

THE FUND FOR THE
SCHOOL DISTRICT OF PHILADELPHIA

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

February 27, 2026

Board of Directors
The Fund for the School District of Philadelphia
Philadelphia, Pennsylvania

Opinion

We have audited the accompanying financial statements of The Fund for the School District of Philadelphia (the Fund) which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies 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 Fund'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.



O'Connell & Company, LLC

THE FUND FOR THE SCHOOL DISTRICT OF PHILADELPHIA

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025

ASSETS	
Cash and cash equivalents	\$ 3,304,421
Investments	5,761,433
Grants and contributions receivable	2,981,869
Prepaid expenses and other assets	<u>150,025</u>
TOTAL ASSETS	<u>12,197,748</u>
LIABILITIES AND NET ASSETS	
Accounts payable and accrued expenses	\$ <u>769,178</u>
Total Liabilities	<u>769,178</u>
NET ASSETS	
Without donor restrictions	1,111,811
With donor restrictions	
Purpose restrictions	9,672,246
Perpetual in nature	<u>644,513</u>
Total with donor restrictions	<u>10,316,759</u>
Total Net Assets	<u>11,428,570</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,197,748</u>

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

THE FUND FOR THE SCHOOL DISTRICT OF PHILADELPHIA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants			
Corporations	\$ 176,190	\$ 2,450,827	\$ 2,627,017
Contracts	200,000	-	200,000
Foundations	558,078	3,639,329	4,197,407
Government grants	67,273	1,001,488	1,068,761
Individuals	87,352	314,573	401,925
Contributed non-financial assets	-	4,507,362	4,507,362
Special events, net of expenses of \$127,976	239,389	65,613	305,002
Interest and dividends	214,705	-	214,705
Realized and unrealized gains	1,443	50,009	51,452
Loss recovery	35,042	-	35,042
	<u>1,579,472</u>	<u>12,029,201</u>	<u>13,608,673</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of program restrictions	<u>9,088,832</u>	<u>(9,088,832)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>10,668,304</u>	<u>2,940,369</u>	<u>13,608,673</u>
EXPENSES			
Program services	9,237,780	-	9,237,780
Supporting services			
General and administrative	686,708	-	686,708
Fundraising	373,739	-	373,739
TOTAL EXPENSES	<u>10,298,227</u>	<u>-</u>	<u>10,298,227</u>
INCREASE IN NET ASSETS	370,077	2,940,369	3,310,446
NET ASSETS - Beginning of Year	<u>741,734</u>	<u>7,376,390</u>	<u>8,118,124</u>
NET ASSETS - End of Year	<u>\$ 1,111,811</u>	<u>\$ 10,316,759</u>	<u>\$ 11,428,570</u>

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

THE FUND FOR THE SCHOOL DISTRICT OF PHILADELPHIA

STATEMENT OF FUNCTIONAL EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2025

	<u>Program Expenses</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 136,979	\$ 240,437	\$ 305,823	\$ 683,239
Workers compensation	560	984	1,251	2,795
Benefits	10,075	17,683	22,492	50,250
Payroll taxes	9,446	16,580	21,090	47,116
Total Personnel	157,060	275,684	350,656	783,400
Grants made	9,080,720	-	-	9,080,720
Board expense	-	11,629	-	11,629
Consultants	-	28,000	-	28,000
Dues and subscriptions	-	39,363	-	39,363
Insurance	-	13,420	-	13,420
Marketing	-	5,473	23,083	28,556
Office expense	-	18,662	-	18,662
Professional development	-	8,072	-	8,072
Professional fees	-	224,773	-	224,773
Rent and occupancy	-	44,917	-	44,917
Travel/milage/conference	-	16,715	-	16,715
	<u>\$ 9,237,780</u>	<u>\$ 686,708</u>	<u>\$ 373,739</u>	<u>\$ 10,298,227</u>

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

THE FUND FOR THE SCHOOL DISTRICT OF PHILADELPHIA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 3,310,446
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:	
Net realized and unrealized gains	(51,452)
(Increase) decrease in assets	
Grants and contributions receivable	(2,143,310)
Prepaid expenses and other assets	(98,246)
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	429,903
Deferred revenue	<u>(130,833)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,316,508</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of investments	202,378
Purchase of investments	<u>(1,854,607)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(1,652,229)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(335,721)
CASH AND CASH EQUIVALENTS - Beginning of year	<u>3,640,142</u>
CASH AND CASH EQUIVALENTS - End of year	<u><u>\$ 3,304,421</u></u>
SUPPLEMENTAL DISCLOSURE	
Interest paid	<u><u>\$ -</u></u>
Interest capitalized	<u><u>\$ -</u></u>

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

THE FUND FOR THE SCHOOL DISTRICT OF PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

The Fund for the School District of Philadelphia ("the Fund"), a Pennsylvania nonprofit organization under the provisions of Section 501(c)(3) of the Internal Revenue Code, was organized to review and, upon approval, monitor grants generated by the School District of Philadelphia and to generate grants and contributions for the benefit of the School District of Philadelphia and its schools. The Fund works closely and collaboratively with the School District of Philadelphia. The Superintendent of the School District of Philadelphia appoints up to five members of the Fund's board of directors and the Fund's President and CEO serves on the Superintendent's executive cabinet.

The Fund's support is primarily from contributions. The Fund relies on the receipt of grants, contracts and administrative fees earned for program activities to provide funding for its operations. The Fund's administrative fee is 10% of the contributions received. For significant contributions a lower fee may be negotiated. All grants managed by the Fund for schools or donations made through PhillyFUNDamentals are assessed at a 10% administrative fee. PhillyFUNDamentals is a website developed by the Fund for the School District of Philadelphia that allows donors to support a specific school.

1 Summary of Significant Accounting Policies

Accrual Basis -- The financial statements of the Fund have been prepared on the accrual basis.

Cash and Cash Equivalents -- For the statement of cash flows, the Fund includes cash on deposit, cash on hand and money market funds as cash equivalents. Cash held as part of an investment portfolio is reported as investments.

Investments -- Investments are reported in the financial statements at fair value.

Grants and Contributions Receivable -- Grants and contributions receivable represent payments due in future periods for awards recorded as support and revenue. The Fund considers grants and contributions receivable to be fully collectable; accordingly, no allowance for doubtful accounts has been established. If accounts become uncollectable, they will be charged to operations when that determination is made.

Contributed Non-Financial Assets -- The Fund has recognized the estimated fair value of contributed assets. Contributed goods are reflected as revenue and expense in the accompanying financial statements at their estimated values at the date of receipt. Contributed goods consisting primarily of toys, clothes and gift cards amounted to \$4,507,362 for the year ended June 30, 2025.

THE FUND FOR THE SCHOOL DISTRICT OF PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

1 Summary of Significant Accounting Policies (Continued)

Leases -- The Fund accounts for leases in accordance with ASC 842. In accordance with ASC 842, the Fund determines if an arrangement is or contains a lease at contract inception and recognizes an asset and a lease liability at the lease commencement date. Contract terms determine if a lease will be accounted for as an operating or finance lease. Based on the lease contracts, nonlease components are separated and recorded as other liabilities. As a result, the nonlease components are not included in the lease calculation.

For operating leases, the lease liability is measured at the present value of the unpaid lease payments. The right-of-use (“ROU”) asset is subsequently measured throughout the lease term at the carrying amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease expense is recognized on a straight-line basis over the lease term.

For finance leases, the lease liability is initially measured in the same manner as operating leases and is subsequently measured at amortized cost using the effective-interest method. The asset is subsequently amortized using the straight-line method from the lease commencement date to the earlier of the end of its useful life or lease term unless the lease transfers ownership to the Fund. Amortization of the asset and interest expense of the lease liability is recognized and presented separately.

The Fund has elected not to recognize ROU assets and lease liabilities for short-term leases that have a term of 12 months or less and recognizes the lease payments associated with its short-term leases as an expense on a straight-line basis over the lease term.

Several key estimates and judgments are used to determine the ROU assets and operating lease liabilities, including the discount rate used to discount the unpaid lease payments to present value, lease term, and lease payments. ASC 842 requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate. The incremental borrowing rate is the rate of interest the Fund would have to pay to borrow an amount equal to the lease payments under similar terms and conditions.

Revenue and Revenue Recognition -- The Fund recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

THE FUND FOR THE SCHOOL DISTRICT OF PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

1 Summary of Significant Accounting Policies (Continued)

Deferred Revenue -- Deferred revenue represents program fees received prior to the start of the program. As the program takes place, the program fees are recognized as revenue. The following table depicts activities for deferred revenue related to program fees.

Beginning Balance	\$ 130,833
Deferred revenue recognized	(130,833)
Cash received in advance of program	<u>-</u>
Balance June 30, 2025	<u><u>\$ -</u></u>

Functional Allocation of Expenses -- The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Net Assets -- Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor or grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period when the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

THE FUND FOR THE SCHOOL DISTRICT OF PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

1 Summary of Significant Accounting Policies (Continued)

Income Taxes -- The Fund is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Fund has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations; and to identify and evaluate other matters that may be considered tax positions. The Fund has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Fair Value Measurements -- Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This guidance establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term as the financial instrument. Alternative investments' fair value are based on their net asset value per unit as reported by their managers.

Level 3 - Inputs to the valuation methodology are unobservable.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Cost approach - Amount that would be required to replace the service capacity of an asset (i.e., replacement cost).

Income approach - Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques and option-pricing models).

THE FUND FOR THE SCHOOL DISTRICT OF PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

1 Summary of Significant Accounting Policies (Continued)

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

2 Liquidity

The table below represents financial assets available for general expenditures within one year at June 30, 2025:

Financial assets at year end:	
Cash and cash equivalents	\$ 3,304,421
Investments	5,761,433
Grants and contributions receivable	<u>2,981,869</u>
Total financial assets	12,047,723
Less amounts not available to be used within one year:	
Grants and contributions receivable	1,289,400
Endowment funds with liquidity horizons greater than one year	<u>644,513</u>
Total not available to be used within one year	<u>1,933,913</u>
Financial assets available to meet general expenditures within one year	<u>\$ 10,113,810</u>

The Fund has certain donor-restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above for financial assets to meet general expenditures within one year. The Fund has other donor-restricted assets that are not available for general expenditure within one year in the normal course of operations. These assets limited to use, which are more fully described in Notes 8 and 9, are not available for general expenditure within the next year. The Fund has a goal to maintain financial assets to be liquid with minimal market risk. The Fund has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Fund structures its endowment assets to ensure it has sufficient liquidity to meet its annual spending policy. See Note 9 for the Fund's endowment spending policy.

THE FUND FOR THE SCHOOL DISTRICT OF PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

3 Concentration of Risk

The Fund maintains its cash at one financial institution. The account at this institution is insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, the balance may exceed federally insured limits. The Fund has not experienced any losses in such accounts. Management believes the Fund is not exposed to any significant credit risk related to cash and cash equivalents.

4 Related Party

The Fund leases space which includes office equipment, furniture and use of common area from an affiliate of certain of the Fund's board members. Amount paid to this affiliate for the year ended June 30, 2025 was \$40,974.

5 Investments

The following tables set forth by level, within the fair value hierarchy, the Fund's investments as of June 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Multi asset mutual funds	\$ 4,746,278	\$ -	\$ -	\$ 4,746,278
Stock	644,513	-	-	644,513
Certificates of deposit	300,044	-	-	300,044
Money market fund	70,598	-	-	70,598
	<u>\$ 5,761,433</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,761,433</u>

The Fund's mutual funds are primarily invested in a money market mutual fund that invests over 99% of its total assets in cash and U.S. Treasury securities.

Investment income consists of the following as of June 30, 2025:

Interest and dividends	\$ 214,705
Realized and unrealized gains	<u>51,452</u>
	<u>\$ 266,157</u>

6 Grants and Contributions Receivable

Grants and contributions receivable amounted to \$2,981,869 at June 30, 2025. Grants and contributions receivable are expected to be collected as follows:

2026	\$ 1,692,469
2027	1,137,435
2028	<u>151,965</u>
Total	<u>\$ 2,981,869</u>

THE FUND FOR THE SCHOOL DISTRICT OF PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

7 Grants Made

For the year ended June 30, 2025, grants made represent expenses paid to support various programs at the district and school levels in Philadelphia. Projects with the largest expenditures include the Early Literacy Read To Succeed Program, the Glaxo Smith Kline STEM Education initiatives, and the Lindback Teacher and Principal Awards. These programs included issuing mini grants to schools, providing teacher stipends to further equity STEM instruction with professional development, and the annual disbursement of the Lindback Teacher and Principal Awards. Other initiatives managed by the Fund include playground installations and the green stormwater management projects funded by the William Penn Foundation. The Hess Foundation made a large investment in the Fund to complete two additional playgrounds. Overall, the specific expenses include, but are not limited to, books, supplies, technology, equipment, and fees paid to consultants and contractors to support the various programs.

8 Net Assets with Donor Restrictions

The Fund has net assets subject to donor-imposed stipulations that may or will be met either by actions of the Fund and/or the passage of time.

The Fund also has net assets subject to donor-imposed stipulations that must be maintained permanently by the Fund, which consist of the GSK Endowment, from which the income is to be used for the purchase of science laboratory equipment for use by the Science Leadership Academy Schools.

Net assets with donor restrictions at June 30, 2025 are as follows:

Net assets with temporary donor restrictions

Arts education	\$ 191,191
Extracurriculars and incentives	628,768
Facilities	3,413,086
General academics	675,776
General operations	209,893
Literacy	862,767
Other	1,346,791
Post-secondary readiness	238,157
Professional development	723,942
Scholarship	3,327
Special events	47
STEM	1,035,551
Student health and wellbeing	338,841
Supplies and equipment	4,109
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	9,672,246
Endowment - STEM	644,513
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	<u>\$ 10,316,759</u>

THE FUND FOR THE SCHOOL DISTRICT OF PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

8 Net Assets with Donor Restrictions (Continued)

Net assets were reduced from donor restriction by incurring expenses satisfying the restricted purpose or by occurrences of other events specified by donors as follows:

Program restriction accomplished	
Arts education	\$ 142,983
Extracurriculars and incentives	465,282
Facilities	593,837
General academics	582,975
Literacy	446,306
Other	454,233
Post-secondary readiness	140,299
Professional development	75,001
Scholarship	16,897
Special events	4,574,489
STEM	807,285
Student health and wellbeing	785,139
Supplies and equipment	4,106
	<u>\$ 9,088,832</u>

9 Endowment

The Fund's endowment funds consist of one (1) individual endowment fund established to fund the purchase of science laboratory equipment for use by the Science Leadership Academy Schools. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor imposed restrictions or Pennsylvania Law. The Fund follows the spending rate for the endowment funds with permanent donor restrictions that is mandated by the donor. The policy provides for a distribution of funds determined at the end of the Fund's fiscal year that are in excess of a set threshold.

THE FUND FOR THE SCHOOL DISTRICT OF PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

9 Endowment (Continued)

The Fund's endowment assets had the following activity for the year ended June 30, 2025:

Balance July 1, 2024	\$ 594,504
Investment income	65,680
Endowment spending	<u>(15,671)</u>
Balance June 30, 2025	<u>\$ 644,513</u>

Endowment assets had the following donor restricted net asset composition for the year ended June 30, 2025:

Science laboratory equipment	<u>\$ 644,513</u>
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Return objectives and Risk Parameters

The Fund has adopted investment and spending policies for endowment assets that attempt to provide a relatively predictable and growing stream of annual distributions in support of the institution while preserving the long-term, real purchasing power of assets.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Fund relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Fund's current assets allocation for endowment assets is structured to achieve the appropriate level of investment return.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The income on the endowment net assets is used in accordance with donor stipulations as described above.

10 Loss Recovery

The Fund qualified for the tax credit under the CARES Act. During the year ended June 30, 2025, the Fund received a refund under the Employee Retention Credit totaling \$35,042 and has recognized the revenue as "Loss Recovery" on the statement of activities.

11 Employee Retirement Plan

The Fund has a 403(b) plan for its employees. All eligible employees are covered by the plan. The Fund made annual contributions of \$10,730 for the year ended June 30, 2025.

THE FUND FOR THE SCHOOL DISTRICT OF PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

12 Compensated Absences

Employees of the Fund are entitled to paid vacations, sick days and other time off depending on length of services and other factors. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Fund's policy is to recognize the costs of compensated absences when paid to employees.

13 Subsequent Event

The Fund has evaluated all subsequent events through February 27, 2026, the date the financial statements were available to be issued.