease income	118	129
Total lease income	<u>\$ 1,225</u>	<u>1,733</u>

(9) Retirement Plans

(a) Non-Contributory 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 10, 2010.

The Plan reports on a calendar year-end (December 31) and issues stand-alone audited financial statements. Additional information is available at www.citytrusts.com.

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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.

For the years ended June 30, 2023 and 2022, the Organization's net pension asset was measured as of December 31, 2022 and 2021, respectively (the measurement date). The total pension liability used to calculate the net pension asset was determined by actuarial valuations as of January 1, 2022 and 2021, respectively, and rolled forward to the respective measurement dates.

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.

Benefits

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.

(1) Normal Retirement Benefit includes:

- (i) Accrued Benefit: The annual accrued benefit credited in the prior Contributory Plan as of the effective date of this Plan, if any, plus
- (ii) Past Service Benefit: 1% of annual pay on the effective date multiplied by years of service to the effective date, provided the members had not attained age 65 on the effective date, plus
- (iii) Future Service Benefit: 1.5% of final 5-year average pay multiplied by years of service from date of participation to retirement.

For non-union employees, 2.0% of final 5-year average pay multiplied by years of service from date of participation to retirement.

Monthly retirement income shall not exceed 50% of final monthly base pay and shall not be less than \$200 per month (as a single life annuity).

(2) Early Retirement Benefit: Income accrued to early retirement date as in (1) above, reduced 1/3 of 1% for each month by which the benefit commencement date preceded Normal Retirement Date.

(3) Deferred Vested Income: Income accrued to date of termination as in (1) above. Benefits commence at Normal Retirement Date or, if member has 15 or more years of service, as early as age 50 with benefits reduced as described in (2) above.

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Plan Members Covered by Benefit Terms

The following members were covered by the respective benefit terms:

	2023	2022
Inactive members or beneficiaries currently receiving benefits	269	267
Inactive members entitled to, but not yet receiving benefits	141	147
Active members	15	16
Total	425	430

Expected Rate of Return on Investments

The long-term rate of return for the Plan's investments were determined using a building block method in which the best estimate ranges or expected real rates of return (i.e. expected returns, net of investment expenses, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term rate of return by weighting the expected real rates of return by the target asset allocation percentage and by adding expected inflation.

For the years ended June 30, 2023 and 2022, the target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

	2023	
Asset class	Target asset allocation	Long-term expected real rate of return
Domestic equity	50 %	6.5 %
International equity	10	6.6
Fixed income	30	3.5
Real estate/alternative	10	5.5
Total	100 %	

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Asset class	2022	
	Target asset allocation	Long-term expected real rate of return
Domestic equity	50 %	6.4 %
International equity	10	6.6
Fixed income	30	3.3
Real estate/alternative	10	5.5
Total	100 %	

Actuarial Assumptions

For the years ended June 30, 2023 and 2022, the Plan's total pension liability was determined by an actuarial valuation, using the following actuarial assumptions applied to the period included in the measurement:

Projected salary increases	3.0% compounded annually
Investment rate of return	7.5% per annum, compounded annually, net of investment expenses
Inflation adjustment	3.0% compounded annually
Mortality	PRI-2012 Amount Weighted Mortality Table with 2021 MP generational scale

The actuarial assumptions used in the January 1, 2022 and 2021 valuations were based on the results of an actuarial experience study for the period January 1, 2011 to December 31, 2020.

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the rates applicable to each member and that employer contributions will be made at rates as determined by the actuary. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and non-active members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Sensitivity of Net Pension Asset to Change in the Discount Rate

The following presents the net pension asset for the Plan as of June 30, 2023 and 2022, calculated using the discount rate of 7.5%, as well as what the net pension asset would be if it were calculated using a discount rate that is 1 percent lower or 1 percent higher than the current rate:

	2023		
	1% Decrease (6.5%)	Discount rate (7.5%)	1% Increase (8.5%)
Net pension asset	\$ 3,112	(679)	(4,122)

	2022		
	1% Decrease (6.5%)	Discount rate (7.5%)	1% Increase (8.5%)
Net pension asset	\$ (4,420)	(8,227)	(11,918)

Pension expense for the years ended June 30, 2023 and 2022 amounted \$134 and (\$1,679), respectively.

Changes in Net Pension Asset

Changes in the net pension asset for the years ended June 30, 2023 and 2022 are as follows:

	2023		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability/(asset) (a)-(b)
Balances as of June 30, 2022	\$ 37,676	45,903	(8,227)
Changes for the year:			
Service cost	52	—	52
Interest	2,714	—	2,714
Differences between expected and actual experience	(219)	—	(219)
Contributions – employer	—	1,500	(1,500)
Net investment income	—	(6,397)	6,397
Benefit payments, including refunds of member contributions	(2,688)	(2,688)	—
Plan administrative expense	—	(104)	104
Net changes	(141)	(7,689)	7,548
Balances as of June 30, 2023	\$ 37,535	38,214	(679)

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	2022		
	Total pension liability	Plan fiduciary net position	Net pension liability/(asset)
	(a)	(b)	(a)-(b)
Balances as of June 30, 2021	\$ 37,748	40,657	(2,909)
Changes for the year:			
Service cost	52	—	52
Interest	2,713	—	2,713
Differences between expected and actual experience	(291)	—	(291)
Changes in assumptions	158	—	158
Contributions – employer	—	1,500	(1,500)
Net investment income	—	6,524	(6,524)
Benefit payments, including refunds of member contributions	(2,704)	(2,704)	—
Plan administrative expense	—	(74)	74
Net changes	(72)	5,246	(5,318)
Balances as of June 30, 2022	\$ 37,676	45,903	(8,227)

Deferred Outflows/Inflows of Resources

At June 30, 2023 and 2022, the Hospital reported deferred outflows and inflows of resources related to the Plan from the following sources:

	2023	
	Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on pension plan investments	\$ 4,222	—
Contributions subsequent to the measurement date	750	—
Total	\$ 4,972	—

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	2022	
	Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on pension plan investments	\$ —	4,692
Contributions subsequent to the measurement date	750	—
Total	\$ 750	4,692

As of June 30, 2023, deferred outflows of resources related contributions subsequent to the measurement date will be recognized as an increase to the net pension asset in the year ended June 30, 2024 but are not included in the table below.

Net deferred outflows (inflows) of resources will be recognized in pension expense as follows for the fiscal year ended June 30:

2024	\$ 67
2025	905
2026	1,273
2027	1,977
	<u>\$ 4,222</u>

(b) 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 Organization has established a 403(b) plan with the same criteria as above which became effective as of July 1, 2002 for all new hires. For the years ended June 30, 2023 and 2022 the employer match for all eligible employees is 2.25% of an employee's compensation with a maximum compensation of \$270. The Organization contributed \$111 and \$104 to the 401(k) plan, and \$566 and \$431 to the 403(b) plan, during the years ended June 30, 2023 and 2022, respectively.

(10) Other Long-Term Liability

In June 2001, the Hospital transferred its leasehold interest in certain property and equipment to a third party through the form of a 35-year lease agreement. In July 2002, the Hospital entered into a sublease for the leasehold interest, which included a 25-year initial term and two optional 5-year term extensions, as well as an option to purchase the assets at any time during the sublease term. Given the substance of the

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transaction was such that control of the assets was retained by the Hospital, the transaction was deemed to represent a financing, rather than a sale of the property and equipment. As such, the assets and accumulated depreciation remained on the Hospital's balance sheet and continue to be depreciated over their remaining useful lives; and the proceeds received from the transaction were recorded as an other long-term liability. The other long-term liability bore an imputed interest rate of 7.1% and was payable over the term of the sublease.

During the year ended June 30, 2023, the Hospital obtained a mortgage on the property and used a portion of the proceeds to repay the remaining liability outstanding as of the date of the transaction. The Organization incurred a fee of \$1,038 to complete this refinancing. As of June 30, 2023 and 2022, the balance of the other long-term liability amounted to \$0 and \$3,752, respectively.

(11) Endowments

The Organization'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

Pennsylvania law permits the Board to make an election to annually appropriate for expenditure a selected percentage between 2% and 10% of the fair value of the assets related to permanent 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) Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year up to 5% of its endowment funds based on the average market value over the prior 20 quarters preceding each December 31. In establishing this policy, the Organization considered the long-term expected return on its funds. This is consistent with the Organization'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 the year ended June 30, 2023 was 5% for endowment funds.

(c) Return Objectives and Risk Parameters

The Organization 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 that the Organization must hold in perpetuity or for a specified period. The Organization 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.

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(12) Blended Component Units

The following presents condensed combining information of the blended component units:

Condensed Combining Statements of Net Position:

	2023						
	Hospital	Foundation	WEOC	Centers	Other	Eliminations	Total
Assets and deferred outflow s of resources							
Current assets:							
Due from affiliates	\$ 8,314	—	803	—	61	(9,178)	—
Other current assets	37,093	6,492	5,189	4,229	730	(269)	53,464
Total current assets	45,407	6,492	5,992	4,229	791	(9,447)	53,464
Noncurrent assets:							
Capital assets	25,657	4	6,421	6,546	4,491	(1,475)	41,644
Other noncurrent assets	65,930	4,286	—	—	4,529	(10,879)	63,866
Total noncurrent assets	91,587	4,290	6,421	6,546	9,020	(12,354)	105,510
Total assets	136,994	10,782	12,413	10,775	9,811	(21,801)	158,974
Deferred outflow s of resources	7,789	—	—	—	—	—	7,789
Total assets and deferred outflow s of resources	\$ 144,783	10,782	12,413	10,775	9,811	(21,801)	166,763
Liabilities, deferred inflow s of resources, and net position							
Current liabilities:							
Due to affiliates	\$ —	945	7,126	74	1,033	(9,178)	—
Other current liabilities	38,424	267	7,794	5,425	343	(269)	51,984
Total current liabilities	38,424	1,212	14,920	5,499	1,376	(9,447)	51,984
Total noncurrent liabilities	10,821	—	5,504	3,871	298	(1,253)	19,241
Total liabilities	49,245	1,212	20,424	9,370	1,674	(10,700)	71,225
Deferred inflow s of resources	2,847	—	—	—	1,475	(1,475)	2,847
Net position	92,691	9,570	(8,011)	1,405	6,662	(9,626)	92,691
Total liabilities, deferred inflow s of resources, and net position	\$ 144,783	10,782	12,413	10,775	9,811	(21,801)	166,763

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	2022						
	Hospital	Foundation	WEOC	Centers	Other	Eliminations	Total
Assets and deferred outflow s of resources							
Current assets:							
Due from affiliates	\$ 5,149	—	1,501	2	58	(6,710)	—
Other current assets	45,995	349	3,598	4,576	336	—	54,854
Total current assets	51,144	349	5,099	4,578	394	(6,710)	54,854
Noncurrent assets:							
Capital assets	22,887	9	6,998	4,436	4,654	—	38,984
Other noncurrent assets	70,640	8,378	—	—	3,452	(10,089)	72,381
Total noncurrent assets	93,527	8,387	6,998	4,436	8,106	(10,089)	111,365
Total assets	144,671	8,736	12,097	9,014	8,500	(16,799)	166,219
Deferred outflow s of resources	4,828	—	—	—	—	—	4,828
Total assets and deferred outflow s of resources	\$ 149,499	8,736	12,097	9,014	8,500	(16,799)	171,047
Liabilities, deferred inflow s of resources, and net position							
Current liabilities:							
Due to affiliates	\$ —	734	5,144	96	736	(6,710)	—
Other current liabilities	17,678	311	7,938	4,402	409	—	30,738
Total current liabilities	17,678	1,045	13,082	4,498	1,145	(6,710)	30,738
Total noncurrent liabilities	27,020	4	5,943	2,151	390	—	35,508
Total liabilities	44,698	1,049	19,025	6,649	1,535	(6,710)	66,246
Deferred inflow s of resources	8,108	—	—	—	—	—	8,108
Net position	96,693	7,687	(6,928)	2,365	6,965	(10,089)	96,693
Total liabilities, deferred inflow s of resources, and net position	\$ 149,499	8,736	12,097	9,014	8,500	(16,799)	171,047

Condensed Combining Statements of Revenues, Expenses and Changes in Net Position:

	2023						
	Hospital	Foundation	WEOC	Centers	Other	Eliminations	Total
Operating revenues:							
Patient service revenue	\$ 41,202	—	26,299	27,786	285	—	95,572
Other	3,455	147	2,847	39	1,362	(1,603)	6,247
Total operating revenues	44,657	147	29,146	27,825	1,647	(1,603)	101,819
Operating expenses:							
Depreciation and amortization	3,206	5	1,144	1,848	179	(281)	6,101
Other operating expenses	47,606	1,647	35,308	26,287	1,611	(1,261)	111,198
Total operating expenses	50,812	1,652	36,452	28,135	1,790	(1,542)	117,299
Operating (loss) income	(6,155)	(1,505)	(7,306)	(310)	(143)	(61)	(15,480)
Nonoperating revenues (expenses):	1,153	3,373	6,223	(650)	(160)	524	10,463
Contributions to permanent endow ment fund	1,000	15	—	—	—	—	1,015
Decrease in net position	(4,002)	1,883	(1,083)	(960)	(303)	463	(4,002)
Net position – beginning	96,693	7,687	(6,928)	2,365	6,965	(10,089)	96,693
Net position – ending	\$ 92,691	9,570	(8,011)	1,405	6,662	(9,626)	92,691

WILLS EYE HOSPITAL
Notes to Financial Statements
June 30, 2023 and 2022
(In thousands)

	2022						
	Hospital	Foundation	WEOC	Centers	Other	Eliminations	Total
Operating revenues:							
Patient service revenue	\$ 38,868	—	24,637	26,833	402	—	90,740
Other	3,419	—	3,266	608	1,256	(1,059)	7,490
Total operating revenues	42,287	—	27,903	27,441	1,658	(1,059)	98,230
Operating expenses:							
Depreciation and amortization	3,277	4	1,109	1,967	190	(281)	6,266
Other operating expenses	40,947	2,560	34,612	24,861	1,794	(839)	103,935
Total operating expenses	44,224	2,564	35,721	26,828	1,984	(1,120)	110,201
Operating (loss) income	(1,937)	(2,564)	(7,818)	613	(326)	61	(11,971)
Nonoperating revenues (expenses):	(18,705)	819	6,375	(1,038)	424	3,801	(8,324)
Contributions to permanent endowment fund	11	234	—	—	—	—	245
Decrease in net position	(20,631)	(1,511)	(1,443)	(425)	98	3,862	(20,050)
Net position – beginning	117,324	9,198	(5,485)	2,790	6,867	(13,951)	116,743
Net position – ending	\$ 96,693	7,687	(6,928)	2,365	6,965	(10,089)	96,693

Condensed Combining Statements of Cash Flows:

	2023						
	Hospital	Foundation	WEOC	Centers	Other	Eliminations	Total
Net cash provided by (used in) operating activities	\$ (5,361)	(1,541)	(8,104)	2,240	(146)	(334)	(13,246)
Net cash provided by (used in) noncapital financing activities	(180)	561	2,690	517	294	(10)	3,872
Net cash provided by (used in) capital and related financing activities	(3,428)	2,400	(1,163)	(2,232)	(158)	287	(4,294)
Net cash provided by (used in) investing activities	9,051	(1,429)	6,500	(400)	31	57	13,810
Net increase (decrease) in cash and cash equivalents	82	(9)	(77)	125	21	—	142
Cash and cash equivalents beginning of year	1,057	9	238	1,065	88	—	2,457
Cash and cash equivalents end of year	\$ 1,139	—	161	1,190	109	—	2,599

	2022						
	Hospital	Foundation	WEOC	Centers	Other	Eliminations	Total
Net cash provided by (used in) operating activities	\$ 530	(2,404)	(7,511)	542	(195)	(14)	(9,052)
Net cash provided by (used in) noncapital financing activities	(1,679)	933	8,328	(959)	237	(5,630)	1,230
Net cash provided by (used in) capital and related financing activities	(2,586)	1,257	(836)	(1,698)	(190)	4	(4,049)
Net cash provided by (used in) investing activities	3,428	133	—	—	4	5,642	9,207
Net increase (decrease) in cash and cash equivalents	(307)	(81)	(19)	(2,115)	(144)	2	(2,664)
Cash and cash equivalents beginning of year	1,364	90	257	3,180	232	(2)	5,121
Cash and cash equivalents end of year	\$ 1,057	9	238	1,065	88	—	2,457

WILLS EYE HOSPITAL

Notes to Financial Statements

June 30, 2023 and 2022
(In thousands)

(13) 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.

Malpractice Insurance

The Organization carries 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 \$411 and \$408 at June 30, 2023 and 2022, 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 statements of net position.

(14) Subsequent Events

The Organization has evaluated subsequent events through May 23, 2024, which is the date that the accompanying financial statements were available to be issued. Other than the transactions previously disclosed herein, no subsequent events have occurred that would require recognition or disclosure in these financial statements.

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

Schedule of Changes in the Employer's Net Pension Liability (Asset) and Related Ratios (Unaudited)

June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:									
Service cost	\$ 51,874	51,874	77,549	131,139	129,707	146,763	151,489	157,934	167,278
Interest	2,714,148	2,713,580	2,775,905	2,749,757	2,749,422	2,771,758	2,692,747	2,626,675	2,593,140
Differences between expected and actual experience	(219,455)	(291,457)	189,950	(112,972)	(480,889)	826,767	(59,937)	88,779	—
Changes of assumptions	—	157,822	522,419	(132,000)	(139,000)	(130,000)	1,676,000	—	512,400
Benefit payments, including refunds of member contributions	(2,688,397)	(2,703,821)	(2,686,540)	(2,673,431)	(2,590,646)	(2,549,687)	(2,485,082)	(2,478,685)	(2,364,835)
Net change in total pension liability	(141,830)	(72,002)	879,283	(37,507)	(331,406)	1,065,601	1,975,217	394,703	907,983
Total pension liability – beginning	37,676,113	37,748,115	36,868,832	36,906,339	37,237,745	36,172,144	34,196,927	33,802,224	32,894,241
Total pension liability – ending	37,534,283	37,676,113	37,748,115	36,868,832	36,906,339	37,237,745	36,172,144	34,196,927	33,802,224
Plan fiduciary net position:									
Contributions – employer	1,500,000	1,500,000	1,500,000	1,501,400	1,325,000	1,200,000	1,200,000	1,200,000	1,020,000
Net investment income	(6,397,394)	6,524,205	4,679,321	6,613,092	(1,867,167)	4,333,178	1,954,950	(135,553)	1,921,812
Benefit payments, including refunds of member contributions	(2,688,397)	(2,703,821)	(2,686,540)	(2,673,431)	(2,590,646)	(2,549,687)	(2,485,082)	(2,478,685)	(2,364,835)
Administrative expense	(103,769)	(74,814)	(74,926)	(71,305)	(66,786)	(62,989)	(69,933)	(54,508)	(59,844)
Net change in plan fiduciary net position	(7,689,560)	5,245,570	3,417,855	5,369,756	(3,199,599)	2,920,502	599,935	(1,468,746)	517,133
Plan fiduciary net position – beginning	45,902,732	40,657,162	37,239,307	31,869,551	35,069,150	32,148,648	31,548,713	33,017,459	32,500,326
Plan fiduciary net position – ending	38,213,172	45,902,732	40,657,162	37,239,307	31,869,551	35,069,150	32,148,648	31,548,713	33,017,459
Net pension liability (asset)	\$ (678,889)	(8,226,619)	(2,909,047)	(370,475)	5,036,788	2,168,595	4,023,496	2,648,214	784,765
Plan fiduciary net position as a percentage of the total pension liability	101.81 %	121.84 %	107.71 %	101.00 %	86.35 %	94.18 %	88.88 %	92.26 %	97.68 %
Covered employee payroll	\$ 2,363,559	2,242,447	2,236,885	2,208,357	2,235,608	2,484,534	2,718,440	2,635,641	2,714,612
Net pension liability (asset) as a percentage of covered employee payroll	(28.72)%	(366.86)%	(130.05)%	(16.78)%	225.30 %	87.28 %	148.01 %	100.48 %	28.91 %

The requirement for this schedule is to present 10 years of information. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

BOARD OF DIRECTORS OF CITY TRUSTS
WILLS EYE HEALTH SYSTEM
NON-CONTRIBUTORY RETIREMENT PLAN
Schedule of Employer Contributions (Unaudited)

June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,147,000	1,500,000	1,500,000	1,501,400	1,325,000	1,200,000	1,200,000	1,200,000	1,020,000
Contributions in relation to the actuarially determined contribution	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,501,400</u>	<u>1,325,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,020,000</u>
Contribution deficiency (excess)	<u>\$ (353,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Covered employee payroll	\$ 2,363,559	2,242,447	2,236,885	2,208,357	2,235,608	2,484,534	2,718,440	2,635,641	2,714,612
Contributions as a percentage of covered employee payroll	63.46 %	66.89 %	67.06 %	67.99 %	59.27 %	48.30 %	44.14 %	45.53 %	37.57 %

The requirement for this schedule is to present 10 years of information. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

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

Notes to Required Supplementary Information (Unaudited)

June 30, 2023

(1) Significant methods and assumptions used in calculating the actuarially determined contributions

The methods and assumptions used in calculating the actuarially determined contributions are as follows:

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Valuation date	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015	January 1, 2014
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	15 years with level	15 years with level	15 years with level	15 years with level	15 years with level	15 years with level	15 years with level	15 years with level	15 years with level
	payments on an open amortization basis	payments on an open amortization basis	payments on an open amortization basis	payments on an open amortization basis	payments on an open amortization basis	payments on an open amortization basis	payments on an open amortization basis	payments on an open amortization basis	payments on an open amortization basis
Remaining amortization period	15 years	15 years	15 years	15 years	15 years	15 years	15 years	15 years	15 years
Actuarial assumptions:									
Investment rate of return	7.50 %	7.50 %	7.50 %	7.75 %	7.75 %	7.75 %	7.75 %	8.00 %	8.00 %
Projected salary increases	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Postretirement mortality	PRI-2012 Amount Weighted Mortality Table with 2021 MP generational scale	PRI-2012 Amount Weighted Mortality Table with 2021 MP generational scale	PRI-2012 Amount Weighted Mortality Table with 2020 MP generational scale	RP-2014 with 2018 MP generational scale	RP-2014 with 2017 MP generational scale	RP-2014 with 2016 MP generational scale	RP-2014 with 2015 MP generational scale	RP-2000	RP-2000
Cost-of-living adjustments	3.00 %	3.00 %	3.00 %	2.75 %	2.50 %	2.50 %	2.50 %	2.50 %	2.50 %
Discount rate – actuarially accrued liability	2.79	2.56	2.45	3.34	4.08	3.65	3.35	4.11	4.01

See accompanying independent auditors' report.

WILLS EYE HEALTH SYSTEM
SCHEDULE OF BLENDED COMPONENT UNITS – AMBULATORY SURGERY CENTERS
SCHEDULE OF NET POSITION

June 30, 2023

(In thousands)

	Warminster	Cherry Hill	Plymouth Meeting	Cottman	Stadium	Total
Current assets:						
Cash and cash equivalents	\$ 281	186	290	14	418	1,189
Patient accounts receivable	305	549	172	232	362	1,620
Inventory	239	315	171	165	254	1,144
Other current assets	28	66	53	55	74	276
Total current assets	853	1,116	686	466	1,108	4,229
Noncurrent assets:						
Capital assets, net	921	2,720	1,684	808	413	6,546
Total assets	1,774	3,836	2,370	1,274	1,521	10,775
Current liabilities:						
Accounts payable	415	916	263	753	458	2,805
Accrued liabilities	106	184	71	91	127	579
Line of credit	—	537	—	—	—	537
Current portion of long-term debt	109	80	—	31	—	220
Current portion of lease liabilities	170	273	177	350	314	1,284
Due to Wills Eye Hospital	11	25	19	8	11	74
Total current liabilities	811	2,015	530	1,233	910	5,499
Noncurrent liabilities:						
Long-term debt, net of current portion	125	119	—	48	—	292
Lease liabilities, net of current portion	612	1,255	1,420	187	105	3,579
Total liabilities	1,548	3,389	1,950	1,468	1,015	9,370
Net position:						
Net investment in capital assets	128	993	87	192	(6)	1,394
Unrestricted	98	(546)	333	(386)	512	11
Total net position	226	447	420	(194)	506	1,405
Total liabilities and net position	\$ 1,774	3,836	2,370	1,274	1,521	10,775

See accompanying independent auditors' report.

WILLS EYE HEALTH SYSTEM
SCHEDULE OF BLENDED COMPONENT UNITS – AMBULATORY SURGERY CENTERS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended June 30, 2023

(In thousands)

	Warminster	Cherry Hill	Plymouth Meeting	Cottman	Stadium	Total
Operating revenues:						
Patient service revenue	\$ 4,796	9,667	4,632	3,628	5,063	27,786
Other revenue	9	1	2	24	3	39
Total operating revenues	<u>4,805</u>	<u>9,668</u>	<u>4,634</u>	<u>3,652</u>	<u>5,066</u>	<u>27,825</u>
Operating expenses:						
Salaries and benefits	1,110	3,018	1,420	1,201	1,682	8,431
Supplies and other expenses	3,145	6,295	2,693	2,223	2,631	16,987
Insurance	100	216	90	69	95	570
Professional fees	65	63	47	64	60	299
Depreciation and amortization	204	487	266	478	413	1,848
Total operating expenses	<u>4,624</u>	<u>10,079</u>	<u>4,516</u>	<u>4,035</u>	<u>4,881</u>	<u>28,135</u>
Operating income (loss)	<u>181</u>	<u>(411)</u>	<u>118</u>	<u>(383)</u>	<u>185</u>	<u>(310)</u>
Nonoperating revenue (expense):						
Other expense	(150)	(75)	(50)	—	(125)	(400)
Interest expense	(36)	(68)	(117)	(18)	(11)	(250)
Total nonoperating expense	<u>(186)</u>	<u>(143)</u>	<u>(167)</u>	<u>(18)</u>	<u>(136)</u>	<u>(650)</u>
Increase (decrease) in net position	(5)	(554)	(49)	(401)	49	(960)
Net position – beginning of year	231	1,001	469	207	457	2,365
Net position – end of year	<u>\$ 226</u>	<u>447</u>	<u>420</u>	<u>(194)</u>	<u>506</u>	<u>1,405</u>

See accompanying independent auditors' report.



COLLECTIVE LEGAL INVESTMENT FUND

Basic Financial Statements

December 31, 2023 and 2022

(With Independent Auditors' Report Thereon)

COLLECTIVE LEGAL INVESTMENT FUND

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KPMG LLP
Suite 4000
1735 Market Street
Philadelphia, PA 19103-7501

Independent Auditors' Report

The Members of the Board
The Board of Directors of City Trusts:

Opinion

We have audited the financial statements of the Collective Legal Investment Fund of the Board of Directors of City Trusts (CLIF) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the CLIF's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the CLIF as of December 31, 2023 and 2022, and the changes in its fiduciary net position for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CLIF and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the CLIF's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CLIF's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the CLIF's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

KPMG LLP

Philadelphia, Pennsylvania
September 6, 2024

COLLECTIVE LEGAL INVESTMENT FUND
Management's Discussion and Analysis (Unaudited)
December 31, 2023 and 2022

The following discussion and analysis of the Collective Legal Investment Fund ("CLIF") provides an overview of the financial activities of the CLIF for the years ended December 31, 2023 and 2022.

The information contained within this Management's Discussion and Analysis is only a component of the entire financial statement report. Readers should take time to read and evaluate all sections of the report, including the financial statements themselves, and the Notes to the Financial Statements that are provided in addition to this Management's Discussion and Analysis.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction into the CLIF's basic financial statements. The CLIF is considered a fiduciary fund (Investment Trust) in accordance with Governmental Accounting Standards Board Statement No. 34. Fiduciary funds are used to account for resources held for the benefit of parties outside a government. The CLIF's basic financial statements comprise the statements of fiduciary position, statements of changes in fiduciary net position, and notes to the financial statements.

Statements of Fiduciary Net Position

These statements are used to account for resources held in a trustee or agency capacity for others and are not available for the support of any government programs. These statements present the total assets held less any liabilities to report the net position held in trust for the CLIF. Investments and are shown at fair value and all other assets and liabilities are determined on an accrual basis.

Statements of Changes in Fiduciary Net Position

These statements present the total additions to the CLIF in the form of investment income, securities lending income and deposits to investment fund, less any deductions for expenses or withdrawals from investment fund to arrive at a change in fiduciary net position for the years then ended.

Notes to the Financial Statements

The notes to the financial statements are an integral part of the financial statements providing additional detail that is essential to a full understanding of the financial statements.

Financial Highlights

For the year ended December 31, 2023, the CLIF's fiduciary net position increased by \$58.9 million (10%) compared to a decrease of \$158.3 million (21%) in 2022. The increase was primarily due to favorable market conditions.

For the year ended December 31, 2022, the CLIF's fiduciary net position decreased by \$158.3 million (21%) compared to an increase of \$116.6 million (19%) in 2021. The decrease was primarily due to unfavorable market conditions combined with withdrawals from the fund totaling \$83.1 million, of which, one withdrawal was a significant withdrawal of approximately \$55.8 million.

COLLECTIVE LEGAL INVESTMENT FUND
Management's Discussion and Analysis (Unaudited)
December 31, 2023 and 2022

Financial Information

The following table is a summary of the Statements of Fiduciary Net Position, as of December 31, 2023 and 2022, respectively with comparative information as of December 31, 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets:			
Cash	\$ 2,271,978	2,010,482	1,285,100
Investment income receivable	1,736,475	1,945,477	1,609,198
Other receivables	1,444,635	77,572	102,823
Collateral received for securities on loan	84,624,759	125,659,422	46,599,255
Investments	<u>637,008,237</u>	<u>579,320,865</u>	<u>738,090,077</u>
Total assets	<u>727,086,084</u>	<u>709,013,818</u>	<u>787,686,453</u>
Liabilities:			
Accrued expenses	886,196	711,989	1,117,104
Due to participating trusts	2,272,025	2,266,934	1,272,638
Payable for securities on loan	<u>84,624,759</u>	<u>125,659,422</u>	<u>46,599,255</u>
Total liabilities	<u>87,782,980</u>	<u>128,638,345</u>	<u>48,988,997</u>
Net position held in trust	<u>\$ 639,303,104</u>	<u>580,375,473</u>	<u>738,697,456</u>

During the year ended December 31, 2023, the various stock market indices all experienced increases which had a direct impact on the CLIF's investments, which increased by approximately \$57.7 million (10%). This increase was due to unrealized appreciation of approximately \$80.5 million, realized gains of approximately \$11.8 million for investment sales and net investment income of approximately \$10.4 million. This was offset by withdrawals from the fund of approximately \$44.8 million.

During the year ended December 31, 2022, the various stock market indices all experienced decreases which had a direct impact on the CLIF's investments, which decreased by approximately \$158.8 million (21%) due to unrealized depreciation of approximately \$127.6 million, combined with significant withdrawals from the fund of approximately \$83.1 million. This was offset by realized gains of approximately \$11.0 million for investment sales, deposits into the CLIF of approximately \$31.1 million, and net investment income of approximately \$10.3 million.

Receivables relate to timing differences on trade and settlement dates for investment securities at year-end. Accrued expenses related to investment manager fees vary based on market performance.

As of December 31, 2023, collateral for securities on loans decreased by approximately \$41.0 million due to a reduction in the securities on loan. There is a corresponding offset to the payable for securities on loan as well. As of December 31, 2022, collateral for securities on loans increased by approximately \$79.1 million due to an increase in the securities on loan. There is a corresponding offset to the payable for securities on loan as well.

COLLECTIVE LEGAL INVESTMENT FUND
Management's Discussion and Analysis (Unaudited)
December 31, 2023 and 2022

The following table is a summary of the Statements of Changes in Fiduciary Net Position for the years ended December 31, 2023 and 2022, respectively, with comparative information for the year ended December 31, 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Additions:			
Investment income (loss):			
Investment income, net of investment management fees	\$ 10,358,468	10,275,010	8,134,367
Net appreciation (depreciation) of investments	<u>92,254,827</u>	<u>(116,599,678)</u>	<u>94,930,538</u>
Total investment income (loss)	102,613,295	(106,324,668)	103,064,905
Deposits to investment fund	<u>1,108,494</u>	<u>31,057,259</u>	<u>30,861,632</u>
Total additions	103,721,789	(75,267,409)	133,926,537
Deductions:			
Withdrawals from investment fund	<u>(44,794,158)</u>	<u>(83,054,574)</u>	<u>(17,311,060)</u>
Total deductions	<u>(44,794,158)</u>	<u>(83,054,574)</u>	<u>(17,311,060)</u>
Net (decrease) increase	<u>\$ 58,927,631</u>	<u>(158,321,983)</u>	<u>116,615,477</u>

During the year ended December 31, 2023, net investment income remained relatively flat at approximately \$10.4 million. Fair value of investments increased by approximately \$208.9 million due to favorable market conditions.

During the year ended December 31, 2022, net investment income increased by approximately \$2.1 million due to increases in interest rates on fixed income securities. Fair value of investments decreased by approximately \$211.5 million due to unfavorable market conditions.

During the year ended December 31, 2023, there were minimal deposits in the CLIF of approximately \$1.1 million compared to deposits of approximately \$31.1 million during 2022 and 2021, respectively, from the Estate of Stephen Girard, Deceased (Girard Estate) due to proceeds from sales of real estate investments which were then invested in the CLIF.

Withdrawals from the investment fund fluctuate from year to year based upon the needs of each investor trust, and there was a decrease of approximately \$38.3 million in 2023 compared to 2022.

During the year ended December 31, 2022 there was an increase of approximately \$65.7 million in withdrawals compared to 2021 due to withdrawals of approximately \$55.8 million by Girard Estate during 2022 for the purchase of new real estate investments.

COLLECTIVE LEGAL INVESTMENT FUND
Management's Discussion and Analysis (Unaudited)
December 31, 2023 and 2022

The following is a summary of the investments at fair value as of December 31, 2023 and 2022, with comparative information as of December 31, 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Short-term investments	\$ 45,606,534	52,586,177	21,832,596
Equity securities:			
Domestic	349,198,251	285,929,564	430,293,993
International	38,413,609	34,990,852	42,494,621
Total equity securities	<u>387,611,860</u>	<u>320,920,416</u>	<u>472,788,614</u>
Fixed income:			
U.S. Government and agencies	57,447,438	51,464,578	53,524,537
Corporate and other	46,282,965	52,290,946	53,089,209
Asset-backed securities	4,661,439	4,383,193	4,201,261
Mortgage-backed securities	1,633,635	2,532,703	6,017,537
Mutual funds	8,215,261	51,907,443	92,018,144
Total fixed income	118,240,738	162,578,863	208,850,688
Private equity funds	48,826,514	43,235,409	34,618,179
Real estate investments	36,722,591	—	—
Total	<u>\$ 637,008,237</u>	<u>579,320,865</u>	<u>738,090,077</u>

Contact Information

This financial report is designed to provide our families, supporters, investors and creditors with a general overview of the CLIF's finances and to demonstrate the CLIF's accountability. Additional information is also available on the CLIF's website at www.citytrusts.com. If you have any questions about this report or would like additional information, please contact:

Finance Department
Collective Legal Investment Fund
c/o Board of City Trusts
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Suite 2600
Philadelphia, PA 19107
215-568-0440

COLLECTIVE LEGAL INVESTMENT FUND

Statements of Fiduciary Net Position

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets:		
Cash	\$ 2,271,978	2,010,482
Investment income receivable	1,736,475	1,945,477
Other receivables	1,444,635	77,572
Collateral received for securities on loan	84,624,759	125,659,422
Investments	<u>637,008,237</u>	<u>579,320,865</u>
Total assets	<u>727,086,084</u>	<u>709,013,818</u>
Liabilities:		
Accrued expenses	886,196	711,989
Due to participating trusts	2,272,025	2,266,934
Payable for securities on loan	<u>84,624,759</u>	<u>125,659,422</u>
Total liabilities	<u>87,782,980</u>	<u>128,638,345</u>
Net position held in trust	<u>\$ 639,303,104</u>	<u>580,375,473</u>

See accompanying notes to financial statements.

COLLECTIVE LEGAL INVESTMENT FUND

Statements of Changes in Fiduciary Net Position

Years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Additions:		
Investment income:		
Interest	\$ 8,785,215	8,943,081
Dividends	6,488,463	6,279,862
Real estate and other income	1,682,644	470,803
Net appreciation (depreciation) of investments	<u>92,254,827</u>	<u>(116,599,678)</u>
Subtotal investment income (loss)	109,211,149	(100,905,932)
Investment management fees	<u>(6,597,854)</u>	<u>(5,418,736)</u>
Total investment income (loss)	102,613,295	(106,324,668)
Deposits to investment fund	<u>1,108,494</u>	<u>31,057,259</u>
Total additions	103,721,789	(75,267,409)
Deductions:		
Withdrawals from investment fund	<u>(44,794,158)</u>	<u>(83,054,574)</u>
Total deductions	<u>(44,794,158)</u>	<u>(83,054,574)</u>
Net increase (decrease)	58,927,631	(158,321,983)
Net position held in trust:		
Beginning of year	<u>580,375,473</u>	<u>738,697,456</u>
End of year	<u>\$ 639,303,104</u>	<u>580,375,473</u>

See accompanying notes to financial statements.

COLLECTIVE LEGAL INVESTMENT FUND

Notes to Financial Statements

December 31, 2023 and 2022

(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, including certain assets of the Estate of Stephen Girard, Deceased (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

The basic financial statements of the CLIF have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The CLIF is classified as an Investment Trust Fund. The basic fiduciary fund financial statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

The CLIF uses the accrual basis of accounting where the measurement focus is on the flow of economic resources. Revenues are recognized in the period in which they are earned, and expenses are recognized in the period incurred.

(c) Cash

Cash consists of cash on hand and deposits.

All the CLIF's' deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") (subject to the FDIC limit or \$250,000 per plan per member) and/or collateralized by securities held by a financial institution separate from the CLIF's depository financial institution. However, the CLIF's cash balances can exceed FDIC insured limits. As of December 31, 2023 and 2022, cash in the bank amounted to approximately \$4.2 and \$2.3 million, respectively, of which, approximately \$4.0 and \$2.0 million, respectively, was uninsured.

(d) Investments

Investments, including short-term, equity and fixed income securities as well as real estate investments are reported at fair value, as described in note 2. Purchases and sales of securities are reflected on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on the accrual basis.

Private equity funds are reported at fair value as estimated and reported by general partners and investment managers, based upon the underlying net asset value (NAV) of the fund or partnership as a practical expedient of fair value. Adjustments are required when the CLIF expects to sell the investment at a value other than NAV.

COLLECTIVE LEGAL INVESTMENT FUND

Notes to Financial Statements

December 31, 2023 and 2022

(e) Deposits to Investment Fund

From time to time, the CLIF will receive deposits from the Girard Estate, Wills Eye Institute, or from the Sundry Trusts.

(f) Withdrawals from Investment Fund

Units of the CLIF are generally purchased and sold based on the available cash and cash requirements of each of the participating investor trusts. Earnings from the CLIF are allocated to each participating investor trust on a monthly basis. Gains and losses from the sales of such units are determined on the last-in, first-out (LIFO) method. Withdrawals 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

Income earned by the CLIF is not subject to federal income tax.

(h) Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

(2) Fair Value Measurements

The CLIF categorizes its fair value measurements within the fair value hierarchy established by GAAP. Three levels of inputs 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 include U.S. Treasury debt and equity securities, including exchange traded funds, international equity and fixed income mutual funds, 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 or published prices for similar assets and liabilities, quoted or published 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 include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. municipal 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 include real estate investments 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.

COLLECTIVE LEGAL INVESTMENT FUND

Notes to Financial Statements

December 31, 2023 and 2022

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. The types of investments held by the CLIF are described as follows:

(a) Short-term Investments

Short-term investments consist of cash equivalents 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.

(b) Equity Securities

Equity securities, exchange-traded funds and international equity mutual funds 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.

(c) 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 or published 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 or published 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.

(d) Real Estate Investments

The CLIF is a limited partner in investments that own diversified real estate assets. The CLIF has no authority to operate or govern the assets of these limited partnerships, it is not the guarantor of any debt obligations, and does not have an ongoing financial responsibility. The CLIF is entitled to preferred cumulative dividends and/or operational cash flow from net operating income. Real estate investments are reported at fair value and considered Level 3 investments in the fair value hierarchy table.

(e) Private Equity Funds

NAVs provided by limited partnership investees are based on audit financial statements, estimates, appraisals, assumptions, and methods that are reviewed by CLIF management. The CLIF estimates the fair value of its limited partnership investments using the NAV per share as reported by the investee as a practical expedient. Private equity funds, 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. 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.

COLLECTIVE LEGAL INVESTMENT FUND

Notes to Financial Statements

December 31, 2023 and 2022

As of December 31, 2023 and 2022, private equity investments consisted of the following:

2023			
Investment type	NAV	Unfunded commitments	Redemption frequency
Energy	\$ 14,769,412	2,992,621	Not applicable
Small Company Buyouts	10,606,625	2,040,300	Not applicable
Distressed securities	7,417,028	24,764,989	Not applicable
Secondary markets	9,872,295	14,327,721	Not applicable
Private debt	6,161,154	2,593,019	Not applicable
	<u>\$ 48,826,514</u>	<u>46,718,650</u>	
2022			
Investment type	NAV	Unfunded commitments	Redemption frequency
Energy	\$ 17,906,582	3,358,975	Not applicable
Small Company Buyouts	9,171,882	3,260,104	Not applicable
Distressed securities	3,313,502	7,910,545	Not applicable
Secondary markets	6,619,266	6,245,777	Not applicable
Private debt	6,224,177	2,402,433	Not applicable
	<u>\$ 43,235,409</u>	<u>23,177,834</u>	

COLLECTIVE LEGAL INVESTMENT FUND

Notes to Financial Statements

December 31, 2023 and 2022

The following table presents the investments in securities measured at fair value on a recurring basis as of December 31, 2023 (in thousands):

	Total	Fair value measurements at December 31, 2023 using		
		Level 1	Level 2	Level 3
Short-term investments	\$ 45,607	45,607	—	—
Equity securities:				
U.S. common stocks:				
Industrials	44,213	44,213	—	—
Consumer discretionary	31,155	31,155	—	—
Consumer staples	14,477	14,477	—	—
Energy	17,843	17,843	—	—
Financial	41,359	41,359	—	—
Materials	10,049	10,049	—	—
Information technology	63,417	63,417	—	—
Real Estate	8,282	8,282	—	—
Utilities	6,420	6,420	—	—
Healthcare	39,167	39,167	—	—
Telecommunications and other	24,049	24,049	—	—
Total U.S. common stocks	300,431	300,431	—	—
Exchange-traded funds	48,767	48,767	—	—
International equity mutual funds	38,414	38,414	—	—
Total equity securities	387,612	387,612	—	—
Fixed income:				
U.S. Treasury bonds and notes	47,133	47,133	—	—
Other:				
Municipal bonds	10,314	—	10,314	—
Debt securities issued by foreign governments	54	—	54	—
U.S. corporate and other bonds	46,229	—	46,229	—
Asset-backed securities	4,661	—	4,661	—
Mortgage-backed securities	1,634	—	1,634	—
Mutual funds	8,215	8,215	—	—
Total fixed income	118,240	55,348	62,892	—
Real estate investments	36,723	—	—	36,723
Subtotal	588,182	488,567	62,892	36,723
Private equity funds (NAV)	48,826			
Total	\$ 637,008			

COLLECTIVE LEGAL INVESTMENT FUND

Notes to Financial Statements

December 31, 2023 and 2022

The following table presents the investments in securities measured at fair value on a recurring basis as of December 31, 2022 (in thousands):

		Fair value measurements at December 31, 2022 using	
	Total	Level 1	Level 2
Short-term investments	\$ 52,586	52,586	—
Equity securities:			
U.S. common stocks:			
Industrials	35,306	35,306	—
Consumer discretionary	25,835	25,835	—
Consumer staples	11,688	11,688	—
Energy	14,058	14,058	—
Financial	31,617	31,617	—
Materials	9,031	9,031	—
Information technology	52,608	52,608	—
Utilities	5,955	5,955	—
Healthcare	35,888	35,888	—
Telecommunications and other	24,706	24,706	—
Total U.S. common stocks	246,692	246,692	—
Exchange-traded funds	39,238	39,238	—
International equity mutual funds	34,991	34,991	—
Total equity securities	320,921	320,921	—
Fixed income:			
U.S. Treasury bonds and notes	39,125	39,125	—
Other:			
Municipal bonds	12,340	—	12,340
Debt securities issued by foreign governments	55	—	55
U.S. corporate and other bonds	52,236	—	52,236
Asset-backed securities	4,383	—	4,383
Mortgage-backed securities	2,533	—	2,533
Mutual funds	51,907	51,907	—
Total fixed income	162,579	91,032	71,547
Subtotal	536,086	464,539	71,547
Private equity funds (NAV)	43,235		
Total	\$ 579,321		

COLLECTIVE LEGAL INVESTMENT FUND

Notes to Financial Statements

December 31, 2023 and 2022

(3) Investment Risks

The CLIF employs an independent investment consultant as an investment advisor. The CLIF utilizes several investment managers to manage the debt and equity portfolios. The managers are regularly reviewed, with regard to both their investment performance and their adherence to investment guidelines. The CLIF does not possess an investment risk policy, nor does it actively manage assets to specified risk targets. Rather, investment risk management is an inherent function of the asset allocation process. Assets are diversified over a broad range of asset classes and encompass multiple investment strategies aimed at limiting concentration risk. The following describes the CLIF's various investment risks:

(a) Credit Risk

The risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Services (Moody's), Standard and Poor's (S&P), and Fitch Ratings (Fitch). The following table discloses the aggregate fair value of fixed income investment holdings exposed to credit risk, excluding fixed income mutual funds as they are not rated, by the least favorable credit rating as of December 31, 2023 and 2022 by debt category (in thousands):

		2023					
		Aaa	Aa	A	Baa	Ba-B3	Unrated
Municipal bonds	\$	1,255	7,218	1,841	—	—	10,314
Debt securities issued by foreign governments		54	—	—	—	—	54
U.S. corporate and other bonds		477	2,651	15,026	6,327	21,108	46,229
Asset-backed securities		3,373	540	100	22	—	4,661
Mortgage-backed securities		1,413	221	—	—	—	1,634
Total	\$	6,572	10,630	16,967	6,349	21,108	62,892
Percent of portfolio		1.0%	1.7%	2.7%	1.0%	3.3%	9.9%

		2022					
		Aaa	Aa	A	Baa	Ba-B3	Unrated
Municipal bonds	\$	2,252	7,671	2,391	26	—	12,340
Debt securities issued by foreign governments		55	—	—	—	—	55
U.S. corporate and other bonds		1,527	2,421	14,730	5,058	27,831	52,236
Asset-backed securities		2,206	1,948	106	123	—	4,383
Mortgage-backed securities		1,050	1,058	—	—	—	2,533
Total	\$	7,090	13,098	17,227	5,207	27,831	71,547
Percent of portfolio		1.2 %	2.3 %	3.0 %	0.9 %	4.8 %	12.4 %

COLLECTIVE LEGAL INVESTMENT FUND

Notes to Financial Statements

December 31, 2023 and 2022

(b) Custodial Credit Risk

The risk that in the event of a failure of the counterparty or depository financial institution, the CLIF will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are not registered in the name of the CLIF and are held by either the counterparty or the counterparty's trust department or agent but not in the name of the CLIF.

Consistent with the CLIF's investment policy, the investments are held by the CLIF's custodian and registered in the name of the CLIF.

(c) Interest Rate Risk

The risk that the value of debt securities will be affected by fluctuations in market interest rates. Although there is no formal interest rate risk management policy, the duration of the portfolio, relative to the duration of the portfolio's benchmark, is monitored by the CLIF. The lengths of investment maturities (in years) of the investments, as shown by the percent of the rated portfolio at December 31, 2023 and 2022 follow (in thousands):

Investment type	2023				
	Investment maturities (in years)				
	Fair value	Less than 1 Year	1 – 5 years	6 – 10 years	More than 10 years
U.S. Treasury bonds and notes	\$ 47,133	2,519	15,340	8,707	20,567
Municipal bonds	10,314	—	584	2,569	7,161
Debt securities issued by foreign governments	54	—	54	—	—
U.S. corporate and other bonds	46,229	652	23,642	16,925	5,010
Asset backed securities	4,661	—	3,136	200	1,325
Mortgage-backed securities	1,634	—	—	—	1,634
Mutual funds	8,215	8,215	—	—	—
Total	\$ 118,240	11,386	42,756	28,401	35,697
Percent of portfolio	18.6 %	1.8 %	6.7 %	4.5 %	5.6 %

Investment type	2022				
	Investment maturities (in years)				
	Fair value	Less than 1 Year	1 – 5 years	6 – 10 years	More than 10 years
U.S. Treasury bonds and notes	\$ 39,125	2,219	16,160	9,682	11,064
Municipal bonds	12,340	—	353	3,618	8,369
Debt securities issued by foreign governments	55	—	—	55	—
U.S. corporate and other bonds	52,236	—	25,981	22,128	4,127
Asset backed securities	4,383	—	2,663	840	880
Mortgage-backed securities	2,533	—	—	—	2,533
Mutual funds	51,907	51,907	—	—	—
Total	\$ 162,579	54,126	45,157	36,323	26,973
Percent of portfolio	28.1 %	9.3 %	7.8 %	6.3 %	4.7 %

COLLECTIVE LEGAL INVESTMENT FUND

Notes to Financial Statements

December 31, 2023 and 2022

(d) Foreign Currency Risk

The risk that changes in the exchange rates will adversely impact the fair value of an investment. Currency risk is present in underlying portfolios that invest in foreign bonds. In general, currency exposure is viewed as a benefit for its diversification reasons and not as an inherent risk within the portfolio. Foreign currency exposures of the investments as of December 31, 2023 and 2022 follow (in thousands):

Trade currency	2023	2022
Philippines PHP	\$ 54	55

(e) Concentration Risk

No investment in any individual company may represent more than 5% of the CLIF's total fiduciary net position or 5% of the company's total outstanding shares. Exclusions apply for obligations of the United States, or those for which the faith of the United States is pledged to provide payment of the interest and principal.

(4) Securities on Loan

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 primarily 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, 2023 and 2022, the CLIF credit risk exposure to borrowers was limited because the amounts owed to the borrowers exceeded the amounts the borrowers owed back to the CLIF. The contracts with the CLIF's Securities Lending Agent (the "Agent") require the Agent to indemnify the CLIF. In the situation when a borrower goes into default, the Agent will liquidate the collateral to purchase replacement securities. Any shortfall before the replacement securities cost and the collateral value is covered by the Agent.

Cash received as collateral on securities lending transactions and investments made with that cash are reported as assets. Securities received as collateral are also reported as assets if the entity has the ability to pledge or sell them without a borrower default. Accordingly, the CLIF recorded the investments purchased with the cash collateral as collateral from securities lending with a corresponding liability for securities lending. As of December 31, 2023 and 2022, the CLIF had loaned out certain securities, returnable on demand, with a fair value of approximately \$82.8 million and \$123.0 million respectively to several financial institutions that have deposited collateral with respect to such securities with a fair value of approximately \$84.6 million and \$125.7 million, respectively. As of December 31, 2023 and 2022 this collateral was held in cash and cash equivalents. All income for securities on loan is included with investment income in the statements of changes in fiduciary net position.



**BOARD OF DIRECTORS OF CITY TRUSTS
COLLECTIVE LEGAL INVESTMENT FUND**

Sundry Trusts Supplementary Information

December 31, 2023

(With Independent Auditors' Report Thereon)

**BOARD OF DIRECTORS OF CITY TRUSTS
COLLECTIVE LEGAL INVESTMENT FUND**

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KPMG LLP
Suite 4000
1735 Market Street
Philadelphia, PA 19103-7501

Independent Auditors' Report on Supplementary Information

The Members of the Board
The Board of Directors of City Trusts:

We have audited the financial statements of Collective Legal Investment Fund of the Board of Directors of City Trusts (CLIF) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the CLIF's basic financial statements for the year then ended, and have issued our report thereon dated September 6, 2024, which contained an unmodified opinion on those basic financial statements. Our audit was performed for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary schedules of statements of fiduciary net position and changes in fiduciary net position (Sundry Trusts) are presented for the purpose of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

KPMG LLP

Philadelphia, Pennsylvania
September 6, 2024

DAVID J. ABRAMS FUND

Created 1967

By Bequest for the Use of Girard College

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$ 1,864,579
Additions:	
Investment income (loss):	
Income from invested funds	32,804
Net realized gain on sale of units	65,484
Unrealized appreciation in fair value of units	228,664
Total investment income (loss)	326,952
Total additions	326,952
Deductions:	
Administrative expenses	855
Withdrawals on behalf of Girard College	96,300
Total deductions	97,155
Change in net assets	229,797
Net Position Held in Trust, December 31, 2023	\$ 2,094,376

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$ 65
Investment income receivable	6,902
14,232 units of Collective Legal Investment Fund	2,088,388
Accrued expenses	(979)
Net Position Held in Trust, December 31, 2023	\$ 2,094,376

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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	16,790
Additions:		
Investment income (loss):		
Income from invested funds		293
Net realized gain on sale of units		589
Unrealized appreciation in fair value of units		2,031
Total investment income (loss)		2,913
Total additions		2,913
Deductions:		
Administrative expenses		8
Awards		900
Total deductions		908
Change in net assets		2,005
Net Position Held in Trust, December 31, 2023	\$	18,795

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	253
Investment income receivable		61
126 units of Collective Legal Investment Fund		18,490
Accrued expenses		(9)
Net Position Held in Trust, December 31, 2023	\$	18,795

See accompanying independent auditors' report.

ANN ARMITT FUND

Created 1797

“To the Overseers of the poor or the Managers of the Bettering House”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	6,355
Additions:		
Investment income (loss):		
Income from invested funds		110
Net realized gain on sale of units		142
Unrealized appreciation in fair value of units		852
Total investment income (loss)		1,104
Total additions		1,104
Deductions:		
Administrative expenses		3
Fuel office expenses		8
Cost of fuel distributed to those in need		300
Total deductions		311
Change in net assets		793
Net Position Held in Trust, December 31, 2023	\$	7,148

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	85
Investment income receivable		23
48 units of Collective Legal Investment Fund		7,043
Accrued expenses		(3)
Net Position Held in Trust, December 31, 2023	\$	7,148

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."

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	274,724
Additions:		
Investment income (loss):		
Income from invested funds		4,944
Net realized gain on sale of units		12,800
Unrealized appreciation in fair value of units		31,443
Total investment income (loss)		49,187
Total additions		49,187
Deductions:		
Administrative expenses		126
Support and maintenance of indigent widows and single women		14,160
Total deductions		14,286
Change in net assets		34,901
Net Position Held in Trust, December 31, 2023	\$	309,625

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	134
Investment income receivable		1,043
2,103 units of Collective Legal Investment Fund		308,592
Accrued expenses		(144)
Net Position Held in Trust, December 31, 2023	\$	309,625

See accompanying independent auditors' report.

HELEN CHEYNEY BAILEY SCHOLARSHIP FUND

Created 1966

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

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	85,519
Additions:		
Investment income (loss):		
Income from invested funds		1,546
Unrealized appreciation in fair value of units		13,946
Total investment income (loss)		15,492
Total additions		15,492
Deductions:		
Administrative expenses		38
Total deductions		38
Change in net assets		15,454
Net Position Held in Trust, December 31, 2023	\$	100,973

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	170
Investment income receivable		332
685 units of Collective Legal Investment Fund		100,516
Accrued expenses		(45)
Net Position Held in Trust, December 31, 2023	\$	100,973

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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	7,037
Additions:		
Investment income (loss):		
Income from invested funds		127
Net realized gain on sale of units		400
Unrealized appreciation in fair value of units		736
Total investment income (loss)		1,263
Total additions		1,263
Deductions:		
Administrative expenses		3
Withdrawal for Firemen's Pension Fund		400
Total deductions		403
Change in net assets		860
Net Position Held in Trust, December 31, 2023	\$	7,897

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	497
Investment income receivable		27
53 units of Collective Legal Investment Fund		7,777
Accrued expenses		(404)
Net Position Held in Trust, December 31, 2023	\$	7,897

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"

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	66,333
Additions:		
Investment income (loss):		
Income from invested funds		1,180
Net realized gain on sale of units		1,547
Unrealized appreciation in fair value of units		9,087
Total investment income (loss)		11,814
Total additions		11,814
Deductions:		
Administrative expenses		29
Fuel office expenses		83
Cost of fuel distributed to those in need		1,729
Total deductions		1,841
Change in net assets		9,973
Net Position Held in Trust, December 31, 2023	\$	76,306

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	1,698
Investment income receivable		246
507 units of Collective Legal Investment Fund		74,396
Accrued expenses		(34)
Net Position Held in Trust, December 31, 2023	\$	76,306

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”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	17,425
Additions:		
Investment income (loss):		
Income from invested funds		318
Real estate income		328
Unrealized appreciation in fair value of units		2,508
Total investment income (loss)		3,154
Total additions		3,154
Deductions:		
Administrative expenses		8
Withdrawal for St. Francis Inn		800
Withdrawal for Sunday Breakfast Mission		100
Total deductions		908
Change in net assets		2,246
Net Position Held in Trust, December 31, 2023	\$	19,671

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	96
Investment income receivable		68
133 units of Collective Legal Investment Fund		19,516
Accrued expenses		(9)
Net Position Held in Trust, December 31, 2023	\$	19,671

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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	86,968
Additions:		
Investment income (loss):		
Income from invested funds		1,608
Net realized gain on sale of units		1,838
Unrealized appreciation in fair value of units		12,654
Total investment income (loss)		16,100
Total additions		16,100
Deductions:		
Administrative expenses		40
Withdrawal for:		
Firemen's Pension Fund		1,500
Police Pension Fund		1,500
Simon Gratz Teachers' Fund		1,500
Total deductions		4,540
Change in net assets		11,560
Net Position Held in Trust, December 31, 2023	\$	98,528

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	65
Investment income receivable		339
699 units of Collective Legal Investment Fund		102,570
Accrued expenses		(4,446)
Net Position Held in Trust, December 31, 2023	\$	98,528

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"

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$ 2,162,380
Additions:	
Investment income (loss):	
Income from invested funds	38,755
Net realized gain on sale of units	51,749
Unrealized appreciation in fair value of units	296,654
Total investment income (loss)	387,158
Total additions	387,158
Deductions:	
Administrative expenses	959
Fuel office expenses	2,697
Cost of fuel distributed to those in need	110,442
Total deductions	114,098
Change in net assets	273,060
Net Position Held in Trust, December 31, 2023	\$ 2,435,440

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$ 143
Investment income receivable	8,295
16571 units of Collective Legal Investment Fund	2,431,610
Accrued expenses	(4,608)
Net Position Held in Trust, December 31, 2023	\$ 2,435,440

See accompanying independent auditors' report.

HARRY BROCKLEHURST FUND

Created 1926

“To be applied for the use and benefit of former students of Girard College”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	259,689
Additions:		
Investment income (loss):		
Income from invested funds		4,698
Net realized gain on sale of units		10,905
Unrealized appreciation in fair value of units		31,297
Total investment income (loss)		46,900
Total additions		46,900
Deductions:		
Administrative expenses		119
Scholarship awards		11,800
Total deductions		11,919
Change in net assets		34,981
Net Position Held in Trust, December 31, 2023	\$	294,670

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	5,943
Investment income receivable		991
2,002 units of Collective Legal Investment Fund		293,771
Accrued expenses		(6,035)
Net Position Held in Trust, December 31, 2023	\$	294,670

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

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	482,004
Additions:		
Investment income (loss):		
Income from invested funds		8,715
Net realized gain on sale of units		18,267
Unrealized appreciation in fair value of units		60,050
Total investment income (loss)		87,032
Total additions		87,032
Deductions:		
Administrative expenses		221
Scholarship awards		23,950
Total deductions		24,171
Change in net assets		62,861
Net Position Held in Trust, December 31, 2023	\$	544,865

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	10,236
Investment income receivable		1,834
3,727 units of Collective Legal Investment Fund		546,896
Accrued expenses		(14,101)
Net Position Held in Trust, December 31, 2023	\$	544,865

See accompanying independent auditors' report.

JOSEPH W. CALHOUN FUND

Created 1979

To be "used in helping the poor"

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	36,678
Additions:		
Investment income (loss):		
Income from invested funds		652
Net realized gain on sale of units		719
Unrealized appreciation in fair value of units		5,110
Total investment income (loss)		6,481
Total additions		6,481
Deductions:		
Administrative expenses		16
Fuel office expenses		46
Cost of fuel distributed to those in need		649
Total deductions		711
Change in net assets		5,770
Net Position Held in Trust, December 31, 2023	\$	42,448

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	1,244
Investment income receivable		136
280 units of Collective Legal Investment Fund		41,087
Accrued expenses		(19)
Net Position Held in Trust, December 31, 2023	\$	42,448

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"

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	11,109
Additions:		
Investment income (loss):		
Income from invested funds		196
Net realized gain on sale of units		164
Unrealized appreciation in fair value of units		1,606
Total investment income (loss)		1,966
Total additions		1,966
Deductions:		
Administrative expenses		5
Fuel office expenses		14
Cost of fuel distributed to those in need		361
Total deductions		380
Change in net assets		1,586
Net Position Held in Trust, December 31, 2023	\$	12,695

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	187
Investment income receivable		41
85 units of Collective Legal Investment Fund		12,473
Accrued expenses		(6)
Net Position Held in Trust, December 31, 2023	\$	12,695

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

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	14,922
Additions:		
Investment income (loss):		
Income from invested funds		268
Unrealized appreciation in fair value of units		<u>2,416</u>
Total investment income (loss)		<u>2,684</u>
Total additions		<u>2,684</u>
Deductions:		
Administrative expenses		<u>7</u>
Total deductions		<u>7</u>
Change in net assets		<u>2,677</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>17,599</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	88
Investment income receivable		57
119 units of Collective Legal Investment Fund		17,462
Accrued expenses		<u>(8)</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>17,599</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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	48,706
Additions:		
Investment income (loss):		
Income from invested funds		855
Net realized gain on sale of units		1,179
Unrealized appreciation in fair value of units		6,487
		<hr/>
Total investment income (loss)		8,521
		<hr/>
Total additions		8,521
		<hr/>
Deductions:		
Administrative expenses		22
Girard College Distinguished Service Award		2,500
		<hr/>
Total deductions		2,522
		<hr/>
Change in net assets		5,999
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u>54,705</u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	111
Investment income receivable		179
371 units of Collective Legal Investment Fund		54,440
Accrued expenses		(25)
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u>54,705</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"

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	13,981
Additions:		
Investment income (loss):		
Income from invested funds		255
Net realized gain on sale of units		785
Unrealized appreciation in fair value of units		1,494
Total investment income (loss)		2,534
Total additions		2,534
Deductions:		
Administrative expenses		6
Withdrawal for St. Francis Inn		700
Total deductions		706
Change in net assets		1,828
Net Position Held in Trust, December 31, 2023	\$	15,809

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	61
Investment income receivable		54
107 units of Collective Legal Investment Fund		15,701
Accrued expenses		(7)
Net Position Held in Trust, December 31, 2023	\$	15,809

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

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	49,136
Additions:		
Investment income (loss):		
Income from invested funds		873
Net realized gain on sale of units		1,125
Unrealized appreciation in fair value of units		6,749
Total investment income (loss)		8,747
Total additions		8,747
Deductions:		
Administrative expenses		22
Fuel office expenses		61
Cost of fuel distributed to those in need		1,469
Total deductions		1,552
Change in net assets		7,195
Net Position Held in Trust, December 31, 2023	\$	56,331

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	1,000
Investment income receivable		182
376 units of Collective Legal Investment Fund		55,174
Accrued expenses		(25)
Net Position Held in Trust, December 31, 2023	\$	56,331

See accompanying independent auditors' report.

JAMES CLAYPOOLE FUND

Created 1769

“For the Benefit and relief of the poor of the said City of Philadelphia.”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	8,313
Additions:		
Investment income (loss):		
Income from invested funds		147
Net realized gain on sale of units		36
Unrealized appreciation in fair value of units		1,283
Total investment income (loss)		1,466
Total additions		1,466
Deductions:		
Administrative expenses		4
Fuel office expenses		10
Cost of fuel distributed to those in need		400
Total deductions		414
Change in net assets		1,052
Net Position Held in Trust, December 31, 2023	\$	9,365

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	94
Investment income receivable		31
63 units of Collective Legal Investment Fund		9,244
Accrued expenses		(4)
Net Position Held in Trust, December 31, 2023	\$	9,365

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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	12,733
Additions:		
Investment income (loss):		
Income from invested funds		222
Net realized gain on sale of units		311
Unrealized appreciation in fair value of units		1,686
Total investment income (loss)		2,219
Total additions		2,219
Deductions:		
Administrative expenses		6
Awards		600
Total deductions		606
Change in net assets		1,613
Net Position Held in Trust, December 31, 2023	\$	14,346

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	72
Investment income receivable		47
97 units of Collective Legal Investment Fund		14,233
Accrued expenses		(6)
Net Position Held in Trust, December 31, 2023	\$	14,346

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

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	138,877
Additions:		
Investment income (loss):		
Income from invested funds		2,538
Net realized gain on sale of units		567
Unrealized appreciation in fair value of units		22,004
Total investment income (loss)		25,109
Total additions		25,109
Deductions:		
Administrative expenses		61
Total deductions		61
Change in net assets		25,048
Net Position Held in Trust, December 31, 2023	\$	163,925

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	6,760
Investment income receivable		546
1,078 units of Collective Legal Investment Fund		158,185
Accrued expenses		(1,566)
Net Position Held in Trust, December 31, 2023	\$	163,925

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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	419,831
Additions:		
Investment income (loss):		
Income from invested funds		7,699
Net realized gain on sale of units		18,137
Unrealized appreciation in fair value of units		50,725
Total investment income (loss)		76,561
Total additions		76,561
Deductions:		
Administrative expenses		195
Scholarship awards		21,500
Total deductions		21,695
Change in net assets		54,866
Net Position Held in Trust, December 31, 2023	\$	474,697

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	10,864
Investment income receivable		1,616
3,256 units of Collective Legal Investment Fund		477,782
Accrued expenses		(15,565)
Net Position Held in Trust, December 31, 2023	\$	474,697

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).

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	9,515
Additions:		
Investment income (loss):		
Income from invested funds		165
Net realized gain on sale of units		361
Unrealized appreciation in fair value of units		<u>1,122</u>
Total investment income (loss)		<u>1,648</u>
Total additions		<u>1,648</u>
Deductions:		
Administrative expenses		4
Awards		<u>500</u>
Total deductions		<u>504</u>
Change in net assets		<u>1,144</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>10,659</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	64
Investment income receivable		35
72 units of Collective Legal Investment Fund		10,565
Accrued expenses		<u>(5)</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>10,659</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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$ 10,412,461
Additions:	
Investment income (loss):	
Income from invested funds	186,647
Net realized gain on sale of units	247,198
Unrealized appreciation in fair value of units	<u>1,422,998</u>
Total investment income (loss)	<u>1,856,843</u>
Total additions	<u>1,856,843</u>
Deductions:	
Administrative expenses	6,181
Withdrawal for:	
Historic Philadelphia, Inc.	125,000
The Independence Historical Trust	<u>250,000</u>
Total deductions	<u>381,181</u>
Change in net assets	<u>1,475,662</u>
Net Position Held in Trust, December 31, 2023	\$ <u><u>11,888,123</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$ 49
Investment income receivable	39,618
80,791 units of Collective Legal Investment Fund	11,855,182
Accrued expenses	<u>(6,726)</u>
Net Position Held in Trust, December 31, 2023	\$ <u><u>11,888,123</u></u>

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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	3,661
Additions:		
Investment income (loss):		
Income from invested funds		63
Net realized loss on sale of units		(4)
Unrealized appreciation in fair value of units		572
Total investment income (loss)		631
Total additions		631
Deductions:		
Administrative expenses		2
Prize		200
Total deductions		202
Change in net assets		429
Net Position Held in Trust, December 31, 2023	\$	<u>4,090</u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	117
Investment income receivable		13
27 units of Collective Legal Investment Fund		3,962
Accrued expenses		(2)
Net Position Held in Trust, December 31, 2023	\$	<u>4,090</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

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$ 7,492,502
Additions:	
Investment income (loss):	
Income from invested funds	132,601
Net realized gain on sale of units	211,286
Unrealized appreciation in fair value of units	973,861
Total investment income (loss)	1,317,748
Total additions	1,317,748
Deductions:	
Administrative expenses	3,422
Insurance premiums	435,668
Total deductions	439,090
Change in net assets	878,658
Net Position Held in Trust, December 31, 2023	\$ 8,371,160

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$ 169
Investment income receivable	27,847
56,884 units of Collective Legal Investment Fund	8,347,095
Accrued expenses	(3,951)
Net Position Held in Trust, December 31, 2023	\$ 8,371,160

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."

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	18,424
Additions:		
Investment income (loss):		
Income from invested funds		324
Net realized gain on sale of units		263
Unrealized appreciation in fair value of units		2,849
Total investment income (loss)		3,436
Total additions		3,436
Deductions:		
Administrative expenses		9
Cost of medals		621
Total deductions		630
Change in net assets		2,806
Net Position Held in Trust, December 31, 2023	\$	21,230

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	156
Investment income receivable		73
150 units of Collective Legal Investment Fund		22,011
Accrued expenses		(10)
Net Position Held in Trust, December 31, 2023	\$	22,230

See accompanying independent auditors' report.

**MICHAEL F. DOYLE FUND
(PENN TREATY PARK)**

Created 1961

“To reconstruct and re-establish Penn Treaty Park”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	34,037
Additions:		
Investment income (loss):		
Income from invested funds		623
Net realized gain on sale of units		2,145
Unrealized appreciation in fair value of units		3,417
		<hr/>
Total investment income (loss)		6,185
		<hr/>
Total additions		6,185
		<hr/>
Deductions:		
Administrative expenses		16
Withdrawal for Penn Treaty Park		1,800
		<hr/>
Total deductions		1,816
		<hr/>
Change in net assets		4,369
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u>38,406</u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	139
Investment income receivable		133
260 units of Collective Legal Investment Fund		38,152
Accrued expenses		(18)
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u>38,406</u>

See accompanying independent auditors' report.

JAMES DUTTON FUND

Created 1813

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

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	43,831
Additions:		
Investment income (loss):		
Income from invested funds		779
Net realized gain on sale of units		1,002
Unrealized appreciation in fair value of units		6,022
Total investment income (loss)		7,803
Total additions		7,803
Deductions:		
Administrative expenses		19
Fuel office expenses		54
Cost of fuel distributed to those in need		914
Total deductions		987
Change in net assets		6,816
Net Position Held in Trust, December 31, 2023	\$	50,647

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	1,348
Investment income receivable		163
335 units of Collective Legal Investment Fund		49,158
Accrued expenses		(22)
Net Position Held in Trust, December 31, 2023	\$	50,647

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."

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	84,694
Additions:		
Investment income (loss):		
Income from invested funds		1,488
Net realized gain on sale of units		3,010
Unrealized appreciation in fair value of units		10,332
		<hr/>
Total investment income (loss)		14,830
		<hr/>
Total additions		14,830
		<hr/>
Deductions:		
Administrative expenses		39
Prizes		4,400
		<hr/>
Total deductions		4,439
		<hr/>
Change in net assets		10,391
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u>95,085</u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	169
Investment income receivable		313
645 units of Collective Legal Investment Fund		94,647
Accrued expenses		(44)
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u>95,085</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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	63,667
Additions:		
Investment income (loss):		
Income from invested funds		1,169
Net realized gain on sale of units		2,076
Unrealized appreciation in fair value of units		<u>8,359</u>
Total investment income (loss)		<u>11,604</u>
Total additions		<u>11,604</u>
Deductions:		
Administrative expenses		30
Awards		<u>3,300</u>
Total deductions		<u>3,330</u>
Change in net assets		<u>8,274</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>71,941</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	117
Investment income receivable		248
488 units of Collective Legal Investment Fund		71,609
Accrued expenses		<u>(33)</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>71,941</u></u>

See accompanying independent auditors' report.

GEORGE EMLEN FUND

Created 1776

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

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	55,861
Additions:		
Investment income (loss):		
Income from invested funds		993
Net realized gain on sale of units		1,273
Unrealized appreciation in fair value of units		<u>7,680</u>
Total investment income (loss)		<u>9,946</u>
Total additions		<u>9,946</u>
Deductions:		
Administrative expenses		25
Fuel office expenses		69
Cost of fuel distributed to those in need		<u>1,660</u>
Total deductions		<u>1,754</u>
Change in net assets		<u>8,192</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>64,053</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	1,863
Investment income receivable		207
488 units of Collective Legal Investment Fund		62,657
Accrued expenses		<u>(674)</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>64,053</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."

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	7,114
Additions:		
Investment income (loss):		
Income from invested funds		126
Unrealized appreciation in fair value of units		<u>1,137</u>
Total investment income (loss)		<u>1,263</u>
Total additions		<u>1,263</u>
Deductions:		
Administrative expenses		<u>3</u>
Total deductions		<u>3</u>
Change in net assets		<u>1,260</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>8,374</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	133
Investment income receivable		27
56 units of Collective Legal Investment Fund		8,217
Accrued expenses		<u>(3)</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>8,374</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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	389,289
Additions:		
Investment income (loss):		
Income from invested funds		7,027
Net realized loss on sale of units		(231)
Unrealized appreciation in fair value of units		63,549
Total investment income (loss)		70,345
Total additions		70,345
Deductions:		
Administrative expenses		176
Scholarship awards		9,950
Total deductions		10,126
Change in net assets		60,219
Net Position Held in Trust, December 31, 2023	\$	449,508

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	109
Investment income receivable		1,489
3,064 units of Collective Legal Investment Fund		449,608
Accrued expenses		(1,698)
Net Position Held in Trust, December 31, 2023	\$	449,508

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."

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	152,394
Additions:		
Investment income (loss):		
Income from invested funds		2,815
Net realized gain on sale of units		613
Unrealized appreciation in fair value of units		24,469
Total investment income (loss)		27,897
Total additions		27,897
Deductions:		
Administrative expenses		69
Scholarship awards		7,700
Total deductions		7,769
Change in net assets		20,128
Net Position Held in Trust, December 31, 2023	\$	172,522

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	3,417
Investment income receivable		593
1,199 units of Collective Legal Investment Fund		175,940
Accrued expenses		(7,428)
Net Position Held in Trust, December 31, 2023	\$	172,522

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."

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	12,192
Additions:		
Investment income (loss):		
Income from invested funds		211
Net realized gain on sale of units		1,442
Unrealized appreciation in fair value of units		528
		<hr/>
Total investment income (loss)		2,181
		<hr/>
Total additions		2,181
		<hr/>
Deductions:		
Administrative expenses		6
Prizes		600
		<hr/>
Total deductions		606
		<hr/>
Change in net assets		1,575
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u><u>13,767</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	81
Investment income receivable		45
93 units of Collective Legal Investment Fund		13,647
Accrued expenses		(6)
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u><u>13,767</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."

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	72,951
Additions:		
Investment income (loss):		
Income from invested funds		1,346
Net realized gain on sale of units		3,081
Unrealized appreciation in fair value of units		8,909
Total investment income (loss)		13,336
Total additions		13,336
Deductions:		
Administrative expenses		34
Scholarship awards		3,700
Total deductions		3,734
Change in net assets		9,602
Net Position Held in Trust, December 31, 2023	\$	82,553

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	2,017
Investment income receivable		283
570 units of Collective Legal Investment Fund		83,641
Accrued expenses		(3,388)
Net Position Held in Trust, December 31, 2023	\$	82,553

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

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$ 4,817,514
Additions:	
Investment income (loss):	
Income from invested funds	87,230
Unrealized appreciation in fair value of units	<u>786,506</u>
Total investment income (loss)	<u>873,736</u>
Total additions	<u>873,736</u>
Deductions:	
Administrative expenses	<u>2,132</u>
Total deductions	<u>2,132</u>
Change in net assets	<u>871,604</u>
Net Position Held in Trust, December 31, 2023	\$ <u><u>5,689,118</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$ 95
Investment income receivable	18,748
38,658 units of Collective Legal Investment Fund	5,672,632
Accounts payable and accrued expenses	<u>(2,357)</u>
Net Position Held in Trust, December 31, 2023	\$ <u><u>5,689,118</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 . . ."

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	30,909
Additions:		
Investment income (loss):		
Income from invested funds		549
Net realized gain on sale of units		592
Unrealized appreciation in fair value of units		<u>4,356</u>
Total investment income (loss)		<u>5,497</u>
Total additions		<u>5,497</u>
Deductions:		
Administrative expenses		14
Fuel office expenses		38
Cost of fuel distributed to those in need		<u>1,009</u>
Total deductions		<u>1,061</u>
Change in net assets		<u>4,436</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>35,345</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	1,271
Investment income receivable		115
236 units of Collective Legal Investment Fund		34,630
Accrued expenses		<u>(671)</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>35,345</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."

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	985,920
Additions:		
Investment income (loss):		
Income from invested funds		17,849
Net realized gain on sale of units		49,496
Unrealized appreciation in fair value of units		<u>110,622</u>
Total investment income (loss)		<u>177,967</u>
Total additions		<u>177,967</u>
Deductions:		
Administrative expenses		453
Scholarship awards		<u>49,950</u>
Total deductions		<u>50,403</u>
Change in net assets		<u>127,564</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>1,113,484</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	25,499
Investment income receivable		3,754
7,560 units of Collective Legal Investment Fund		1,109,346
Accrued expenses		<u>(25,115)</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>1,113,484</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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	20,540
Additions:		
Investment income (loss):		
Income from invested funds		370
Unrealized appreciation in fair value of units		<u>3,334</u>
Total investment income (loss)		<u>3,704</u>
Total additions		<u>3,704</u>
Deductions:		
Administrative expenses		<u>9</u>
Total deductions		<u>9</u>
Change in net assets		<u>3,695</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>24,235</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	100
Investment income receivable		80
164 units of Collective Legal Investment Fund		24,065
Accrued expenses		<u>(10)</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>24,235</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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	9,748
Additions:		
Investment income (loss):		
Income from invested funds		174
Net realized gain on sale of units		39
Unrealized appreciation in fair value of units		1,509
Total investment income (loss)		1,722
Total additions		1,722
Deductions:		
Administrative expenses		4
Total deductions		4
Change in net assets		1,718
Net Position Held in Trust, December 31, 2023	\$	11,466

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	574
Investment income receivable		38
74 units of Collective Legal Investment Fund		10,859
Accrued expenses		(5)
Net Position Held in Trust, December 31, 2023	\$	11,466

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.”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	61,248
Additions:		
Investment income (loss):		
Income from invested funds		1,090
Net realized gain on sale of units		1,271
Unrealized appreciation in fair value of units		<u>8,551</u>
Total investment income (loss)		<u>10,912</u>
Total additions		<u>10,912</u>
Deductions:		
Administrative expenses		27
Fuel office expenses		76
Cost of fuel distributed to those in need		<u>1,035</u>
Total deductions		<u>1,138</u>
Change in net assets		<u>9,774</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>71,022</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	2,684
Investment income receivable		228
469 units of Collective Legal Investment Fund		68,821
Accrued expenses		<u>(711)</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>71,022</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.”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	85,025
Additions:		
Investment income (loss):		
Income from invested funds		1,537
Net realized gain on sale of units		1,327
Unrealized appreciation in fair value of units		12,329
		<hr/>
Total investment income (loss)		15,193
		<hr/>
Total additions		15,193
		<hr/>
Deductions:		
Administrative expenses		38
		<hr/>
Total deductions		38
		<hr/>
Change in net assets		15,155
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u><u>100,180</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	4,365
Investment income receivable		330
651 units of Collective Legal Investment Fund		95,527
Accrued expenses		(42)
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u><u>100,180</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."

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	6,627
Additions:		
Investment income (loss):		
Income from invested funds		115
Net realized gain on sale of units		241
Unrealized appreciation in fair value of units		<u>785</u>
Total investment income (loss)		<u>1,141</u>
Total additions		<u>1,141</u>
Deductions:		
Administrative expenses		3
Prizes		<u>300</u>
Total deductions		<u>303</u>
Change in nets assets		<u>838</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>7,465</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	107
Investment income receivable		24
50 units of Collective Legal Investment Fund		7,337
Accrued expenses		<u>(3)</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>7,465</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)”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	20,845
Additions:		
Investment income (loss):		
Income from invested funds		381
Net realized gain on sale of units		400
Unrealized appreciation in fair value of units		3,055
Total investment income (loss)		3,836
Total additions		3,836
Deductions:		
Administrative expenses		10
Withdrawal for Riverview Correctional Facility Female Inmate Welfare Fund		1,100
Total deductions		1,110
Change in net assets		2,726
Net Position Held in Trust, December 31, 2023	\$	23,571

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	96
Investment income receivable		81
167 units of Collective Legal Investment Fund		24,505
Accrued expenses		(1,111)
Net Position Held in Trust, December 31, 2023	\$	23,571

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

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	28,500
Additions:		
Investment income (loss):		
Income from invested funds		516
Net realized gain on sale of units		411
Unrealized appreciation in fair value of units		4,236
		<hr/>
Total investment income (loss)		5,163
		<hr/>
Total additions		5,163
		<hr/>
Deductions:		
Administrative expenses		13
Scholarship awards		—
		<hr/>
Total deductions		13
		<hr/>
Change in net assets		5,150
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u>33,650</u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	831
Investment income receivable		111
223 units of Collective Legal Investment Fund		32,723
Accrued expenses		(15)
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u>33,650</u>

See accompanying independent auditors' report.

FRED GOWING MEMORIAL SCHOLARSHIP FUND

Created 1930

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

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	40,765
Additions:		
Investment income (loss):		
Income from invested funds		724
Net realized gain on sale of units		1,268
Unrealized appreciation in fair value of units		5,253
		<hr/>
Total investment income (loss)		7,245
		<hr/>
Total additions		7,245
		<hr/>
Deductions:		
Administrative expenses		19
Scholarship awards		2,100
		<hr/>
Total deductions		2,119
		<hr/>
Change in net assets		5,126
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u>45,891</u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	125
Investment income receivable		151
311 units of Collective Legal Investment Fund		45,636
Accrued expenses		(21)
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u>45,891</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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	37,788
Additions:		
Investment income (loss):		
Income from invested funds		690
Unrealized appreciation in fair value of units		<u>6,224</u>
Total investment income (loss)		<u>6,914</u>
Total additions		<u>6,914</u>
Deductions:		
Administrative expenses		<u>17</u>
Total deductions		<u>17</u>
Change in net assets		<u>6,897</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>44,685</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	53
Investment income receivable		148
306 units of Collective Legal Investment Fund		44,902
Accrued expenses		<u>(418)</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>44,685</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.”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$ 2,349,401
Additions:	
Investment income (loss):	
Income from invested funds	42,425
Net realized gain on sale of units	1,500
Unrealized appreciation in fair value of units	<u>382,485</u>
Total investment income (loss)	<u>426,410</u>
Total additions	<u>426,410</u>
Deductions:	
Administrative expenses	1,046
Relief of teachers and clerical assistants	<u>14,300</u>
Total deductions	<u>15,346</u>
Change in net assets	<u>411,064</u>
Net Position Held in Trust, December 31, 2023	\$ <u><u>2,760,465</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$ 1,628
Investment income receivable	9,092
18,747 units of Collective Legal Investment Fund	2,750,914
Accrued expenses	<u>(1,169)</u>
Net Position Held in Trust, December 31, 2023	\$ <u><u>2,760,465</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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	100,308
Additions:		
Investment income (loss):		
Income from invested funds		1,856
Net realized loss on sale of units		(12)
Unrealized appreciation in fair value of units		<u>16,766</u>
Total investment income (loss)		<u>18,610</u>
Total additions		<u>18,610</u>
Deductions:		
Administrative expenses		46
Scholarship awards		<u>—</u>
Total deductions		<u>46</u>
Change in net assets		<u>18,564</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>118,872</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	52
Investment income receivable		398
821 units of Collective Legal Investment Fund		120,473
Accrued expenses		<u>(2,051)</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>118,872</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.”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$ 1,626,931
Additions:	
Investment income (loss):	
Income from invested funds	28,976
Net realized gain on sale of units	36,720
Unrealized appreciation in fair value of units	224,344
Total investment income (loss)	290,040
Total additions	290,040
Deductions:	
Administrative expenses	721
Fuel office expenses	2,029
Cost of fuel distributed to those in need	24,221
Total deductions	26,971
Change in net assets	263,069
Net Position Held in Trust, December 31, 2023	\$ 1,890,000

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$ 58,156
Investment income receivable	6,050
12,462 units of Collective Legal Investment Fund	1,828,660
Accrued expenses	(2,866)
Net Position Held in Trust, December 31, 2023	\$ 1,890,000

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).

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	325,641
Additions:		
Investment income (loss):		
Income from invested funds		5,891
Unrealized appreciation in fair value of units		53,154
		<hr/>
Total investment income (loss)		59,045
		<hr/>
Total additions		59,045
		<hr/>
Deductions:		
Administrative expenses		149
		<hr/>
Total deductions		149
		<hr/>
Change in net assets		58,896
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u><u>384,537</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	160
Investment income receivable		1,267
2,612 units of Collective Legal Investment Fund		383,282
Accrued expenses		(172)
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u><u>384,537</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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	50,771
Additions:		
Investment income (loss):		
Income from invested funds		915
Net realized gain on sale of units		1,746
Unrealized appreciation in fair value of units		<u>6,458</u>
Total investment income (loss)		<u>9,119</u>
Total additions		<u>9,119</u>
Deductions:		
Administrative expenses		23
Scholarship awards		<u>2,600</u>
Total deductions		<u>2,623</u>
Change in net assets		<u>6,496</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>57,267</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	1,465
Investment income receivable		193
388 units of Collective Legal Investment Fund		56,935
Accrued expenses		<u>(1,326)</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>57,267</u></u>

See accompanying independent auditors' report.

JOSEPH HEUPEL FUND

Created 1983

By bequest for the use of Girard College.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	572,386
Additions:		
Investment income (loss):		
Income from invested funds		10,069
Net realized gain on sale of units		19,378
Unrealized appreciation in fair value of units		70,900
		<hr/>
Total investment income (loss)		100,347
		<hr/>
Total additions		100,347
		<hr/>
Deductions:		
Administrative expenses		262
Withdrawal for Girard College		29,600
		<hr/>
Total deductions		29,862
		<hr/>
Change in net assets		70,485
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u><u>642,871</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	97
Investment income receivable		2,118
4,368 units of Collective Legal Investment Fund		640,956
Accrued expenses		(300)
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u><u>642,871</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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	108,669
Additions:		
Investment income (loss):		
Income from invested funds		1,934
Net realized gain on sale of units		2,531
Unrealized appreciation in fair value of units		14,897
Total investment income (loss)		19,362
Total additions		19,362
Deductions:		
Administrative expenses		48
Fuel office expenses		135
Cost of fuel distributed to those in need		2,429
Total deductions		2,612
Change in net assets		16,750
Net Position Held in Trust, December 31, 2023	\$	125,419

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	3,789
Investment income receivable		403
831 units of Collective Legal Investment Fund		121,940
Accrued expenses		(713)
Net Position Held in Trust, December 31, 2023	\$	125,419

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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	182,750
Additions:		
Investment income (loss):		
Income from invested funds		3,360
Net realized gain on sale of units		3,793
Unrealized appreciation in fair value of units		26,692
Total investment income (loss)		33,845
Total additions		33,845
Deductions:		
Administrative expenses		85
Withdrawal for Free Library of Philadelphia		9,500
Total deductions		9,585
Change in net assets		24,260
Net Position Held in Trust, December 31, 2023	\$	207,010

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	40
Investment income receivable		713
1,471 units of Collective Legal Investment Fund		215,853
Accrued expenses		(9,596)
Net Position Held in Trust, December 31, 2023	\$	207,010

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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	1,585
Additions:		
Investment income (loss):		
Income from invested funds		28
Unrealized appreciation in fair value of units		247
Total investment income (loss)		275
Total additions		275
Deductions:		
Administrative expenses		1
Total deductions		1
Change in net assets		274
Net Position Held in Trust, December 31, 2023	\$	1,859

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	93
Investment income receivable		6
12 units of Collective Legal Investment Fund		1,761
Accrued expenses		(1)
Net Position Held in Trust, December 31, 2023	\$	1,859

See accompanying independent auditors' report.

JOHN HOUSTON FUND

Created 2015

By bequest for the use of Girard College

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$ 1,381,800
Additions:	
Investment income (loss):	
Income from invested funds	24,310
Net realized gain on sale of units	18,901
Unrealized appreciation in fair value of units	199,072
Total investment income (loss)	242,283
Total additions	242,283
Deductions:	
Administrative expenses	634
Withdrawal for Girard College	71,400
Total deductions	72,034
Change in net assets	170,249
Net Position Held in Trust, December 31, 2023	\$ 1,552,049

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$ 152
Investment income receivable	5,115
10,546 units of Collective Legal Investment Fund	1,547,508
Accrued expenses	(726)
Net Position Held in Trust, December 31, 2023	\$ 1,552,049

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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	178,375
Additions:		
Investment income (loss):		
Income from invested funds		3,226
Net realized gain on sale of units		812
Unrealized appreciation in fair value of units		28,322
Total investment income (loss)		32,360
Total additions		32,360
Deductions:		
Administrative expenses		80
Scholarship awards		3,000
Total deductions		3,080
Change in net assets		29,280
Net Position Held in Trust, December 31, 2023	\$	207,655

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	160
Investment income receivable		684
1,410 units of Collective Legal Investment Fund		206,902
Accrued expenses		(91)
Net Position Held in Trust, December 31, 2023	\$	207,655

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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	27,654
Additions:		
Investment income (loss):		
Income from invested funds		507
Net realized gain on sale of units		532
Unrealized appreciation in fair value of units		4,067
Total investment income (loss)		5,106
Total additions		5,106
Deductions:		
Administrative expenses		13
Withdrawal for:		
Free Library of Philadelphia		700
Wills Eye Health System		700
Total deductions		1,413
Change in net assets		3,693
Net Position Held in Trust, December 31, 2023	\$	31,347

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	77
Investment income receivable		108
222 units of Collective Legal Investment Fund		32,576
Accrued expenses		(1,414)
Net Position Held in Trust, December 31, 2023	\$	31,347

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. . ."

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	5,087
Additions:		
Investment income (loss):		
Income from invested funds		88
Net realized gain on sale of units		18
Unrealized appreciation in fair value of units		775
Total investment income (loss)		881
Total additions		881
Deductions:		
Administrative expenses		2
Fuel office expenses		6
Cost of fuel distributed to those in need		200
Total deductions		208
Change in net assets		673
Net Position Held in Trust, December 31, 2023	\$	5,760

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	167
Investment income receivable		19
38 units of Collective Legal Investment Fund		5,576
Accrued expenses		(2)
Net Position Held in Trust, December 31, 2023	\$	5,760

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.”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	52,100
Additions:		
Investment income (loss):		
Income from invested funds		913
Net realized gain on sale of units		1,806
Unrealized appreciation in fair value of units		6,389
		<hr/>
Total investment income (loss)		9,108
		<hr/>
Total additions		9,108
		<hr/>
Deductions:		
Administrative expenses		24
Withdrawal for Girard College		2,700
		<hr/>
Total deductions		2,724
		<hr/>
Change in net assets		6,384
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u><u>58,484</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	64
Investment income receivable		192
397 units of Collective Legal Investment Fund		58,255
Accrued expenses		(27)
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u><u>58,484</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.”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	21,859
Additions:		
Investment income (loss):		
Income from invested funds		383
Net realized gain on sale of units		717
Unrealized appreciation in fair value of units		<u>2,711</u>
Total investment income (loss)		<u>3,811</u>
Total additions		<u>3,811</u>
Deductions:		
Administrative expenses		10
Withdrawal for Girard College students		<u>1,100</u>
Total deductions		<u>1,110</u>
Change in net assets		<u>2,701</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>24,560</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	132
Investment income receivable		80
166 units of Collective Legal Investment Fund		24,359
Accrued expenses		<u>(11)</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>24,560</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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$ 1,905,038
Additions:	
Investment income (loss):	
Income from invested funds	37,889
Unrealized appreciation in fair value of units	<u>341,836</u>
Total investment income (loss)	<u>379,725</u>
Total additions	<u>379,725</u>
Deductions:	
Administrative expenses	<u>926</u>
Total deductions	<u>926</u>
Change in net assets	<u>378,799</u>
Net Position Held in Trust, December 31, 2023	\$ <u><u>2,283,837</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$ 54
Investment income receivable	8,147
16,799 units of Collective Legal Investment Fund	2,465,067
Accrued expenses	<u>(189,431)</u>
Net Position Held in Trust, December 31, 2023	\$ <u><u>2,283,837</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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	7,549
Additions:		
Investment income (loss):		
Income from invested funds		135
Net realized gain on sale of units		33
Unrealized appreciation in fair value of units		<u>1,159</u>
Total investment income (loss)		<u>1,327</u>
Total additions		<u>1,327</u>
Deductions:		
Administrative expenses		<u>3</u>
Total deductions		<u>3</u>
Change in net assets		<u>1,324</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>8,873</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	484
Investment income receivable		29
57 units of Collective Legal Investment Fund		8,364
Accrued expenses		<u>(4)</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>8,873</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.”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	567,222
Additions:		
Investment income (loss):		
Income from invested funds		10,439
Net realized gain on sale of units		27,866
Unrealized appreciation in fair value of units		65,650
Total investment income (loss)		103,955
Total additions		103,955
Deductions:		
Administrative expenses		266
Scholarship awards		30,450
Total deductions		30,716
Change in net assets		73,239
Net Position Held in Trust, December 31, 2023	\$	640,461

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	15,753
Investment income receivable		2,193
4,411 units of Collective Legal Investment Fund		647,265
Accrued expenses		(24,750)
Net Position Held in Trust, December 31, 2023	\$	640,461

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"

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	11,288
Additions:		
Investment income (loss):		
Income from invested funds		200
Net realized gain on sale of units		47
Unrealized appreciation in fair value of units		<u>1,755</u>
Total investment income (loss)		<u>2,002</u>
Total additions		<u>2,002</u>
Deductions:		
Administrative expenses		5
Scholarship awards		<u>500</u>
Total deductions		<u>505</u>
Change in net assets		<u>1,497</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>12,785</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	378
Investment income receivable		42
86 units of Collective Legal Investment Fund		12,620
Accrued expenses		<u>(255)</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>12,785</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. . ."

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	22,422
Additions:		
Investment income (loss):		
Income from invested funds		404
Unrealized appreciation in fair value of units		3,642
Total investment income (loss)		4,046
Total additions		4,046
Deductions:		
Administrative expenses		10
Total deductions		10
Change in net assets		4,036
Net Position Held in Trust, December 31, 2023	\$	26,458

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	116
Investment income receivable		87
179 units of Collective Legal Investment Fund		26,266
Accrued expenses		(11)
Net Position Held in Trust, December 31, 2023	\$	26,458

See accompanying independent auditors' report.

JOHN E. MAYNES FUND

Created 1919

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

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$ 1,624,595
Additions:	
Investment income (loss):	
Income from invested funds	28,971
Net realized gain on sale of units	37,308
Unrealized appreciation in fair value of units	<u>223,850</u>
Total investment income (loss)	<u>290,129</u>
Total additions	<u>290,129</u>
Deductions:	
Administrative expenses	810
Fuel office expenses	2,279
Cost of fuel distributed to those in need	<u>36,658</u>
Total deductions	<u>39,747</u>
Change in net assets	<u>250,382</u>
Net Position Held in Trust, December 31, 2023	\$ <u><u>1,874,977</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$ 44,264
Investment income receivable	15,242
12,443 units of Collective Legal Investment Fund	1,825,872
Accrued expenses	<u>(10,401)</u>
Net Position Held in Trust, December 31, 2023	\$ <u><u>1,874,977</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).”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	11,692
Additions:		
Investment income (loss):		
Income from invested funds		209
Unrealized appreciation in fair value of units		1,884
		<hr/>
Total investment income (loss)		2,093
		<hr/>
Total additions		2,093
		<hr/>
Deductions:		
Administrative expenses		5
		<hr/>
Total deductions		5
		<hr/>
Change in nets assets		2,088
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u><u>13,780</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	94
Investment income receivable		45
93 units of Collective Legal Investment Fund		13,647
Accrued expenses		(6)
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u><u>13,780</u></u>

See accompanying independent auditors' report.

BERNARD McMAHON FUND

Created 1816

"For the use of the poor"

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	9,161
Additions:		
Investment income (loss):		
Income from invested funds		160
Net realized gain on sale of units		142
Unrealized appreciation in fair value of units		1,307
		<hr/>
Total investment income (loss)		1,609
		<hr/>
Total additions		1,609
		<hr/>
Deductions:		
Administrative expenses		4
Fuel office expenses		11
Cost of fuel distributed to those in need		400
		<hr/>
Total deductions		415
		<hr/>
Change in net assets		1,194
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u>10,355</u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	55
Investment income receivable		33
70 units of Collective Legal Investment Fund		10,272
Accrued expenses		(5)
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u>10,355</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"

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$ 6,477,262
Additions:	
Investment income (loss):	
Income from invested funds	107,384
Real estate income	35,175
Unrealized appreciation in fair value of units	969,037
Total investment income (loss)	1,111,596
Total additions	1,111,596
Deductions:	
Administrative expenses	2,630
Real estate expenses	40,462
Total deductions	43,092
Change in net assets	1,068,504
Net Position Held in Trust, December 31, 2023	\$ 7,545,766

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$ 5,379
Investment income receivable	30,094
47,610 units of Collective Legal Investment Fund	6,986,239
Joint venture investment	109,386
Real estate, at cost	430,000
Accrued expenses	(15,332)
Net Position Held in Trust, December 31, 2023	\$ 7,545,766

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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	46,749
Additions:		
Investment income (loss):		
Income from invested funds		848
Net realized gain on sale of units		1,477
Unrealized appreciation in fair value of units		6,130
		<hr/>
Total investment income (loss)		8,455
		<hr/>
Total additions		8,455
		<hr/>
Deductions:		
Administrative expenses		21
Scholarship awards		2,400
		<hr/>
Total deductions		2,421
		<hr/>
Change in net assets		6,034
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u>52,783</u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	1,302
Investment income receivable		179
360 units of Collective Legal Investment Fund		52,826
Accrued expenses		(1,524)
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u>52,783</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”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	1,593
Additions:		
Investment income (loss):		
Income from invested funds		26
Net realized gain on sale of units		12
Unrealized appreciation in fair value of units		221
		<hr/>
Total investment income (loss)		259
		<hr/>
Total additions		259
		<hr/>
Deductions:		
Administrative expenses		1
Fuel office expenses		2
Cost of fuel distributed to those in need		100
		<hr/>
Total deductions		103
		<hr/>
Change in net assets		156
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u>1,749</u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	130
Investment income receivable		5
11 units of Collective Legal Investment Fund		1,614
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u>1,749</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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	493,305
Additions:		
Investment income (loss):		
Income from invested funds		8,941
Net realized gain on sale of units		29,446
Unrealized appreciation in fair value of units		50,441
Total investment income (loss)		88,828
Total additions		88,828
Deductions:		
Administrative expenses		226
Scholarship awards		26,250
Total deductions		26,476
Change in net assets		62,352
Net Position Held in Trust, December 31, 2023	\$	555,657

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	14,921
Investment income receivable		1,879
3,752 units of Collective Legal Investment Fund		550,564
Accrued expenses		(11,707)
Net Position Held in Trust, December 31, 2023	\$	555,657

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 . . . ”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	7,725
Additions:		
Investment income (loss):		
Income from invested funds		133
Net realized loss on sale of units		(1)
Unrealized appreciation in fair value of units		1,185
		<hr/>
Total investment income (loss)		1,317
		<hr/>
Total additions		1,317
		<hr/>
Deductions:		
Administrative expenses		3
Fuel office expenses		10
Cost of fuel distributed to those in need		400
		<hr/>
Total deductions		413
		<hr/>
Change in net assets		904
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u><u>8,629</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	94
Investment income receivable		28
58 units of Collective Legal Investment Fund		8,511
Accrued expenses		(4)
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u><u>8,629</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”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$ 1,144,826
Additions:	
Investment income (loss):	
Income from invested funds	20,703
Net realized loss on sale of units	(361)
Unrealized appreciation in fair value of units	186,690
Total investment income (loss)	207,032
Total additions	207,032
Deductions:	
Administrative expenses	517
Scholarship awards	27,000
Total deductions	27,517
Change in net assets	179,515
Net Position Held in Trust, December 31, 2023	\$ 1,324,341

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$ 99
Investment Income receivable	4,404
9,070 units of Collective Legal Investment Fund	1,330,922
Accrued expenses	(11,084)
Net Position Held in Trust, December 31, 2023	\$ 1,324,341

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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$ 1,159,678
Additions:	
Investment income (loss):	
Income from invested funds	21,079
Net realized gain on sale of units	59,933
Unrealized appreciation in fair value of units	128,942
Total investment income (loss)	209,954
Total additions	209,954
Deductions:	
Administrative expenses	536
Scholarship awards	59,225
Total deductions	59,761
Change in net assets	150,193
Net Position Held in Trust, December 31, 2023	\$ 1,309,871

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$ 31,208
Investment Income receivable	4,432
8,918 units of Collective Legal Investment Fund	1,308,618
Accrued expenses	(34,387)
Net Position Held in Trust, December 31, 2023	\$ 1,309,871

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.”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	582,408
Additions:		
Investment income (loss):		
Income from invested funds		10,568
Unrealized appreciation in fair value of units		95,243
		<hr/>
Total investment income (loss)		105,811
		<hr/>
Total additions		105,811
		<hr/>
Deductions:		
Administrative expenses		263
Scholarship awards		900
		<hr/>
Total deductions		1,163
		<hr/>
Change in net assets		104,648
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u><u>687,056</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	117
Investment income receivable		2,264
4,668 units of Collective Legal Investment Fund		684,977
Accrued expenses		(302)
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u><u>687,056</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.”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$ 2,006,547
Additions:	
Investment income (loss):	
Income from invested funds	36,317
Unrealized appreciation in fair value of units	<u>327,650</u>
Total investment income (loss)	<u>363,967</u>
Total additions	<u>363,967</u>
Deductions:	
Administrative expenses	<u>888</u>
Total deductions	<u>888</u>
Change in net assets	<u>363,079</u>
Net Position Held in Trust, December 31, 2023	\$ <u><u>2,369,626</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$ 156
Investment income receivable	7,809
16,101 units of Collective Legal Investment Fund	2,362,643
Accrued expenses	<u>(982)</u>
Net Position Held in Trust, December 31, 2023	\$ <u><u>2,369,626</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”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	83,973
Additions:		
Investment income (loss):		
Income from invested funds		1,519
Net realized gain on sale of units		1,782
Unrealized appreciation in fair value of units		11,938
Total investment income (loss)		15,239
Total additions		15,239
Deductions:		
Administrative expenses		38
Fuel office expenses		107
Cost of fuel distributed to those in need		431
Withdrawal for Wills Eye Health System for eyeglasses for those in need		2,100
Total deductions		2,676
Change in net assets		12,563
Net Position Held in Trust, December 31, 2023	\$	96,536

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	2,137
Investment income receivable		319
658 units of Collective Legal Investment Fund		96,554
Accrued expenses		(2,474)
Net Position Held in Trust, December 31, 2023	\$	96,536

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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	9,606
Additions:		
Investment income (loss):		
Income from invested funds		168
Net realized gain on sale of units		361
Unrealized appreciation in fair value of units		1,143
Total investment income (loss)		1,672
Total additions		1,672
Deductions:		
Administrative expenses		4
Prizes		500
Total deductions		504
Change in net assets		1,168
Net Position Held in Trust, December 31, 2023	\$	10,774

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	32
Investment income receivable		35
73 units of Collective Legal Investment Fund		10,712
Accrued expenses		(5)
Net Position Held in Trust, December 31, 2023	\$	10,774

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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	39,143
Additions:		
Investment income (loss):		
Income from invested funds		706
Net realized gain on sale of units		484
Unrealized appreciation in fair value of units		<u>5,794</u>
Total investment income (loss)		<u>6,984</u>
Total additions		<u>6,984</u>
Deductions:		
Administrative expenses		<u>17</u>
Total deductions		<u>17</u>
Change in net assets		<u>6,967</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>46,110</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	1,955
Investment income receivable		152
300 units of Collective Legal Investment Fund		44,022
Accrued expenses		<u>(19)</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>46,110</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.”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	8,032
Additions:		
Investment income (loss):		
Income from invested funds		142
Net realized gain on sale of units		20
Unrealized appreciation in fair value of units		<u>1,247</u>
Total investment income (loss)		<u>1,409</u>
Total additions		<u>1,409</u>
Deductions:		
Administrative expenses		<u>3</u>
Total deductions		<u>3</u>
Change in net assets		<u>1,406</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>9,438</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	460
Investment income receivable		31
61 units of Collective Legal Investment Fund		8,951
Accrued expenses		<u>(4)</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>9,438</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”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	318,609
Additions:		
Investment income (loss):		
Income from invested funds		5,798
Net realized gain on sale of units		15,553
Unrealized appreciation in fair value of units		<u>36,443</u>
Total investment income (loss)		<u>57,794</u>
Total additions		<u>57,794</u>
Deductions:		
Administrative expenses		147
Scholarship awards		<u>16,400</u>
Total deductions		<u>16,547</u>
Change in net assets		<u>41,247</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>359,856</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	8,318
Investment income receivable		1,221
2,458 units of Collective Legal Investment Fund		360,684
Accrued expenses		<u>(10,367)</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>359,856</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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	80,989
Additions:		
Investment income (loss):		
Income from invested funds		1,473
Net realized gain on sale of units		3,616
Unrealized appreciation in fair value of units		<u>9,556</u>
Total investment income (loss)		<u>14,645</u>
Total additions		<u>14,645</u>
Deductions:		
Administrative expenses		37
Scholarship awards		<u>4,200</u>
Total deductions		<u>4,237</u>
Change in net assets		<u>10,408</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>91,397</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	2,209
Investment income receivable		308
622 units of Collective Legal Investment Fund		91,272
Accrued expenses		<u>(2,392)</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>91,397</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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	131,252
Additions:		
Investment income (loss):		
Income from invested funds		2,410
Net realized gain on sale of units		3,094
Unrealized appreciation in fair value of units		18,712
Total investment income (loss)		24,216
Total additions		24,216
Deductions:		
Administrative expenses		61
Payments to needy musicians and students		1,000
Total deductions		1,061
Change in net assets		23,155
Net Position Held in Trust, December 31, 2023	\$	154,407

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	55
Investment income receivable		512
1,055 units of Collective Legal Investment Fund		154,810
Accrued expenses		(970)
Net Position Held in Trust, December 31, 2023	\$	154,407

See accompanying independent auditors' report.

THE SCHOLARSHIP FUND OF GIRARD COLLEGE

Created 1977

Consists of deposits from:

The Estate of Walter F. McCann	1,977
Edward R. Eagleson	1982–1989
The Estate of Russell P. Morgan	1,982
Friends of Ed Fritz	1,984

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$ 120,798
Additions:	
Investment income (loss):	
Income from invested funds	2,182
Net realized gain on sale of units	4,922
Unrealized appreciation in fair value of units	14,649
Total investment income (loss)	21,753
Total additions	21,753
Deductions:	
Administrative expenses	55
Scholarship awards	6,100
Total deductions	6,155
Change in net assets	15,598
Net Position Held in Trust, December 31, 2023	\$ 136,396

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$ 3,168
Investment income receivable	459
926 units of Collective Legal Investment Fund	135,881
Accrued expenses	(3,112)
Net Position Held in Trust, December 31, 2023	\$ 136,396

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."

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	519,543
Additions:		
Investment income (loss):		
Income from invested funds		9,546
Net realized gain on sale of units		31,967
Unrealized appreciation in fair value of units		53,307
Total investment income (loss)		94,820
Total additions		94,820
Deductions:		
Administrative expenses		241
Withdrawal for:		
Caring for Friends		2,645
CORA Services, Inc.		2,845
Helping Hand Rescue Mission		3,545
Old Saint Joseph's Outreach – Carewalk Center		2,790
People's Emergency Center		3,545
Project H.O.M.E.		645
Raymond and Miriam Klein Jewish Community Centers		45
St. Francis Inn		3,545
Total deductions		19,846
Change in net assets		74,974
Net Position Held in Trust, December 31, 2023	\$	594,517

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	7,126
Investment income receivable		2,028
3991 units of Collective Legal Investment Fund		585,635
Accrued expenses		(272)
Net Position Held in Trust, December 31, 2023	\$	594,517

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.'"

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	954,520
Additions:		
Investment income (loss):		
Income from invested funds		17,716
Net realized gain on sale of units		47,251
Unrealized appreciation in fair value of units		<u>111,045</u>
Total investment income (loss)		<u>176,012</u>
Total additions		<u>176,012</u>
Deductions:		
Administrative expenses		441
Awards		29,000
Expenses in connection with awards		<u>12,247</u>
Total deductions		<u>41,688</u>
Change in net assets		<u>134,324</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>1,088,844</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	4,607
Investment income receivable		3,844
7,399 units of Collective Legal Investment Fund		1,085,721
Accrued expenses		<u>(5,328)</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>1,088,844</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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	708,596
Additions:		
Investment income (loss):		
Income from invested funds		12,281
Net realized gain on sale of units		58,616
Unrealized appreciation in fair value of units		51,611
Total investment income (loss)		122,508
Total additions		122,508
Deductions:		
Administrative expenses		325
Withdrawal for Girard College		36,600
Total deductions		36,925
Change in net assets		85,583
Net Position Held in Trust, December 31, 2023	\$	794,179

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	32
Investment income receivable		2,491
5,395 units of Collective Legal Investment Fund		791,656
Net Position Held in Trust, December 31, 2023	\$	794,179

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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	3,732
Additions:		
Investment income (loss):		
Income from invested funds		66
Net realized gain on sale of units		19
Unrealized appreciation in fair value of units		570
Total investment income (loss)		655
Total additions		655
Deductions:		
Administrative expenses		2
Withdrawal for Whosoever Gospel Mission		200
Total deductions		202
Change in net assets		453
Net Position Held in Trust, December 31, 2023	\$	4,185

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	64
Investment income receivable		14
28 units of Collective Legal Investment Fund		4,109
Accrued expenses		(2)
Net Position Held in Trust, December 31, 2023	\$	4,185

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"

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	70,344
Additions:		
Investment income (loss):		
Income from invested funds		1,252
Net realized gain on sale of units		1,557
Unrealized appreciation in fair value of units		9,720
		<hr/>
Total investment income (loss)		12,529
		<hr/>
Total additions		12,529
		<hr/>
Deductions:		
Administrative expenses		31
Fuel office expenses		88
Cost of fuel distributed to those in need		1,423
		<hr/>
Total deductions		1,542
		<hr/>
Change in net assets		10,987
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u>81,331</u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	2,160
Investment income receivable		261
538 units of Collective Legal Investment Fund		78,946
.		(36)
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u>81,331</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”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	19,549
Additions:		
Investment income (loss):		
Income from invested funds		346
Net realized gain on sale of units		433
Unrealized appreciation in fair value of units		<u>2,690</u>
Total investment income (loss)		<u>3,469</u>
Total additions		<u>3,469</u>
Deductions:		
Administrative expenses		9
Fuel office expenses		24
Cost of fuel distributed to those in need		<u>707</u>
Total deductions		<u>740</u>
Change in net assets		<u>2,729</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>22,278</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	352
Investment income receivable		72
149 units of Collective Legal Investment Fund		21,844
Accrued expenses		<u>10</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>22,278</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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	29,418
Additions:		
Investment income (loss):		
Income from invested funds		523
Net realized gain on sale of units		504
Unrealized appreciation in fair value of units		4,206
Total investment income (loss)		5,233
Total additions		5,233
Deductions:		
Administrative expenses		13
Fuel office expenses		37
Cost of fuel distributed to those in need		1,092
Total deductions		1,142
Change in net assets		4,091
Net Position Held in Trust, December 31, 2023	\$	33,509

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	741
Investment income receivable		109
225 units of Collective Legal Investment Fund		33,016
Accrued expenses		(357)
Net Position Held in Trust, December 31, 2023	\$	33,509

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).

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	838,214
Additions:		
Investment income (loss):		
Income from invested funds		15,169
Unrealized appreciation in fair value of units		136,861
Total investment income (loss)		152,030
Total additions		152,030
Deductions:		
Administrative expenses		384
Total deductions		384
Change in net assets		151,646
Net Position Held in Trust, December 31, 2023	\$	989,860

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	75
Investment income receivable		3,262
6,726 units of Collective Legal Investment Fund		986,966
Accrued expenses		(443)
Net Position Held in Trust, December 31, 2023	\$	989,860

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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	5,657
Additions:		
Investment income (loss):		
Income from invested funds		99
Net realized gain on sale of units		239
Unrealized appreciation in fair value of units		643
Total investment income (loss)		981
Total additions		981
Deductions:		
Administrative expenses		2
Prizes		200
Total deductions		202
Change in net assets		779
Net Position Held in Trust, December 31, 2023	\$	6,436

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	108
Investment income receivable		21
43 units of Collective Legal Investment Fund		6,310
Accrued expenses		(3)
Net Position Held in Trust, December 31, 2023	\$	6,436

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)”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	75,793
Additions:		
Investment income (loss):		
Income from invested funds		1,349
Net realized gain on sale of units		1,577
Unrealized appreciation in fair value of units		10,575
Total investment income (loss)		13,501
Total additions		13,501
Deductions:		
Administrative expenses		34
Fuel office expenses		94
Cost of fuel distributed to those in need		886
Total deductions		1,014
Change in net assets		12,487
Net Position Held in Trust, December 31, 2023	\$	88,280

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	3,259
Investment income receivable		281
580 units of Collective Legal Investment Fund		85,109
Accrued expenses		(369)
Net Position Held in Trust, December 31, 2023	\$	88,280

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. . .”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	25,582
Additions:		
Investment income (loss):		
Income from invested funds		454
Net realized gain on sale of units		581
Unrealized appreciation in fair value of units		3,512
Total investment income (loss)		4,547
Total additions		4,547
Deductions:		
Administrative expenses		11
Fuel office expenses		32
Cost of fuel distributed to those in need		635
Total deductions		678
Change in net assets		3,869
Net Position Held in Trust, December 31, 2023	\$	29,451

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	1,091
Investment income receivable		94
195 units of Collective Legal Investment Fund		28,614
Accrued expenses		(348)
Net Position Held in Trust, December 31, 2023	\$	29,451

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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	135,168
Additions:		
Investment income (loss):		
Income from invested funds		2,762
Net realized loss on sale of units		(471)
Unrealized appreciation in fair value of units		25,282
		<hr/>
Total investment income (loss)		27,573
		<hr/>
Total additions		27,573
		<hr/>
Deductions:		
Administrative expenses		71
Scholarship awards		7,600
		<hr/>
Total deductions		7,671
		<hr/>
Change in net assets		19,902
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u>155,070</u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	3,886
Investment income receivable		580
1,170 units of Collective Legal Investment Fund		171,685
Accrued expenses		(21,081)
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u>155,070</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”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	83,412
Additions:		
Investment income (loss):		
Income from invested funds		1,532
Net realized gain on sale of units		5,406
Unrealized appreciation in fair value of units		8,283
		<hr/>
Total investment income (loss)		15,221
		<hr/>
Total additions		15,221
		<hr/>
Deductions:		
Administrative expenses		39
Withdrawal for:		
St. Francis Inn		755
St. John's Hospice		3,545
		<hr/>
Total deductions		4,339
		<hr/>
Change in net assets		10,882
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u>94,294</u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	99
Investment income receivable		325
640 units of Collective Legal Investment Fund		93,913
Accrued expenses		(43)
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u>94,294</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”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	64,067
Additions:		
Investment income (loss):		
Income from invested funds		1,176
Net realized gain on sale of units		3,896
Unrealized appreciation in fair value of units		6,607
Total investment income (loss)		11,679
Total additions		11,679
Deductions:		
Administrative expenses		30
Withdrawal for:		
Sunday Breakfast Rescue Mission		3,300
Total deductions		3,330
Change in net assets		8,349
Net Position Held in Trust, December 31, 2023	\$	72,416

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	5
Investment income receivable		249
492 units of Collective Legal Investment Fund		72,196
Accrued expenses		(34)
Net Position Held in Trust, December 31, 2023	\$	72,416

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”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	26,407
Additions:		
Investment income (loss):		
Income from invested funds		469
Net realized gain on sale of units		447
Unrealized appreciation in fair value of units		<u>3,777</u>
Total investment income (loss)		<u>4,693</u>
Total additions		<u>4,693</u>
Deductions:		
Administrative expenses		12
Prizes		<u>1,300</u>
Total deductions		<u>1,312</u>
Change in net assets		<u>3,381</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>29,788</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	62
Investment income receivable		98
202 units of Collective Legal Investment Fund		29,641
Accrued expenses		<u>(13)</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>29,788</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.”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$ 1,254,715
Additions:	
Investment income (loss):	
Income from invested funds	23,237
Net realized gain on sale of units	29,859
Unrealized appreciation in fair value of units	<u>178,589</u>
Total investment income (loss)	<u>231,685</u>
Total additions	<u>231,685</u>
Deductions:	
Administrative expenses	<u>583</u>
Total deductions	<u>583</u>
Change in net assets	<u>231,102</u>
Net Position Held in Trust, December 31, 2023	\$ <u><u>1,485,817</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$ 105
Investment income receivable	4,896
10,096 units of Collective Legal Investment Fund	1,481,476
Accrued expenses	<u>(660)</u>
Net Position Held in Trust, December 31, 2023	\$ <u><u>1,485,817</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”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	101,304
Additions:		
Investment income (loss):		
Income from invested funds		1,863
Unrealized appreciation in fair value of units		<u>16,802</u>
Total investment income (loss)		<u>16,802</u>
Total additions		<u>18,665</u>
Deductions:		
Administrative expenses		<u>45</u>
Total deductions		<u>45</u>
Change in net assets		<u>18,620</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>119,924</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	68
Investment income receivable		401
826 units of Collective Legal Investment Fund		121,206
Accrued expenses		<u>(1,751)</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>119,924</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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	55,471
Additions:		
Investment income (loss):		
Income from invested funds		1,018
Net realized gain on sale of units		1,137
Unrealized appreciation in fair value of units		<u>8,105</u>
Total investment income (loss)		<u>10,260</u>
Total additions		<u>10,260</u>
Deductions:		
Administrative expenses		26
Withdrawal for Whosoever Gospel Mission and Rescue Home of Germantown		<u>2,900</u>
Total deductions		<u>2,926</u>
Change in net assets		<u>7,334</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>62,805</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	72
Investment income receivable		216
446 units of Collective Legal Investment Fund		65,446
Accrued expenses		<u>(2,929)</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>62,805</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"

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	520,225
Additions:		
Investment income (loss):		
Income from invested funds		9,413
Net realized gain on sale of units		26,032
Unrealized appreciation in fair value of units		58,392
Total investment income (loss)		93,837
Total additions		93,837
Deductions:		
Administrative expenses		240
Scholarship awards		26,800
Total deductions		27,040
Change in net assets		66,797
Net Position Held in Trust, December 31, 2023	\$	587,022

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	13,519
Investment income receivable		1,981
3,988 units of Collective Legal Investment Fund		585,195
Accrued expenses		(13,673)
Net Position Held in Trust, December 31, 2023	\$	587,022

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)”

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	68,943
Additions:		
Investment income (loss):		
Income from invested funds		1,266
Net realized gain on sale of units		1,330
Unrealized appreciation in fair value of units		10,156
		<hr/>
Total investment income (loss)		12,752
		<hr/>
Total additions		12,752
		<hr/>
Deductions:		
Administrative expenses		32
		<hr/>
Total deductions		32
		<hr/>
Change in net assets		12,720
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u>81,663</u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	137
Investment income receivable		269
554 units of Collective Legal Investment Fund		81,293
Accrued expenses		(36)
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u>81,663</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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	8,620
Additions:		
Investment income (loss):		
Income from invested funds		154
Unrealized appreciation in fair value of units		<u>1,383</u>
Total investment income (loss)		<u>1,537</u>
Total additions		<u>1,537</u>
Deductions:		
Administrative expenses		<u>4</u>
Total deductions		<u>4</u>
Change in net assets		<u>1,533</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>10,153</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	146
Investment income receivable		33
68 units of Collective Legal Investment Fund		9,978
Accrued expenses		<u>(4)</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>10,153</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 \$2,094 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."

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	19,366
Additions:		
Investment income (loss):		
Income from invested funds		340
Net realized gain on sale of units		13
Unrealized appreciation in fair value of units		<u>3,069</u>
Total investment income (loss)		<u>3,422</u>
Total additions		<u>3,422</u>
Deductions:		
Administrative expenses		8
Scholarship awards		<u>353</u>
Total deductions		<u>361</u>
Change in net assets		<u>3,061</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>22,427</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	58
Investment income receivable		74
152 units of Collective Legal Investment Fund		22,304
Accrued expenses		<u>(9)</u>
Net Position Held in Trust, December 31, 2023	\$	<u><u>22,427</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."

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$ 69,621
Additions:	
Investment income (loss):	
Income from invested funds	1,273
Net realized gain on sale of units	192
Unrealized appreciation in fair value of units	11,264
Total investment income (loss)	12,729
Total additions	12,729
Deductions:	
Administrative expenses	32
Total deductions	32
Change in net assets	12,697
Net Position Held in Trust, December 31, 2023	\$ 82,318

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$ 56
Investment income receivable	271
559 units of Collective Legal Investment Fund	82,027
Accrued expenses	(36)
Net Position Held in Trust, December 31, 2023	\$ 82,318

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"

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	77,313
Additions:		
Investment income (loss):		
Income from invested funds		1,381
Net realized gain on sale of units		1,659
Unrealized appreciation in fair value of units		10,792
Total investment income (loss)		13,832
Total additions		13,832
Deductions:		
Administrative expenses		34
Fuel office expenses		97
Cost of fuel distributed to those in need		1,217
Total deductions		1,348
Change in net assets		12,484
Net Position Held in Trust, December 31, 2023	\$	89,797

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	2,885
Investment income receivable		288
592 units of Collective Legal Investment Fund		86,869
Accrued expenses		(245)
Net Position Held in Trust, December 31, 2023	\$	89,797

See accompanying independent auditors' report.

OBADIAH WHEELLOCK 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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	5,519
Additions:		
Investment income (loss):		
Income from invested funds		98
Net realized gain on sale of units		31
Unrealized appreciation in fair value of units		831
		<hr/>
Total investment income (loss)		960
		<hr/>
Total additions		960
		<hr/>
Deductions:		
Administrative expenses		2
		<hr/>
Total deductions		2
		<hr/>
Change in net assets		958
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u><u>6,477</u></u>

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	443
Investment income receivable		21
41 units of Collective Legal Investment Fund		6,016
Accrued expenses		(3)
		<hr/>
Net Position Held in Trust, December 31, 2023	\$	<u><u>6,477</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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	135,875
Additions:		
Investment income (loss):		
Income from invested funds		2,458
Unrealized appreciation in fair value of units		22,171
Total investment income (loss)		24,629
Total additions		24,629
Deductions:		
Administrative expenses		62
Total deductions		62
Change in net assets		24,567
Net Position Held in Trust, December 31, 2023	\$	160,442

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	40
Investment income receivable		529
1,090 units of Collective Legal Investment Fund		159,945
Accrued expenses		(72)
Net Position Held in Trust, December 31, 2023	\$	160,442

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.

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	45,609
Additions:		
Investment income (loss):		
Income from invested funds		836
Net realized gain on sale of units		661
Unrealized appreciation in fair value of units		6,791
Total investment income (loss)		8,288
Total additions		8,288
Deductions:		
Administrative expenses		21
Scholarship awards		1,925
Total deductions		1,946
Change in net assets		6,342
Net Position Held in Trust, December 31, 2023	\$	51,951

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	1,150
Investment income receivable		175
353 units of Collective Legal Investment Fund		51,799
Accrued expenses		(1,173)
Net Position Held in Trust, December 31, 2023	\$	51,951

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).

Statement of Changes in Fiduciary Net Position

Year ended December 31, 2023

Net Position Held in Trust, January 1, 2023	\$	121,791
Additions:		
Investment income (loss):		
Income from invested funds		2,192
Net realized gain on sale of units		2,618
Unrealized appreciation in fair value of units		17,148
Total investment income (loss)		21,958
Total additions		21,958
Deductions:		
Administrative expenses		55
Fuel office expenses		154
Cost of fuel distributed to those in need		1,347
Withdrawal for the Trustees of the Free Library of Philadelphia		2,000
Total deductions		3,556
Change in net assets		18,402
Net Position Held in Trust, December 31, 2023	\$	140,193

Statement of Fiduciary Net Position

December 31, 2023

Cash and cash equivalents	\$	4,113
Investment income receivable		460
945 units of Collective Legal Investment Fund		138,668
Accrued expenses		(3,048)
Net Position Held in Trust, December 31, 2023	\$	140,193

See accompanying independent auditors' report.



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

(A Component Unit of the Estate of Stephen Girard, Deceased)

Basic Financial Statements with Required Supplementary Information

December 31, 2023 and 2022

(With Independent Auditors' Report Thereon)

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

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KPMG LLP
Suite 4000
1735 Market Street
Philadelphia, PA 19103-7501

Independent Auditors' Report

The Members of the Board
Board of Directors of City Trusts:

Opinion

We have audited the financial statements of the Board of Directors of City Trusts Contributory Retirement Plan (the Plan), a component unit of the Estate of Stephen Girard, Deceased, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which comprise the Plan's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of December 31, 2023 and 2022, and the changes in fiduciary net position for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the required supplementary information in schedules 1 through 3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

KPMG LLP

Philadelphia, Pennsylvania
September 20, 2024

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

Management's Discussion and Analysis (Unaudited)

December 31, 2023 and 2022

The following discussion and analysis of the Board of Directors of City Trusts Contributory Retirement Plan, a component unit of the Estate of Stephen Girard, Deceased, ("Plan") provides an overview of the financial activities of the Plan for the years ended December 31, 2023 and 2022.

The information contained within this Management's Discussion and Analysis is only a component of the entire financial statement report. Readers should take time to read and evaluate all sections of the report, including the Notes to the Financial Statements that is provided in addition to this Management's Discussion and Analysis.

The Plan is a single-employer defined benefit plan for certain employees of the Estate of Stephen Girard, Deceased of the Board of Directors of City Trusts acting for the City of Philadelphia, Trustee (the "Board"). The Plan covers certain union employees, hired prior to December 20, 2019, 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.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction into the Plan's financial statements. The Plan is considered a fiduciary fund in accordance with governmental accounting standards. Fiduciary funds are used to account for resources held for the benefit of parties outside a government. The Plan's financial statements comprise the statements of fiduciary net position, statements of changes in fiduciary net position, notes to the financial statements, and required supplementary information.

Statements of Fiduciary Net Position

These statements for the years ended December 31, 2023 and 2022, are used to account for resources held in a trustee or agency capacity for others and are not available for the support of any government programs. These statements present the total assets held less any liabilities to report the net position restricted for pension benefits for the Plan. Investments are shown at fair value and all other assets and liabilities are determined on an accrual basis.

Statements of Changes in Fiduciary Net Position

These statements present the results of activities during the years ended December 31, 2023 and 2022. Activities include additions of employer and employee contributions, investment income, net appreciation of investments, and deductions including benefit payments and administrative expenses to determine the change in net position restricted for pension benefits for the year.

Notes to the Financial Statements

The notes to the financial statements are an integral part of the financial statements providing additional detail that is essential to a full understanding of the financial statements.

Required Supplementary Information

This information is not audited and includes management's discussion and analysis (this section), a schedule of changes in the employer's net pension asset and related ratios, a schedule of employer contributions, a schedule of investment returns, and the notes to required supplementary information.

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

Management's Discussion and Analysis (Unaudited)

December 31, 2023 and 2022

Financial Highlights

The Plan's net position restricted for pension benefits increased approximately \$1.2 million (15%) in 2023 compared to a decrease of approximately \$1.3 million (14%) in 2022. The increase in net position in 2023 and the decrease in net position in 2022 are a result of favorable and unfavorable market conditions, respectively, on the Plan's investments.

In 2022 the Plan's net position restricted for pension benefits decreased approximately \$1.3 million (14%) compared to an increase of approximately \$1.3 million (16%) in 2021. The decrease was primarily due to unfavorable market conditions and fluctuations of investment returns.

Condensed Financial Information

The following schedule is a summary of the December 31, 2023 and 2022 Statements of Fiduciary Net Position with comparative information as of December 31, 2021:

Fiduciary Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Investments	\$ 8,914,978	7,498,184	8,882,724
Net other assets and liabilities	<u>114,224</u>	<u>344,643</u>	<u>224,394</u>
Net position restricted for pension benefits	<u>\$ 9,029,202</u>	<u>7,842,827</u>	<u>9,107,118</u>

During the year ended December 31, 2023 the various stock market indices experienced increases which had a direct impact on the Plan's investments which increased by approximately \$1.4 million (19%) compared to 2022. However, for the year ended December 31, 2022, the market indices were unfavorable which decreased the Plan's investments by approximately \$1.4 million (16%) compared to 2021.

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

Management's Discussion and Analysis (Unaudited)

December 31, 2023 and 2022

The following schedule is a summary of the Statements of Changes in Fiduciary Net Position for the years ended December 31, 2023 and 2022 with comparative information for the year ended December 31, 2021:

Changes in Fiduciary Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Additions:			
Contributions	\$ 238,883	443,823	446,384
Net investment income (loss)	<u>1,391,761</u>	<u>(1,253,490)</u>	<u>1,263,337</u>
Total additions	<u>1,630,644</u>	<u>(809,667)</u>	<u>1,709,721</u>
Deductions:			
Benefit payments, including return of employee contributions	386,527	376,859	392,897
Administrative expenses	<u>57,742</u>	<u>77,765</u>	<u>51,133</u>
Total deductions	<u>444,269</u>	<u>454,624</u>	<u>444,030</u>
Increase (decrease) in net position restricted for pension benefits	<u>\$ 1,186,375</u>	<u>(1,264,291)</u>	<u>1,265,691</u>

Due to favorable market conditions, net investment income (loss) increased approximately \$2.6 million in 2023 compared to 2022. Contributions during 2023 decreased approximately \$205,000 (46%) compared to 2022 due to the reduction of the Plan's actuarially required employer contribution for 2023.

Due to unfavorable market conditions, net investment income (loss) decreased approximately \$2.5 million in 2022. Contributions during 2022 remained relatively flat at approximately \$444,000 compared to 2021.

In 2023 benefit payments increased approximately \$9,700 (3%) due to one new plan member receiving benefits compared to 2022. In 2022 benefit payments decreased by approximately \$16,000 (4%) due to a decrease of one plan member receiving benefits compared to 2021. Administrative expenses decreased in 2023 by approximately \$20,000 (26%) and increased in 2022 by approximately \$26,600 (52%) due to audit and consultant fees related to the change in presentation and preparation of the financial statements that occurred in 2022.

Plan Investments

The Plan's investment policy is to invest in the Collective Legal Investment Fund (CLIF) which was created by the Board to pool for investment management purposes the collective assets of the trusts it manages, including certain assets of this Plan, the Estate of Stephen Girard, Deceased, Wills Eye Hospital, two other retirement plans of the Board, and the 117 smaller trusts. The CLIF is a balanced portfolio primarily comprising equity securities, fixed income funds, short-term investments, real estate investments, and alternative investments held in private equity investments. All of the Plan's investments are held in the CLIF. As of December 31, 2023, 2022 and 2021, the Plan owned 60,754 units (approximately 1.4% of total CLIF units), 59,412 units (approximately 1% of total CLIF units), and 59,412 units (approximately 1.2% of total CLIF units) respectively.

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

Management's Discussion and Analysis (Unaudited)

December 31, 2023 and 2022

The following is a summary of the CLIF's investments at fair value as of December 31, 2023, 2022 and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Short-term investments	\$ 45,606,534	52,586,177	21,832,596
Equity securities:			
Domestic	349,198,251	285,929,564	430,293,993
International	<u>38,413,609</u>	<u>34,990,852</u>	<u>42,494,621</u>
Total equity securities	<u>387,611,860</u>	<u>320,920,416</u>	<u>472,788,614</u>
Fixed income:			
U.S. Government and agencies	57,447,438	51,464,578	53,524,537
Corporate and other	46,282,965	52,290,946	53,089,209
Asset-backed securities	4,661,439	4,383,193	4,201,261
Mortgage-backed securities	1,633,635	2,532,703	6,017,537
Mutual funds	<u>8,215,261</u>	<u>51,907,443</u>	<u>92,018,144</u>
Total fixed income	118,240,738	162,578,863	208,850,688
Real estate investments	36,722,591	—	—
Private equity funds	<u>48,826,514</u>	<u>43,235,409</u>	<u>34,618,179</u>
Total	<u>\$ 637,008,237</u>	<u>579,320,865</u>	<u>738,090,077</u>

Contact Information

This financial report is designed to provide families, supporters, investors and creditors with a general overview of the Plan's finances and to demonstrate the Plan's accountability. Additional information is also available on the Plan's website at www.citytrusts.com. If you have any questions about this report or would like additional information, please contact:

Finance Department
Board of Directors of City Trusts
Contributory Retirement Plan
c/o Board of City Trusts
1101 Market Street
Suite 2600
Philadelphia, PA 19107
215-568-0440

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

Statements of Fiduciary Net Position

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets:		
Cash	\$ 99,069	349,847
Investment income receivable	44,754	46,387
Investment in Collective Legal Investment Fund	<u>8,914,978</u>	<u>7,498,184</u>
Total assets	<u>9,058,801</u>	<u>7,894,418</u>
Liabilities:		
Accrued expenses	<u>29,599</u>	<u>51,591</u>
Total liabilities	<u>29,599</u>	<u>51,591</u>
Net position restricted for pensions	<u><u>\$ 9,029,202</u></u>	<u><u>7,842,827</u></u>

See accompanying notes to basic financial statements.

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

Statements of Changes in Fiduciary Net Position

Years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Additions:		
Contributions:		
Employee contributions	\$ 28,119	22,296
Employer contributions	<u>210,764</u>	<u>421,527</u>
Total contributions	<u>238,883</u>	<u>443,823</u>
Net investment income (loss):		
Investment income	224,204	177,672
Net appreciation (depreciation) of investments	<u>1,263,854</u>	<u>(1,384,541)</u>
Total investment income (loss)	1,488,058	(1,206,869)
Investment expenses	<u>(96,297)</u>	<u>(46,621)</u>
Net investment income (loss)	<u>1,391,761</u>	<u>(1,253,490)</u>
Total additions	1,630,644	(809,667)
Deductions:		
Benefit payments, including refunds of member contributions	386,527	376,859
Administrative expenses	<u>57,742</u>	<u>77,765</u>
Total deductions	<u>444,269</u>	<u>454,624</u>
Net increase (decrease) in net position restricted for pension benefits	1,186,375	(1,264,291)
Net position restricted for pensions, beginning of year	<u>7,842,827</u>	<u>9,107,118</u>
Net position restricted for pensions, end of year	<u>\$ 9,029,202</u>	<u>7,842,827</u>

See accompanying notes to basic financial statements.

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

Notes to Basic Financial Statements

December 31, 2023 and 2022

(1) Description of Plan

(a) General

The Board of Directors of City Trusts Contributory Retirement Plan (the Plan) is a single-employer defined benefit plan for certain employees of the Estate of Stephen Girard, Deceased of the Board of Directors of City Trusts acting for the City of Philadelphia, Trustee (the Board). The Plan covers certain union employees, hired prior to December 20, 2019, 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 plan. All administrative expenses are paid out of plan assets. Participants should refer to the plan document for more complete information.

(b) Board of Directors

The Board of Directors are appointed by the Judges of Courts of Common Pleas of Philadelphia and consists of fourteen members of which twelve have voting rights.

(c) Contributions

Members are required to contribute to the Plan at approximately 1.7% of the first \$3,600 plus 4.25% of the excess over \$3,600 of the annual rate of earnings on each January 1 according to salary class, contributed pro rata throughout the calendar year, while employed. In addition, 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. Members contribute amounts based on salary terms, as defined in the plan agreement.

(d) 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.

(1) Normal Retirement Benefit:

- (i) Service Benefit: Approximately 1.1% of the first \$3,600 plus 2.75% of the excess over \$3,600 of the annual rate of earnings on each January 1 according to salary class.
 - (ii) Minimum Benefit: \$2,400 annually.
- (2) Early Retirement Benefit:** Retirement benefit accrued to early retirement date, as in (1) above, and reduced 4% for each year that retirement precedes age 65.

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

Notes to Basic Financial Statements

December 31, 2023 and 2022

- (3) Postponed (Late) Retirement Benefit: For active members, the Retirement Benefit accrued to Postponed Retirement Date. For inactive members, the retirement benefit as in (1) above, accrued to Normal Retirement Date is increased 1/3 of 1% for each month that benefit commencement exceeds Normal Retirement Date.
- (4) Deferred Vested Benefit: Retirement benefit accrued to date of termination as in (1) above. Benefits commence at normal retirement date or, if member has 15 or more years of service, as early as age 50 with benefits reduced as described in (2) above. If member delays commencement beyond normal retirement date, the benefit shall be increased as described in (3) above.

(e) 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.

(f) 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.

(g) Plan Membership

As of December 31, 2023 and 2022, the number of benefit recipients and members in the Plan consisted of the following:

	<u>2023</u>	<u>2022</u>
Inactive Plan members or beneficiaries currently receiving benefits	32	32
Inactive Plan members entitled to but not yet receiving benefits	16	16
Active Plan members	<u>7</u>	<u>8</u>
Total	<u>55</u>	<u>56</u>

(2) Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements were prepared in accordance with U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). The Plan is presented as a fiduciary fund utilizing the accrual basis of accounting where the measurement focus is on the flow of economic resources. Employee and employer contributions are recognized as additions in the period in which they are due and administrative expenses are recognized in the period they are incurred. Investment income is recognized when earned and benefit payments and refunds are recognized when due and payable.

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

Notes to Basic Financial Statements

December 31, 2023 and 2022

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

(c) Deposits

All of the Plan's deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") (subject to the FDIC limit or \$250,000 per plan per member). However, the Plan's cash balances can exceed FDIC insured limits. As of December 31, 2023, cash in the bank amounted to \$99,069 of which all was insured. As of December 31, 2022, cash in the bank amounted to \$349,847 of which \$99,847 was uninsured.

(d) Valuation of Investment in Collective Legal Investment Fund

The Plan's investment policy is to invest in the Collective Legal Investment Fund (CLIF), which was created by the Board to pool for investment management purposes the collective assets of the trusts it manages, including certain assets of the Plan. The CLIF is an external investment pool, as defined by the GASB, and is not registered with the Securities and Exchange Commission, but is subject to oversight by the Board. The CLIF issues separately available audited financial statements.

Investment in CLIF is measured using net asset value (NAV) per share as a practical expedient to fair value.

(e) Accrued Expenses

Accrued expenses are comprised of amounts primarily representing accruals for professional fees.

(3) Investments

The Board acts as the investment advisor to the Plan. The Plan's investment policy addresses governing provisions and guidelines for the investment process and is approved by the Board. The Plan's investment policy is to invest in the CLIF, which is a balanced portfolio, primarily comprising equity securities, fixed income funds, short-term investments, real estate investments, and alternative investments held in private equity investments. The Plan has no restrictions on withdrawals from the CLIF.

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

Notes to Basic Financial Statements

December 31, 2023 and 2022

(4) Net Pension Asset

The components of the net pension asset of the employer at December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Total pension liability	\$ 4,867,934	4,742,986
Plan fiduciary net position	<u>9,029,202</u>	<u>7,842,827</u>
Net pension asset	<u>\$ (4,161,268)</u>	<u>(3,099,841)</u>
Plan fiduciary net position as a percentage of the total pension liability	185.48 %	165.36 %

(a) Actuarial Assumptions

The total pension liability for 2023 and 2022 was determined by an actuarial valuation as of January 1, 2023 and 2022, respectively, rolled forward to December 31, 2023 and 2022, respectively, using the following actuarial assumptions, applied to all periods included in the measurement:

Projected salary increases	3.0% compounded annually
Investment rate of return	7.5% per annum, compounded annually, net of investment expenses
Inflation adjustment	3.0% compounded annually
Mortality	PRI-2012 Amount Weighted Mortality Table with 2021 MP generational scale

The actuarial assumptions used in the January 1, 2023 and 2022 valuations were based on the results of an actuarial experience study for the period January 1, 2011–December 31, 2020.

(b) Expected Rate of Return on Investments

The long-term expected rate of return on the Plan's investment in the CLIF was determined using a building block method in which the best estimate ranges of expected real rates of return (i.e., expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Notes to Basic Financial Statements

December 31, 2023 and 2022

The target asset allocation and best estimates of real rates of return for each major asset class of the CLIF are summarized in the following table as of December 31, 2023 and 2022:

Asset class	2023 and 2022 Target asset allocation	2023 Range of Long-term expected real rate of return	2022 Range of Long-term expected real rate of return
Domestic equity	50 %	5.5% to 6.5%	5.5% to 6.5%
International equity	10	5.5 to 6.5	5.6 to 6.6
Fixed income	30	2.0 to 3.5	2.0 to 3.5
Real estate/alternative	10	4.5 to 5.5	4.5 to 5.5
Total	100 %		

For the years ended December 31, 2023 and 2022, the Plan's money weighted-rate of return, net of investment expenses, was 17.91% and (13.97%), respectively.

(c) Discount Rate

The discount rate used to measure the total pension liability was 7.5% in 2023 and 2022. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the rates applicable to each member and that employer contributions will be made at rates as determined by the actuary. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and non-active members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

(d) Sensitivity of Net Pension Asset to Changes in the Discount Rate

The following presents the net pension asset of the employer calculated using the discount rate of 7.5%, as well as what the employer's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

2023			
	1% Decrease 6.5 %	Discount rate 7.5 %	1% Increase 8.5 %
Net pension asset	\$ (3,509,030)	(4,161,268)	(4,701,702)
2022			
	1% Decrease 6.5 %	Discount rate 7.5 %	1% Increase 8.5 %
Net pension asset	\$ (2,436,127)	(3,099,841)	(3,644,207)

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

Schedule of Changes in the Employer's Net Pension Asset and Related Ratios (Unaudited)

December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:										
Service cost	\$ 66,645	56,800	69,764	89,282	86,038	83,001	71,894	67,782	59,390	54,903
Interest	346,490	344,290	341,443	349,689	356,009	356,110	347,575	338,252	323,854	304,616
Differences between expected and actual experience	98,340	24,737	(71,805)	(122,177)	(49,736)	72,023	84,417	25,517	225,972	—
Changes of assumptions	—	—	85,290	(17,390)	(16,901)	(18,990)	(14,589)	230,890	—	68,390
Benefit payments, including refunds of member contributions	<u>(386,527)</u>	<u>(376,859)</u>	<u>(392,897)</u>	<u>(391,849)</u>	<u>(382,870)</u>	<u>(370,987)</u>	<u>(375,873)</u>	<u>(344,077)</u>	<u>(319,551)</u>	<u>(378,309)</u>
Net change in total pension liability	124,948	48,968	31,795	(92,445)	(7,460)	121,157	113,424	318,364	289,665	49,600
Total pension liability – beginning	<u>4,742,986</u>	<u>4,694,018</u>	<u>4,662,223</u>	<u>4,754,668</u>	<u>4,762,128</u>	<u>4,640,971</u>	<u>4,527,547</u>	<u>4,209,183</u>	<u>3,919,518</u>	<u>3,869,918</u>
Total pension liability – ending	<u>4,867,934</u>	<u>4,742,986</u>	<u>4,694,018</u>	<u>4,662,223</u>	<u>4,754,668</u>	<u>4,762,128</u>	<u>4,640,971</u>	<u>4,527,547</u>	<u>4,209,183</u>	<u>3,919,518</u>
Plan fiduciary net position:										
Contributions – employer	210,764	421,527	421,527	263,855	232,320	256,356	385,160	237,720	354,051	412,068
Contributions – member	28,119	22,296	24,857	30,768	36,390	40,026	35,117	36,306	37,527	45,497
Net investment income (loss)	1,391,761	(1,253,490)	1,263,337	898,459	1,253,875	(348,873)	831,003	344,926	(29,651)	310,254
Benefit payments, including refunds of member contributions	<u>(386,527)</u>	<u>(376,859)</u>	<u>(392,897)</u>	<u>(391,849)</u>	<u>(382,870)</u>	<u>(370,987)</u>	<u>(375,873)</u>	<u>(344,077)</u>	<u>(319,551)</u>	<u>(378,309)</u>
Administrative expense	<u>(57,742)</u>	<u>(77,765)</u>	<u>(51,133)</u>	<u>(51,720)</u>	<u>(69,887)</u>	<u>(47,874)</u>	<u>(46,363)</u>	<u>(48,851)</u>	<u>(45,867)</u>	<u>(48,553)</u>
Net change in plan fiduciary net position	1,186,375	(1,264,291)	1,265,691	749,513	1,069,828	(471,352)	829,044	226,024	(3,491)	340,957
Plan fiduciary net position – beginning	<u>7,842,827</u>	<u>9,107,118</u>	<u>7,841,427</u>	<u>7,091,914</u>	<u>6,022,086</u>	<u>6,493,438</u>	<u>5,664,394</u>	<u>5,438,370</u>	<u>5,441,861</u>	<u>5,100,904</u>
Plan fiduciary net position – ending	<u>9,029,202</u>	<u>7,842,827</u>	<u>9,107,118</u>	<u>7,841,427</u>	<u>7,091,914</u>	<u>6,022,086</u>	<u>6,493,438</u>	<u>5,664,394</u>	<u>5,438,370</u>	<u>5,441,861</u>
Net pension asset	<u>\$ (4,161,268)</u>	<u>(3,099,841)</u>	<u>(4,413,100)</u>	<u>(3,179,204)</u>	<u>(2,337,246)</u>	<u>(1,259,958)</u>	<u>(1,852,467)</u>	<u>(1,136,847)</u>	<u>(1,229,187)</u>	<u>(1,522,343)</u>
Plan fiduciary net position as a percentage of the total pension liability	185.48 %	165.36 %	194.02 %	168.19 %	149.16 %	126.46 %	139.92 %	125.11 %	129.20 %	138.84 %
Covered employee payroll	\$ 553,650	527,808	643,969	815,357	908,334	946,203	897,132	993,694	1,241,350	1,319,441
Net pension asset as a percentage of covered employee payroll	(751.61)%	(587.30)%	(685.30)%	(389.92)%	(257.31)%	(133.16)%	(206.49)%	(114.41)%	(99.02)%	(115.38)%

See accompanying independent auditors' report.

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

Schedule of Employer Contributions (Unaudited)

December 31, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ —	142,971	142,971	263,855	232,320	256,356	385,160	237,720	354,051	412,068
Contributions in relation to the actuarially determined contribution	210,764	421,527	421,527	263,855	232,320	256,356	385,160	237,720	354,051	412,068
Contribution deficiency (excess)	<u>\$ (210,764)</u>	<u>(278,556)</u>	<u>(278,556)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Covered employee payroll	\$ 553,650	527,808	643,969	815,357	908,334	946,203	897,132	993,694	1,241,350	1,319,441
Contributions as a percentage of covered employee payroll	38.07 %	79.86 %	65.46 %	32.36 %	25.58 %	27.09 %	42.93 %	23.92 %	28.52 %	31.23 %

Notes to Required Supplementary Information (Unaudited)

December 31, 2023

(1) Significant methods and assumptions used in calculating the actuarially determined contributions

The methods and assumptions used in calculating the actuarially determined contributions are as follows:

	January 1, 2023	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015	January 1, 2014
Valuation date	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial cost method	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis
Amortization method	15 years	15 years	15 years	15 years	15 years	15 years	15 years	15 years	15 years	15 years
Remaining amortization period	15 years	15 years	15 years	15 years	15 years	15 years	15 years	15 years	15 years	15 years
Actuarial assumptions:										
Investment rate of return	7.50 %	7.50 %	7.50 %	7.75 %	7.75 %	7.75 %	7.75 %	7.75 %	8.00 %	8.00 %
Projected salary increases	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %
Postretirement mortality	PRI-2012 Amount Weighted Mortality Table with 2021 MP generational scale	PRI-2012 Amount Weighted Mortality Table with 2021 MP generational scale	PRI-2012 Amount Weighted Mortality Table with 2021 MP generational scale	PRI-2012 Amount Weighted Mortality Table with 2020 MP generational scale	RP-2014 with 2018 MP generational scale	RP-2014 with 2017 MP generational scale	RP-2014 with 2016 MP generational scale	RP-2014 with 2015 MP generational scale	RP-2000	RP-2000
Inflation adjustment	3.00 %	3.00 %	3.00 %	3.00 %	2.75 %	2.50 %	2.50 %	2.50 %	2.50 %	2.50 %
Discount rate – actuarially accrued liability	7.50 %	2.79 %	2.79 %	2.72 %	3.49 %	4.14 %	3.79 %	3.48 %	4.20 %	4.06 %

See accompanying independent auditors' report.

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

Schedule of Investment Returns (Unaudited)

December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money weighted rate of return, net of investment expenses	\$ <u>17.91 %</u>	<u>(13.97)%</u>	<u>16.11 %</u>	<u>12.80 %</u>	<u>21.14 %</u>	<u>(5.42)%</u>	<u>14.67 %</u>	<u>6.41 %</u>	<u>(0.54)%</u>	<u>6.06 %</u>

See accompanying independent auditors' report.



BOARD OF DIRECTORS OF CITY TRUSTS
GIRARD NON-CONTRIBUTORY RETIREMENT PLAN
(A Component Unit of the Estate of Stephen Girard, Deceased)
Basic Financial Statements with Required Supplementary Information
December 31, 2023 and 2022
(With Independent Auditors' Report Thereon)

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

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KPMG LLP
Suite 4000
1735 Market Street
Philadelphia, PA 19103-7501

Independent Auditors' Report

The Members of the Board
Board of Directors of City Trusts:

Opinion

We have audited the financial statements of the Board of Directors of City Trusts Girard Non-Contributory Retirement Plan (the Plan), a component unit of the Estate of Stephen Girard, Deceased, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which comprise the Plan's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of December 31, 2023 and 2022, and the changes in fiduciary net position for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the required supplementary information in schedules 1 through 3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

KPMG LLP

Philadelphia, Pennsylvania
September 20, 2024

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

Management's Discussion and Analysis (Unaudited)

December 31, 2023 and 2022

The following discussion and analysis of the Board of Directors of City Trusts Girard Non-Contributory Retirement Plan, a component unit of the Estate of Stephen Girard, Deceased, ("Plan") provides an overview of the financial activities of the Plan for the years ended December 31, 2023 and 2022.

The information contained within this Management's Discussion and Analysis is only a component of the entire financial statement report. Readers should take time to read and evaluate all sections of the report, including the Notes to the Financial Statements that is provided in addition to this Management's Discussion and Analysis.

The Plan is a single-employer defined benefit plan for certain employees of the Estate of Stephen Girard, Deceased 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, and certain union employees, hired prior to September 16, 2019, who have completed one year of service regardless of age and certain union employees under union contracts that provide for participation.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction into the Plan's financial statements. The Plan is considered a fiduciary fund in accordance with governmental accounting standards. Fiduciary funds are used to account for resources held for the benefit of parties outside a government. The Plan's financial statements comprise the statements of fiduciary net position, statements of changes in fiduciary net position, notes to the financial statements, and required supplementary information.

Statements of Fiduciary Net Position

These statements for the years ended December 31, 2023 and 2022, are used to account for resources held in a trustee or agency capacity for others and are not available for the support of any government programs. These statements present the total assets held less any liabilities to report the net position restricted for pension benefits for the Plan. Investments are shown at fair value and all other assets and liabilities are determined on an accrual basis.

Statements of Changes in Fiduciary Net Position

These statements present the results of activities during the years ended December 31, 2023 and 2022. Activities include additions of employer contributions, investment income, net appreciation of investments, and deductions including benefit payments and administrative expenses to determine the change in net position restricted for pension benefits for the year.

Notes to the Financial Statements

The notes to the financial statements are an integral part of the financial statements providing additional detail that is essential to a full understanding of the financial statements.

Required Supplementary Information

This information is not audited and includes management's discussion and analysis (this section), a schedule of changes in the employer's net pension asset and related ratios, a schedule of employer contributions, a schedule of investment returns, and the notes to required supplementary information.

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

Management's Discussion and Analysis (Unaudited)

December 31, 2023 and 2022

Financial Highlights

The Plan's net position restricted for pension benefits increased approximately \$6.5 million (14%) in 2023 compared to a decrease of approximately \$8.4 million (16%) in 2022. The increase in net position in 2023 and the decrease in net position in 2022 are a result of favorable and unfavorable market conditions, respectively, on the Plan's investments.

In 2022 the Plan's net position restricted for pension benefits decreased approximately \$8.4 million (16%) compared to an increase of approximately \$6.9 million (15%) in 2021. The decrease was primarily due to unfavorable market conditions and fluctuations of investment returns.

Condensed Financial Information

The following schedule is a summary of the December 31, 2023 and 2022 Statements of Fiduciary Net Position with comparative information as of December 31, 2021:

Fiduciary Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Investments	\$ 50,916,059	44,766,221	53,032,307
Net other assets and liabilities	<u>648,794</u>	<u>288,416</u>	<u>382,414</u>
Net position restricted for pension benefits	<u>\$ 51,564,853</u>	<u>45,054,637</u>	<u>53,414,721</u>

During the year ended December 31, 2023 the various stock market indices experienced increases which had a direct impact on the Plan's investments which increased by approximately \$6.1 million (14%) compared to 2022. However, for the year ended December 31, 2022, the market indices were unfavorable which decreased the Plan's investments by approximately \$8.3 million (16%) compared to 2021.

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

Management's Discussion and Analysis (Unaudited)

December 31, 2023 and 2022

The following schedule is a summary of the Statements of Changes in Fiduciary Net Position for the years ended December 31, 2023 and 2022 with comparative information for the year ended December 31, 2021:

Changes in Fiduciary Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Additions:			
Contributions	\$ 570,000	1,140,000	1,140,000
Net investment income (loss)	<u>7,993,970</u>	<u>(7,483,680)</u>	<u>7,542,470</u>
Total additions	<u>8,563,970</u>	<u>(6,343,680)</u>	<u>8,682,470</u>
Deductions:			
Benefit payments, including return of employee contributions	1,979,724	1,915,348	1,744,323
Administrative expenses	<u>74,030</u>	<u>101,056</u>	<u>63,746</u>
Total deductions	<u>2,053,754</u>	<u>2,016,404</u>	<u>1,808,069</u>
Increase (decrease) in net position restricted for pension benefits	<u>\$ 6,510,216</u>	<u>(8,360,084)</u>	<u>6,874,401</u>

Due to favorable market conditions, net investment income (loss) increased approximately \$15.5 million in 2023 compared to 2022. Contributions during 2023 decreased approximately \$570,000 (50%) compared to 2022 due to the reduction of the Plan's actuarially required employer contribution for 2023.

Due to unfavorable market conditions, net investment (loss) income decreased approximately \$15.0 million in 2022 compared to 2021. Contributions during 2022 remained flat at approximately \$1.1 million compared to 2021.

In 2023 benefit payments increased approximately \$64,400 (3%) due from a full year of benefit payments made to new plan members receiving benefits during 2022. In 2022 benefit payments increased by approximately \$171,000 (10%) due to an increase of 19 plan members receiving benefits compared to 2021. Administrative expenses decreased in 2023 by approximately \$27,000 (27%) and increased in 2022 by approximately \$37,300 (58%) due to audit and consultant fees related to the change in presentation and preparation of the financial statements which occurred in 2022.

Plan Investments

The Plan's investment policy is to invest in the Collective Legal Investment Fund (CLIF) which was created by the Board to pool for investment management purposes the collective assets of the trusts it manages, including certain assets of this Plan, the Estate of Stephen Girard, Deceased, Wills Eye Hospital, two other retirement plans of the Board, and the 117 smaller trusts. The CLIF is a balanced portfolio primarily comprising equity securities, fixed income funds, short-term investments, real estate investments, and alternative investments held in private equity investments. All of the Plan's investments are held in the CLIF. As of December 31, 2023, 2022 and 2021, the Plan owned 346,984 units (approximately 8.0% of total CLIF units), 354,706 units (approximately 7.7% of total CLIF units), and 354,706 units (approximately 7.2% of total CLIF units) respectively.

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

Management's Discussion and Analysis (Unaudited)

December 31, 2023 and 2022

The following is a summary of the CLIF's investments at fair value as of December 31, 2023, 2022 and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Short-term investments	\$ 45,606,534	52,586,177	21,832,596
Equity securities:			
Domestic	349,198,251	285,929,564	430,293,993
International	<u>38,413,609</u>	<u>34,990,852</u>	<u>42,494,621</u>
Total equity securities	<u>387,611,860</u>	<u>320,920,416</u>	<u>472,788,614</u>
Fixed income:			
U.S. Government and agencies	57,447,438	51,464,578	53,524,537
Corporate and other	46,282,965	52,290,946	53,089,209
Asset-backed securities	4,661,439	4,383,193	4,201,261
Mortgage-backed securities	1,633,635	2,532,703	6,017,537
Mutual funds	<u>8,215,261</u>	<u>51,907,443</u>	<u>92,018,144</u>
Total fixed income	118,240,738	162,578,863	208,850,688
Real estate investments	36,722,591	—	—
Private equity funds	<u>48,826,514</u>	<u>43,235,409</u>	<u>34,618,179</u>
Total	<u>\$ 637,008,237</u>	<u>579,320,865</u>	<u>738,090,077</u>

Contact Information

This financial report is designed to provide families, supporters, investors and creditors with a general overview of the Plan's finances and to demonstrate the Plan's accountability. Additional information is also available on the Plan's website at www.citytrusts.com. If you have any questions about this report or would like additional information, please contact:

Finance Department
Board of Directors of City Trusts
Girard Non-Contributory Retirement Plan
c/o Board of City Trusts
1101 Market Street
Suite 2600
Philadelphia, PA 19107
215-568-0440

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

Statements of Fiduciary Net Position

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets:		
Cash	\$ 423,701	65,288
Investment income receivable	263,391	276,946
Investment in Collective Legal Investment Fund	<u>50,916,059</u>	<u>44,766,221</u>
Total assets	<u>51,603,151</u>	<u>45,108,455</u>
Liabilities:		
Accrued expenses	<u>38,298</u>	<u>53,818</u>
Total liabilities	<u>38,298</u>	<u>53,818</u>
Net position restricted for pensions	<u>\$ 51,564,853</u>	<u>45,054,637</u>

See accompanying notes to basic financial statements.

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

Statements of Changes in Fiduciary Net Position

Years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Additions:		
Employer contributions	\$ 570,000	1,140,000
Net investment income (loss):		
Investment income	1,364,214	1,060,748
Net appreciation (depreciation) of investments	<u>7,202,853</u>	<u>(8,266,087)</u>
Total investment income (loss)	8,567,067	(7,205,339)
Investment expenses	<u>(573,097)</u>	<u>(278,341)</u>
Net investment income (loss)	<u>7,993,970</u>	<u>(7,483,680)</u>
Total additions	<u>8,563,970</u>	<u>(6,343,680)</u>
Deductions:		
Benefit payments, including refunds of member contributions	1,979,724	1,915,348
Administrative expenses	<u>74,030</u>	<u>101,056</u>
Total deductions	<u>2,053,754</u>	<u>2,016,404</u>
Net increase (decrease) in net position restricted for pension benefits	6,510,216	(8,360,084)
Net position restricted for pensions, beginning of year	<u>45,054,637</u>	<u>53,414,721</u>
Net position restricted for pensions, end of year	<u>\$ 51,564,853</u>	<u>45,054,637</u>

See accompanying notes to basic financial statements.

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

Notes to Basic Financial Statements

December 31, 2023 and 2022

(1) Description of Plan

(a) General

The Board of Directors of City Trusts Girard Non-Contributory Retirement Plan (the Plan) is a single employer defined benefit plan for certain employees of the Estate of Stephen Girard, Deceased 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, and certain union employees, hired prior to September 16, 2019, 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) Board of Directors

The Board of Directors are appointed by the Judges of Courts of Common Pleas of Philadelphia and consists of fourteen members of which twelve have voting rights.

(c) 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.

(d) 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.

(1) Normal Retirement Benefit, with an effective date of May 1, 1975; except for union employees where the effective date shall be the effective date of the union contract in which the plan participant is first included (effective date), includes:

- (i) Accrued Benefit: The annual accrued benefit credited in the prior Contributory Plan as of the effective date of this Plan, if any, plus
- (ii) Past Service Benefit: 1% of annual pay on the effective date multiplied by years of service to the effective date, provided the members had not attained age 65 on the effective date, plus
- (iii) Future Service Benefit: 1.5% (2% for non-union employees) of final 5-year average pay multiplied by years of service from date of participation to retirement.

Monthly retirement income shall not exceed 50% of final monthly base pay.

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

Notes to Basic Financial Statements

December 31, 2023 and 2022

- (2) Early Retirement Benefit: Income accrued to early retirement date as in (1) above, reduced 1/3 of 1% for each month by which the benefit commencement date preceded Normal Retirement Date.
- (3) Deferred Vested Income: Income accrued to date of termination as in (1) above. Benefits commence at Normal Retirement Date or, if member has 15 or more years of service, as early as age 50 with benefits reduced as described in (2) above.

(e) 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.

(f) 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.

(g) Plan Membership

As of December 31, 2023 and 2022, the number of benefit recipients and members in the Plan consisted of the following:

	<u>2023</u>	<u>2022</u>
Inactive Plan members or beneficiaries currently receiving benefits	152	154
Inactive Plan members entitled to but not yet receiving benefits	119	123
Active Plan members	<u>49</u>	<u>53</u>
Total	<u>320</u>	<u>330</u>

(2) Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements were prepared in accordance with U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB).

The Plan is presented as a fiduciary fund utilizing the accrual basis of accounting where the measurement focus is on the flow of economic resources. Employer contributions are recognized as additions in the period in which they are due and administrative expenses are recognized in the period they are incurred. Investment income is recognized when earned and benefit payments and refunds are recognized when due and payable.

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

Notes to Basic Financial Statements

December 31, 2023 and 2022

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

(c) Deposits

All of the Plan's deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") (subject to the FDIC limit or \$250,000 per plan per member). As of December 31, 2023, cash in the bank amounted to \$423,701 of which \$173,701 was uninsured. As of December 31, 2022, cash in the bank amounted to \$65,288 of which all was insured.

(d) Valuation of Investment in Collective Legal Investment Fund

The Plan's investment policy is to invest in the Collective Legal Investment Fund (CLIF), which was created by the Board to pool for investment management purposes the collective assets of the trusts it manages, including certain assets of the Plan. The CLIF is an external investment pool, as defined by the GASB, and is not registered with the Securities and Exchange Commission, but is subject to oversight by the Board. The CLIF issues separately available audited financial statements.

Investment in CLIF is measured using net asset value (NAV) per share as a practical expedient to fair value.

(e) Accrued Expenses

Accrued expenses are comprised of amounts primarily representing accruals for professional fees.

(3) Investments

The Board acts as the investment advisor to the Plan. The Plan's investment policy addresses governing provisions and guidelines for the investment process and is approved by the Board. The Plan's investment policy is to invest in the CLIF, which is a balanced portfolio, primarily comprising equity securities, fixed income funds, short-term investments, real estate investments, and alternative investments held in private equity investments. The Plan has no restrictions on withdrawals from the CLIF.

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

Notes to Basic Financial Statements

December 31, 2023 and 2022

(4) Net Pension Asset

The components of the net pension asset of the employer at December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Total pension liability	\$ 28,760,831	27,956,833
Plan fiduciary net position	<u>51,564,853</u>	<u>45,054,637</u>
Net pension asset	<u>\$ (22,804,022)</u>	<u>(17,097,804)</u>
Plan fiduciary net position as a percentage of the total pension liability	179.29 %	161.16 %

(a) Actuarial Assumptions

The total pension liability for 2023 and 2022 was determined by an actuarial valuation as of January 1, 2023 and 2022, respectively, rolled forward to December 31, 2023 and 2022, respectively, using the following actuarial assumptions, applied to all periods included in the measurement:

Projected salary increases	3.0% compounded annually
Investment rate of return	7.5% per annum, compounded annually, net of investment expenses
Inflation adjustment	3.0% compounded annually
Mortality	PRI-2012 Amount Weighted Mortality Table with 2021 MP generational scale

The actuarial assumptions used in the January 1, 2023 and 2022 valuations were based on the results of an actuarial experience study for the period January 1, 2011–December 31, 2020.

(b) Expected Rate of Return on Investments

The long-term expected rate of return on the Plan's investment in the CLIF was determined using a building block method in which the best estimate ranges of expected real rates of return (i.e., expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Notes to Basic Financial Statements

December 31, 2023 and 2022

The target asset allocation and best estimates of real rates of return for each major asset class of the CLIF are summarized in the following table as of December 31, 2023 and 2022:

Asset class	2023 and 2022 Target asset allocation	2023 Range of long-term expected real rate of return	2022 Range of long-term expected real rate of return
Domestic equity	50 %	5.5% to 6.5%	5.5% to 6.5%
International equity	10	5.5 to 6.5	5.6 to 6.6
Fixed income	30	2.0 to 3.5	2.0 to 3.5
Real estate / alternative	10	4.5 to 5.5	4.5 to 5.5
Total	100 %		

For the years ended December 31, 2023 and 2022, the Plan's money weighted-rate of return, net of investment expenses, was 18.28% and (14.34%), respectively.

(c) Discount Rate

The discount rate used to measure the total pension liability was 7.5% in 2023 and 2022. The projection of cash flows used to determine the discount rate assumes that employer contributions will be made at rates as determined by the actuary. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and non-active members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

(d) Sensitivity of Net Pension Asset to Changes in the Discount Rate

The following presents the net pension asset of the employer calculated using the discount rate of 7.5%, as well as what the employer's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	2023		
	1% Decrease 6.5%	Discount rate 7.5%	1% Increase 8.5%
Net pension asset	\$ (19,694,958)	(22,804,022)	(25,414,356)

	2022		
	1% Decrease 6.5%	Discount rate 7.5%	1% Increase 8.5%
Net pension asset	\$ (13,518,695)	(17,097,804)	(20,262,394)

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

Schedule of Changes in the Employer's Net Pension Asset and Related Ratios (Unaudited)

December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability										
Service cost	\$ 126,081	112,607	167,962	163,327	169,689	185,901	219,495	225,789	239,019	245,000
Interest	2,033,321	2,018,499	2,022,900	2,019,863	1,986,825	1,963,436	1,989,149	1,961,454	1,864,464	1,795,610
Differences between expected and actual experience	624,320	(480,787)	87,917	(1,494)	(51,111)	(822,615)	(293,763)	27,297	78,633	—
Changes of assumptions	—	—	114,890	376,911	(94,901)	(98,567)	(91,205)	1,225,000	—	367,911
Benefit payments, including refunds of member contributions	<u>(1,979,724)</u>	<u>(1,915,348)</u>	<u>(1,744,323)</u>	<u>(1,741,520)</u>	<u>(1,703,893)</u>	<u>(1,667,431)</u>	<u>(1,506,874)</u>	<u>(1,372,869)</u>	<u>(1,306,149)</u>	<u>(1,201,062)</u>
Net change in total pension liability	803,998	(265,029)	649,346	817,087	306,609	(439,276)	316,802	2,066,671	875,967	1,207,459
Total pension liability – beginning	<u>27,956,833</u>	<u>28,221,862</u>	<u>27,572,516</u>	<u>26,755,429</u>	<u>26,448,820</u>	<u>26,888,096</u>	<u>26,571,294</u>	<u>24,504,623</u>	<u>23,628,656</u>	<u>22,421,197</u>
Total pension liability – ending	<u>28,760,831</u>	<u>27,956,833</u>	<u>28,221,862</u>	<u>27,572,516</u>	<u>26,755,429</u>	<u>26,448,820</u>	<u>26,888,096</u>	<u>26,571,294</u>	<u>24,504,623</u>	<u>23,628,656</u>
Plan fiduciary net position										
Contributions – employer	570,000	1,140,000	1,140,000	790,000	520,000	1,475,616	1,927,488	1,927,488	1,927,488	1,927,488
Net investment income (loss)	7,993,970	(7,483,680)	7,542,470	5,351,887	7,499,404	(2,111,704)	4,588,022	2,017,683	(167,071)	1,722,310
Benefit payments, including refunds of member contributions	<u>(1,979,724)</u>	<u>(1,915,348)</u>	<u>(1,744,323)</u>	<u>(1,741,520)</u>	<u>(1,703,893)</u>	<u>(1,667,431)</u>	<u>(1,506,874)</u>	<u>(1,372,869)</u>	<u>(1,306,149)</u>	<u>(1,201,062)</u>
Administrative expense	<u>(74,030)</u>	<u>(101,056)</u>	<u>(63,746)</u>	<u>(64,410)</u>	<u>(60,911)</u>	<u>(59,318)</u>	<u>(57,347)</u>	<u>(54,683)</u>	<u>(55,841)</u>	<u>(60,212)</u>
Net change in plan fiduciary net position	6,510,216	(8,360,084)	6,874,401	4,335,957	6,254,600	(2,362,837)	4,951,289	2,517,619	398,427	2,388,524
Plan fiduciary net position – beginning	<u>45,054,637</u>	<u>53,414,721</u>	<u>46,540,320</u>	<u>42,204,363</u>	<u>35,949,763</u>	<u>38,312,600</u>	<u>33,361,311</u>	<u>30,843,692</u>	<u>30,445,265</u>	<u>28,056,741</u>
Plan fiduciary net position – ending	<u>51,564,853</u>	<u>45,054,637</u>	<u>53,414,721</u>	<u>46,540,320</u>	<u>42,204,363</u>	<u>35,949,763</u>	<u>38,312,600</u>	<u>33,361,311</u>	<u>30,843,692</u>	<u>30,445,265</u>
Net pension asset	<u>\$ (22,804,022)</u>	<u>(17,097,804)</u>	<u>(25,192,859)</u>	<u>(18,967,804)</u>	<u>(15,448,934)</u>	<u>(9,500,943)</u>	<u>(11,424,504)</u>	<u>(6,790,017)</u>	<u>(6,339,069)</u>	<u>(6,816,609)</u>
Plan fiduciary net position as a percentage of the total pension liability	179.29 %	161.16 %	189.27 %	168.79 %	157.74 %	135.92 %	142.49 %	125.55 %	125.87 %	128.85 %
Covered employee payroll	\$ 2,817,949	2,824,541	3,586,030	3,667,840	3,799,354	4,565,227	4,865,493	4,607,230	4,940,396	5,719,484
Net pension asset as a percentage of covered employee payroll	(809.24)%	(605.33)%	(702.53)%	(517.14)%	(406.62)%	(208.12)%	(234.81)%	(147.38)%	(128.31)%	(119.18)%

See accompanying independent auditors' report.

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

Schedule of Employer Contributions (Unaudited)

December 31, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ —	185,692	1,140,000	790,000	520,000	1,475,616	1,927,488	1,927,488	1,927,488	1,927,488
Contributions in relation to the actuarially determined contribution	570,000	1,140,000	1,140,000	790,000	520,000	1,475,616	1,927,488	1,927,488	1,927,488	1,927,488
Contribution deficiency (excess)	\$ (570,000)	(954,308)	—	—	—	—	—	—	—	—
Covered employee payroll	\$ 2,817,949	2,824,541	3,586,030	3,799,354	3,799,354	4,565,227	4,865,493	4,607,230	4,940,396	5,719,484
Contributions as a percentage of covered employee payroll	20.23 %	40.36 %	31.79 %	20.79 %	13.69 %	32.32 %	39.62 %	41.84 %	39.01 %	33.70 %

Notes to Required Supplementary Information (Unaudited)

December 31, 2023

(1) Significant methods and assumptions used in calculating the actuarially determined contributions
The methods and assumptions used in calculating the actuarially determined contributions are as follows:

	January 1, 2023	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015	January 1, 2014
Valuation date	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial cost method	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis
Amortization method	15 years	15 years	15 years	15 years	15 years	15 years	15 years	15 years	15 years	15 years
Remaining amortization period	15 years	15 years	15 years	15 years	15 years	15 years	15 years	15 years	15 years	15 years
Actuarial assumptions:										
Investment rate of return	7.50 %	7.50 %	7.50 %	7.50 %	7.75 %	7.75 %	7.75 %	7.75 %	8.00 %	8.00 %
Projected salary increases	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %
Postretirement mortality	PRI-2012 Amount Weighted Mortality Table with 2021 MP generational scale	PRI-2012 Amount Weighted Mortality Table with 2021 MP generational scale	PRI-2012 Amount Weighted Mortality Table with 2021 MP generational scale	PRI-2012 Amount Weighted Mortality Table with 2020 MP generational scale	RP-2014 with 2018 MP generational scale	RP-2014 with 2017 MP generational scale	RP-2014 with 2016 MP generational scale	RP-2014 with 2015 MP generational scale	RP-2000	RP-2000
Inflation adjustment	3.00 %	3.00 %	3.00 %	3.00 %	2.75 %	2.50 %	2.50 %	2.50 %	2.50 %	2.50 %
Discount rate – actuarially accrued liability	7.50 %	2.79 %	2.73 %	2.64 %	3.46 %	4.14 %	3.77 %	3.51 %	4.27 %	4.16 %

See accompanying independent auditors' report.

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

Schedule of Investment Returns (Unaudited)

December 31, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money weighted rate of return, net of investment expenses	18.28 %	(14.34)%	16.32 %	12.84 %	21.23 %	(5.53)%	13.68 %	6.49 %	(0.54)%	6.07 %

See accompanying independent auditors' report.



**BOARD OF DIRECTORS OF CITY TRUSTS
WILLS EYE HEALTH SYSTEM
NON-CONTRIBUTORY RETIREMENT PLAN**
(A Component Unit of Wills Eye Hospital)

Basic Financial Statements with Required Supplementary Information

December 31, 2023 and 2022

(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
Suite 4000
1735 Market Street
Philadelphia, PA 19103-7501

Independent Auditors' Report

The Members of the Board
Board of Directors of City Trusts:

Opinion

We have audited the financial statements of the Board of Directors of City Trusts Wills Eye Health System Non-Contributory Retirement Plan (the Plan), a component unit of Wills Eye Hospital, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which comprise the Plan's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of December 31, 2023 and 2022, and the changes in fiduciary net position for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the required supplementary information in schedules 1 through 3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

KPMG LLP

Philadelphia, Pennsylvania
September 20, 2024

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

Management's Discussion and Analysis (Unaudited)

December 31, 2023 and 2022

The following discussion and analysis of the Board of Directors of City Trusts Wills Eye Health System Non-Contributory Retirement Plan, a component unit of Wills Eye Hospital, ("Plan") provides an overview of the financial activities of the Plan for the years ended December 31, 2023 and 2022.

The information contained within this Management's Discussion and Analysis is only a component of the entire financial statement report. Readers should take time to read and evaluate all sections of the report, including the Notes to the Financial Statements that is provided in addition to this Management's Discussion and Analysis.

The Plan is a single-employer 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.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction into the Plan's financial statements. The Plan is considered a fiduciary fund in accordance with governmental accounting standards. Fiduciary funds are used to account for resources held for the benefit of parties outside a government. The Plan's financial statements comprise the statements of fiduciary net position, statements of changes in fiduciary net position, notes to the financial statements, and required supplementary information.

Statements of Fiduciary Net Position

These statements for the years ended December 31, 2023 and 2022, are used to account for resources held in a trustee or agency capacity for others and are not available for the support of any government programs. These statements present the total assets held less any liabilities to report the net position restricted for pension benefits for the Plan. Investments are shown at fair value and all other assets and liabilities are determined on an accrual basis.

Statements of Changes in Fiduciary Net Position

These statements present the results of activities during the years ended December 31, 2023 and 2022. Activities include additions of employer contributions, investment income, net appreciation of investments, and deductions including benefit payments and administrative expenses to determine the change in net position restricted for pension benefits for the year.

Notes to the Financial Statements

The notes to the financial statements are an integral part of the financial statements providing additional detail that is essential to a full understanding of the financial statements.

Required Supplementary Information

This information is not audited and includes management's discussion and analysis (this section), a schedule of changes in the employer's net pension asset and related ratios, a schedule of employer contributions, a schedule of investment returns, and the notes to required supplementary information.

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

Management's Discussion and Analysis (Unaudited)

December 31, 2023 and 2022

Financial Highlights

The Plan's net position restricted for pension benefits increased approximately \$4.9 million (13%) in 2023 compared to a decrease of approximately \$7.7 million (17%) in 2022. The increase in net position in 2023 and the decrease in net position in 2022 are a result of favorable and unfavorable market conditions, respectively, on the Plan's investments.

In 2022 the Plan's net position restricted for pension benefits decreased \$7.7 million (17%) compared to an increase of approximately \$5.2 million (13%) in 2021. The decrease was primarily due to unfavorable market conditions and fluctuations of investment returns.

Condensed Financial Information

The following schedule is a summary of the December 31, 2023 and 2022 Statements of Fiduciary Net Position with comparative information as of December 31, 2021:

Fiduciary Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Investments	\$ 42,425,745	37,515,149	45,473,350
Net other assets and liabilities	<u>713,316</u>	<u>698,023</u>	<u>429,382</u>
Net position restricted for pension benefits	<u><u>\$ 43,139,061</u></u>	<u><u>38,213,172</u></u>	<u><u>45,902,732</u></u>

During the year ended December 31, 2023 the various stock market indices experienced increases which had a direct impact on the Plan's investments which increased by approximately \$4.9 million (13%) compared to 2022. However, for the year ended December 31, 2022, the market indices were unfavorable which decreased the Plan's investments by approximately \$8.0 million (17%) compared to 2021.

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

Management's Discussion and Analysis (Unaudited)

December 31, 2023 and 2022

The following schedule is a summary of the Statements of Changes in Fiduciary Net Position for the years ended December 31, 2023 and 2022 with comparative information for the year ended December 31, 2021:

Changes in Fiduciary Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Additions:			
Contributions	\$ 1,000,000	1,500,000	1,500,000
Net investment income (loss)	<u>6,665,688</u>	<u>(6,397,394)</u>	<u>6,524,205</u>
Total additions	<u>7,665,688</u>	<u>(4,897,394)</u>	<u>8,024,205</u>
Deductions:			
Benefit payments, including return of employee contributions	\$ 2,656,280	2,688,397	2,703,821
Administrative expenses	<u>83,519</u>	<u>103,769</u>	<u>74,814</u>
Total deductions	<u>2,739,799</u>	<u>2,792,166</u>	<u>2,778,635</u>
Increase (decrease) in net position restricted for pension benefits	<u>\$ 4,925,889</u>	<u>(7,689,560)</u>	<u>5,245,570</u>

Due to favorable market conditions, net investment income (loss) increased approximately \$13.1 million in 2023 compared to 2022. Contributions during 2023 decreased \$500,000 compared to 2022 due to the reduction of the Plan's actuarially required employer contribution for 2023.

Due to unfavorable market conditions in 2022 net investment income (loss) decreased approximately \$13.0 million compared to 2021 while employer contributions remained flat.

In 2023 benefit payments remained relatively flat with a slight decrease compared to 2022 and the same results for 2022 when compared to 2021. Administrative expenses decreased by approximately \$20,300 (20%) and increased in 2022 by approximately \$29,000 (39%) due to audit and consultant fees related to the change in presentation and preparation of the financial statements which occurred in 2022.

Plan Investments

The Plan's investment policy is to invest in the Collective Legal Investment Fund (CLIF) which was created by the Board to pool for investment management purposes the collective assets of the trusts it manages, including certain assets of this Plan, the Estate of Stephen Girard, Deceased, Wills Eye Hospital, two other retirement plans of the Board, and the 117 smaller trusts. The CLIF is a balanced portfolio primarily comprising equity securities, fixed income funds, short-term investments, real estate investments, and alternative investments held in private equity investments. All of the Plan's investments are held in the CLIF. As of December 31, 2023, 2022 and 2021, the Plan owned 289,124 units (approximately 6.6% of total CLIF units), 297,252 units (approximately 6.5% of total CLIF units), and 304,148 units (approximately 6.2% of total CLIF units) respectively.

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

Management's Discussion and Analysis (Unaudited)

December 31, 2023 and 2022

The following is a summary of the CLIF's investments at fair value as of December 31, 2023, 2022 and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Short-term investments	\$ 45,606,534	52,586,177	21,832,596
Equity securities:			
Domestic	349,198,251	285,929,564	430,293,993
International	<u>38,413,609</u>	<u>34,990,852</u>	<u>42,494,621</u>
Total equity securities	<u>387,611,860</u>	<u>320,920,416</u>	<u>472,788,614</u>
Fixed income:			
U.S. Government and agencies	57,447,438	51,464,578	53,524,537
Corporate and other	46,282,965	52,290,946	53,089,209
Asset-backed securities	4,661,439	4,383,193	4,201,261
Mortgage-backed securities	1,633,635	2,532,703	6,017,537
Mutual funds	<u>8,215,261</u>	<u>51,907,443</u>	<u>92,018,144</u>
Total fixed income	118,240,738	162,578,863	208,850,688
Real estate investments	36,722,591	—	—
Private equity funds	<u>48,826,514</u>	<u>43,235,409</u>	<u>34,618,179</u>
Total	<u>\$ 637,008,237</u>	<u>579,320,865</u>	<u>738,090,077</u>

Contact Information

This financial report is designed to provide families, supporters, investors and creditors with a general overview of the Plan's finances and to demonstrate the Plan's accountability. Additional information is also available on the Plan's website at www.citytrusts.com. If you have any questions about this report or would like additional information, please contact:

Finance Department
Board of Directors of City Trusts
Wills Eye Health System
Non-Contributory Retirement Plan
c/o Board of City Trusts
1101 Market Street
Suite 2600
Philadelphia, PA 19107
215-568-0440

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

Statements of Fiduciary Net Position

December 31, 2023 and 2022

Assets:	<u>2023</u>	<u>2022</u>
Cash	\$ 534,804	517,565
Investment income receivable	217,789	232,115
Investment in Collective Legal Investment Fund	<u>42,425,745</u>	<u>37,515,149</u>
Total assets	<u>43,178,338</u>	<u>38,264,829</u>
Liabilities:		
Accrued expenses	<u>39,277</u>	<u>51,657</u>
Total liabilities	<u>39,277</u>	<u>51,657</u>
Net position restricted for pensions	<u>\$ 43,139,061</u>	<u>38,213,172</u>

See accompanying notes to basic financial statements.

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

Statements of Changes in Fiduciary Net Position

Years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Additions:		
Employer contributions	\$ 1,000,000	1,500,000
Net investment income (loss):		
Investment income	1,134,094	895,861
Net appreciation (depreciation) of investments	<u>6,010,578</u>	<u>(7,057,965)</u>
Total investment income (loss)	7,144,672	(6,162,104)
Investment expenses	<u>(478,984)</u>	<u>(235,290)</u>
Net investment income (loss)	<u>6,665,688</u>	<u>(6,397,394)</u>
Total additions	<u>7,665,688</u>	<u>(4,897,394)</u>
Deductions:		
Benefit payments, including refunds of member contributions	2,656,280	2,688,397
Administrative expenses	<u>83,519</u>	<u>103,769</u>
Total deductions	<u>2,739,799</u>	<u>2,792,166</u>
Net increase (decrease) in net position restricted for pension benefits	4,925,889	(7,689,560)
Net position restricted for pensions, beginning of year	<u>38,213,172</u>	<u>45,902,732</u>
Net position restricted for pensions, end of year	<u>\$ 43,139,061</u>	<u>38,213,172</u>

See accompanying notes to basic financial statements.

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

Notes to Basic Financial Statements

December 31, 2023 and 2022

(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 single employer 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) Board of Directors

The Board of Directors are appointed by the Judges of Courts of Common Pleas of Philadelphia and consists of fourteen members of which twelve have voting rights.

(c) 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.

(d) 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.

(1) Normal Retirement Benefit, with an effective date of May 1, 1975; except for union employees where the effective date shall be the effective date of the union contract in which the plan participant is first included (effective date), includes:

- (i) Accrued Benefit: The annual accrued benefit credited in the prior Contributory Plan as of the effective date of this Plan, if any, plus
- (ii) Past Service Benefit: 1% of annual pay on the effective date multiplied by years of service to the effective date, provided the members had not attained age 65 on the effective date, plus
- (iii) Future Service Benefit: 1.5% of final 5-year average pay multiplied by years of service from date of participation to retirement.

For non-union employees, 2.0% of final 5-year average pay multiplied by years of service from date of participation to retirement.

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

Notes to Basic Financial Statements

December 31, 2023 and 2022

Monthly retirement income shall not exceed 50% of final monthly base pay and shall not be less than \$200 per month (as a single life annuity).

- (2) Early Retirement Benefit: Income accrued to early retirement date as in (1) above, reduced 1/3 of 1% for each month by which the benefit commencement date preceded Normal Retirement Date.
- (3) Deferred Vested Income: Income accrued to date of termination as in (1) above. Benefits commence at Normal Retirement Date or, if member has 15 or more years of service, as early as age 50 with benefits reduced as described in (2) above.

(e) 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.

(f) 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.

(g) Plan Membership

As of December 31, 2023 and 2022, the number of benefit recipients and members in the Plan consisted of the following:

	<u>2023</u>	<u>2022</u>
Inactive Plan members or beneficiaries currently receiving benefits	271	269
Inactive Plan members entitled to but not yet receiving benefits	133	141
Active Plan members	<u>12</u>	<u>15</u>
Total	<u><u>416</u></u>	<u><u>425</u></u>

(2) Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements were prepared in accordance with U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB).

The Plan is presented as a fiduciary fund utilizing the accrual basis of accounting where the measurement focus is on the flow of economic resources. Employer contributions are recognized as

**BOARD OF DIRECTORS OF CITY TRUSTS
WILLS EYE HEALTH SYSTEM
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Notes to Basic Financial Statements

December 31, 2023 and 2022

additions in the period in which they are due and administrative expenses are recognized in the period they are incurred. Investment income is recognized when earned and benefit payments and refunds are recognized when due and payable.

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

(c) Deposits

All of the Plan's deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") (subject to the FDIC limit or \$250,000 per plan per member). However, the Plan's cash balances can exceed FDIC insured limits. As of December 31, 2023 and 2022, cash in the bank amounted to \$534,804 and \$517,565, respectively, of which \$284,804 and \$267,565, respectively, was uninsured.

(d) Valuation of Investment in Collective Legal Investment Fund

The Plan's investment policy is to invest in the Collective Legal Investment Fund (CLIF), which was created by the Board to pool for investment management purposes the collective assets of the trusts it manages, including certain assets of the Plan. The CLIF is an external investment pool, as defined by the GASB, and is not registered with the Securities and Exchange Commission, but is subject to oversight by the Board. The CLIF issues separately available audited financial statements.

Investment in CLIF is measured using net asset value (NAV) per share as a practical expedient to fair value.

(e) Accrued Expenses

Accrued expenses are comprised of amounts primarily representing accruals for professional fees.

(3) Investments

The Board acts as the investment advisor to the Plan. The Plan's investment policy addresses governing provisions and guidelines for the investment process and is approved by the Board. The Plan's investment policy is to invest in the CLIF, which is a balanced portfolio, primarily comprising equity securities, fixed income funds, short-term investments, real estate investments, and alternative investments held in private equity investments. The Plan has no restrictions on withdrawals from the CLIF.

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(4) Net Pension Asset

The components of the net pension asset of the employer at December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Total pension liability	\$ 36,857,082	37,534,283
Plan fiduciary net position	<u>43,139,061</u>	<u>38,213,172</u>
Net pension asset	<u>\$ (6,281,979)</u>	<u>(678,889)</u>
Plan fiduciary net position as a percentage of the total pension liability	117.04 %	101.81 %

(a) Actuarial Assumptions

The total pension liability for 2023 and 2022 was determined by an actuarial valuation as of January 1, 2023 and 2022, respectively, rolled forward to December 31, 2023 and 2022, respectively, using the following actuarial assumptions, applied to all periods included in the measurement:

Projected salary increases	3.0% compounded annually
Investment rate of return	7.5% per annum, compounded annually, net of investment expenses
Inflation adjustment	3.0% compounded annually
Mortality	PRI-2012 Amount Weighted Mortality Table with 2021 MP generational scale

The actuarial assumptions used in the January 1, 2023 and 2022 valuations were based on the results of an actuarial experience study for the period January 1, 2011–December 31, 2020.

(b) Expected Rate of Return on Investments

The long-term expected rate of return on the Plan's investment in the CLIF was determined using a building block method in which the best estimate ranges of expected real rates of return (i.e., expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected real rates of return by the target asset allocation percentage and by adding expected inflation.

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The target asset allocation and best estimates of real rates of return for each major asset class of the CLIF are summarized in the following table as of December 31, 2023 and 2022:

Asset class	2023 and 2022 Target asset allocation	2023 Range of Long-term expected real rate of return	2022 Range of Long-term expected real rate of return
Domestic equity	50 %	5.5% to 6.5%	5.5% to 6.5%
International equity	10	5.5 to 6.5	5.6 to 6.6
Fixed income	30	2.0 to 3.5	2.0 to 3.5
Real estate / alternative	10	4.5 to 5.5	4.5 to 5.5
Total	100 %		

For the years ended December 31, 2023 and 2022, the Plan's money weighted-rate of return, net of investment expenses, was 18.07% and (14.34%), respectively.

(c) Discount Rate

The discount rate used to measure the total pension liability was 7.5% in 2023 and 2022. The projection of cash flows used to determine the discount rate assumes that employer contributions will be made at rates as determined by the actuary. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and non-active members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

(d) Sensitivity of Net Pension Asset to Changes in the Discount Rate

The following presents the net pension asset of the employer calculated using the discount rate of 7.5%, as well as what the employer's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	2023		
	1% Decrease 6.5%	Discount rate 7.5%	1% Increase 8.5%
Net pension asset	\$ (3,429,419)	(6,281,979)	(8,777,205)
	2022		
	1% Decrease 6.5%	Discount rate 7.5%	1% Increase 8.5%
Net pension asset	\$ 3,112,728	(678,889)	(4,122,420)

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Schedule of Changes in the Employer's Net Pension Liability (Asset) and Related Ratios (Unaudited)
December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:										
Service cost	\$ 63,816	51,874	51,874	77,549	131,139	129,707	146,763	151,489	157,934	167,278
Interest	2,722,048	2,714,148	2,713,580	2,775,905	2,749,757	2,749,422	2,771,758	2,692,747	2,626,675	2,593,140
Differences between expected and actual experience	(806,785)	(219,455)	(291,457)	189,950	(112,972)	(480,889)	826,767	(59,937)	88,779	—
Changes of assumptions	—	—	157,822	522,419	(132,000)	(139,000)	(130,000)	1,676,000	—	512,400
Benefit payments, including refunds of member contributions	<u>(2,656,280)</u>	<u>(2,688,397)</u>	<u>(2,703,821)</u>	<u>(2,686,540)</u>	<u>(2,673,431)</u>	<u>(2,590,646)</u>	<u>(2,549,687)</u>	<u>(2,485,082)</u>	<u>(2,478,685)</u>	<u>(2,364,835)</u>
Net change in total pension liability	(677,201)	(141,830)	(72,002)	879,283	(37,507)	(331,406)	1,065,601	1,975,217	394,703	907,983
Total pension liability – beginning	<u>37,534,283</u>	<u>37,676,113</u>	<u>37,748,115</u>	<u>36,868,832</u>	<u>36,906,339</u>	<u>37,237,745</u>	<u>36,172,144</u>	<u>34,196,927</u>	<u>33,802,224</u>	<u>32,894,241</u>
Total pension liability – ending	<u><u>36,857,082</u></u>	<u><u>37,534,283</u></u>	<u><u>37,676,113</u></u>	<u><u>37,748,115</u></u>	<u><u>36,868,832</u></u>	<u><u>36,906,339</u></u>	<u><u>37,237,745</u></u>	<u><u>36,172,144</u></u>	<u><u>34,196,927</u></u>	<u><u>33,802,224</u></u>
Plan fiduciary net position:										
Contributions – employer	1,000,000	1,500,000	1,500,000	1,500,000	1,501,400	1,325,000	1,200,000	1,200,000	1,200,000	1,020,000
Net investment income (loss)	6,665,688	(6,397,394)	6,524,205	4,679,321	6,613,092	(1,867,167)	4,333,178	1,954,950	(135,553)	1,921,812
Benefit payments, including refunds of member contributions	(2,656,280)	(2,688,397)	(2,703,821)	(2,686,540)	(2,673,431)	(2,590,646)	(2,549,687)	(2,485,082)	(2,478,685)	(2,364,835)
Administrative expense	<u>(83,519)</u>	<u>(103,769)</u>	<u>(74,814)</u>	<u>(74,926)</u>	<u>(71,305)</u>	<u>(66,786)</u>	<u>(62,989)</u>	<u>(69,933)</u>	<u>(54,508)</u>	<u>(59,844)</u>
Net change in plan fiduciary net position	4,925,889	(7,689,560)	5,245,570	3,417,855	5,369,756	(3,199,599)	2,920,502	599,935	(1,468,746)	517,133
Plan fiduciary net position – beginning	<u>38,213,172</u>	<u>45,902,732</u>	<u>40,657,162</u>	<u>37,239,307</u>	<u>31,869,551</u>	<u>35,069,150</u>	<u>32,148,648</u>	<u>31,548,713</u>	<u>33,017,459</u>	<u>32,500,326</u>
Plan fiduciary net position – ending	<u><u>43,139,061</u></u>	<u><u>38,213,172</u></u>	<u><u>45,902,732</u></u>	<u><u>40,657,162</u></u>	<u><u>37,239,307</u></u>	<u><u>31,869,551</u></u>	<u><u>35,069,150</u></u>	<u><u>32,148,648</u></u>	<u><u>31,548,713</u></u>	<u><u>33,017,459</u></u>
Net pension liability (asset)	<u><u>\$ (6,281,979)</u></u>	<u><u>(678,889)</u></u>	<u><u>(8,226,619)</u></u>	<u><u>(2,909,047)</u></u>	<u><u>(370,475)</u></u>	<u><u>5,036,788</u></u>	<u><u>2,168,595</u></u>	<u><u>4,023,496</u></u>	<u><u>2,648,214</u></u>	<u><u>784,765</u></u>
Plan fiduciary net position as a percentage of the total pension liability	117.04 %	101.81 %	121.84 %	107.71 %	101.00 %	86.35 %	94.18 %	88.88 %	92.26 %	97.68 %
Covered employee payroll	\$ 2,270,815	2,363,559	2,242,447	2,236,885	2,208,357	2,235,608	2,484,534	2,718,440	2,635,641	2,714,612
Net pension liability (asset) as a percentage of covered employee payroll	(276.64)%	(28.72)%	(366.86)%	(130.05)%	(16.78)%	225.30 %	87.28 %	148.01 %	100.48 %	28.91 %

See accompanying independent auditors' report.

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Schedule of Employer Contributions (Unaudited)

December 31, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 79,913	1,147,000	1,500,000	1,500,000	1,501,400	1,325,000	1,200,000	1,200,000	1,200,000	1,020,000
Contributions in relation to the actuarially determined contribution	1,000,000	1,500,000	1,500,000	1,500,000	1,501,400	1,325,000	1,200,000	1,200,000	1,200,000	1,020,000
Contribution deficiency (excess)	<u>\$ (920,087)</u>	<u>(353,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Covered employee payroll	\$ 2,270,815	2,363,559	2,242,447	2,236,885	2,208,357	2,235,608	2,484,534	2,718,440	2,635,641	2,714,612
Contributions as a percentage of covered employee payroll	44.04 %	63.46 %	66.89 %	67.06 %	67.99 %	59.27 %	48.30 %	44.14 %	45.53 %	37.57 %

Notes to Required Supplementary Information (Unaudited)

December 31, 2023

(1) Significant methods and assumptions used in calculating the actuarially determined contributions
The methods and assumptions used in calculating the actuarially determined contributions are as follows:

Valuation date	January 1, 2023	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015	January 1, 2014
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis
Remaining amortization period	15 years	15 years	15 years	15 years	15 years	15 years	15 years	15 years	15 years	15 years
Actuarial assumptions:										
Investment rate of return	7.50 %	7.50 %	7.50 %	7.50 %	7.75 %	7.75 %	7.75 %	7.75 %	8.00 %	8.00 %
Projected salary increases	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %
Postretirement mortality	PRI-2012 Amount Weighted Mortality Table with 2021 MP generational scale	PRI-2012 Amount Weighted Mortality Table with 2021 MP generational scale	PRI-2012 Amount Weighted Mortality Table with 2021 MP generational scale	PRI-2012 Amount Weighted Mortality Table with 2020 MP generational scale	RP-2014 with 2018 MP generational scale	RP-2014 with 2017 MP generational scale	RP-2014 with 2016 MP generational scale	RP-2014 with 2015 MP generational scale	RP-2000	RP-2000
Inflation adjustment	3.00 %	3.00 %	3.00 %	3.00 %	2.75 %	2.50 %	2.50 %	2.50 %	2.50 %	2.50 %
Discount rate – actuarially accrued liability	7.50 %	2.79 %	2.56 %	2.45 %	3.34 %	4.08 %	3.65 %	3.35 %	4.11 %	4.01 %

See accompanying independent auditors' report.

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 Schedule of Investment Returns (Unaudited)
 December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money weighted rate of return, net of investment expenses	18.07 %	(14.34)%	15.64 %	12.78 %	21.16 %	(5.43)%	13.78 %	6.33 %	(0.42)%	6.04 %

See accompanying independent auditors' report.