Consolidated Financial Statements and Report of Independent Certified Public Accountants

The Pew Charitable Trusts

June 30, 2022 and 2021

Contents

Grant Thornton

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
The Pew Charitable Trusts

Opinion

We have audited the consolidated financial statements of The Pew Charitable Trusts and its subsidiaries, the Pew Research Center, and the Election Performance Project, LLC (collectively, the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated 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 US 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 consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Grant Thornton LLP

Philadelphia, Pennsylvania
November 30, 2022

The Pew Charitable Trusts

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In thousands)

As of June 30,

ASSETS	2022	2021
Cash and cash equivalents	$ 2,597	$ 5,108
Accounts receivable	547	495
Prepaid expenses	3,993	3,929
Contributions receivable, net	12,929	15,373
Investments	1,033,685	1,181,102
Property and equipment, net	183,734	189,471
Operating lease right-of-use assets	19,387	22,641
Beneficial interest in supporting charitable trusts	6,016,440	6,199,027
Retirement plan assets	3,325	7,713
Other assets	455	460
Total assets	$ 7,277,092	$ 7,625,319
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 9,820	$ 9,219
Accrued vacation	9,455	10,277
Grants payable, net	133,184	110,795
Operating lease liabilities	27,885	32,429
Accrued pension and postretirement obligation	31,001	41,373
Bonds payable, net	130,749	136,747
Interest rate swaps	14,340	30,667
Other liabilities	3,330	631
Total liabilities	359,764	372,138
NET ASSETS		
Without donor restrictions	873,819	1,023,273
With donor restrictions - other	27,069	30,881
With donor restrictions - beneficial interest in trusts	6,016,440	6,199,027
Total net assets	6,917,328	7,253,181
Total liabilities and net assets	$ 7,277,092	$ 7,625,319

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

The Pew Charitable Trusts

CONSOLIDATED STATEMENT OF ACTIVITIES

(In thousands)

Year ended June 30, 2022

	Without donor restrictions	With donor restrictions	Total
Revenues			
Distributions from supporting charitable trusts	$ 246,766	$ 52,992	$ 299,758
Contributions	99	19,574	19,673
Investment returns, net	(119,012)	91	(118,921)
Other income	1,392	-	1,392
Net assets released from restrictions	76,469	(76,469)	-
Total revenues	205,714	(3,812)	201,902
Operating expenses			
Grants	132,423	-	132,423
Program	204,578	-	204,578
General and administrative	35,349	-	35,349
Fundraising	6,223	-	6,223
Total operating expenses	378,573	-	378,573
Change in net assets from operating activities	(172,859)	(3,812)	(176,671)
Non-operating activities			
Change in fair value of beneficial interest in trusts	-	(182,587)	(182,587)
Change in fair value of interest rate swaps	16,327	-	16,327
Net periodic benefit cost other than service cost	1,604	-	1,604
Other changes in postretirement benefits	5,474	-	5,474
Change in net assets	(149,454)	(186,399)	(335,853)
Net assets, beginning of year	1,023,273	6,229,908	7,253,181
Net assets, end of year	$ 873,819	$ 6,043,509	$ 6,917,328

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

The Pew Charitable Trusts

CONSOLIDATED STATEMENT OF ACTIVITIES

(In thousands)

Year ended June 30, 2021

	Without donor restrictions	With donor restrictions	Total
Revenues			
Distributions from supporting charitable trusts	$ 238,801	$ 51,280	$ 290,081
Contributions	514	12,173	12,687
Investment returns, net	142,389	258	142,647
Other income	918	-	918
Net assets released from restrictions	88,392	(88,392)	-
Total revenues	471,014	(24,681)	446,333
Operating expenses			
Grants	111,642	-	111,642
Program	202,313	-	202,313
General and administrative	33,494	-	33,494
Fundraising	7,442	-	7,442
Total operating expenses	354,891	-	354,891
Change in net assets from operating activities	116,123	(24,681)	91,442
Non-operating activities			
Change in fair value of beneficial interest in trusts	-	1,161,808	1,161,808
Change in fair value of interest rate swaps	11,516	-	11,516
Net periodic benefit cost other than service cost	1,173	-	1,173
Other changes in postretirement benefits	(492)	-	(492)
Change in net assets	128,320	1,137,127	1,265,447
Net assets, beginning of year	894,953	5,092,781	5,987,734
Net assets, end of year	$ 1,023,273	$ 6,229,908	$ 7,253,181

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

The Pew Charitable Trusts

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

Years ended June 30,

	2022	2021
Cash flows from operating activities		
Change in net assets	$ (335,853)	$ 1,265,447
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	6,747	7,700
Amortization	62	62
Net unrealized and realized losses (gains) on investments	140,117	(121,059)
Change in beneficial interest in supporting charitable trusts excluding distributions	(117,171)	(1,451,889)
Change in accrued pension and postretirement obligation	(10,372)	1,491
Change in fair value of interest rate swaps	(16,327)	(11,516)
Changes in assets and liabilities		
Accounts receivable	(52)	(118)
Prepaid expenses	(64)	(56)
Contributions receivable, net	2,444	13,060
Retirement plan assets	4,388	(867)
Operating lease right-of-use assets and liabilites	(1,290)	(806)
Beneficial interest in supporting charitable trusts, distributions	299,758	290,081
Accounts payable and accrued expenses	601	(874)
Accrued vacation	(822)	1,757
Grants payable, net	22,389	12,326
Other assets and liabilities	2,704	(852)
Net cash (used in) provided by operating activities	(2,741)	3,887
Cash flows from investing activities		
Purchase of investments	(1,154,746)	(1,327,994)
Sale of investments	1,162,046	1,332,946
Purchase of property and equipment	(1,010)	(2,009)
Net cash provided by investing activities	6,290	2,943
Cash flows from financing activities		
Payment of bond principal	(6,060)	(5,855)
Net cash used in financing activities	(6,060)	(5,855)
Net (decrease) increase in cash and cash equivalents	(2,511)	975
Cash and cash equivalents, beginning of year	5,108	4,133
Cash and cash equivalents, end of year	$ 2,597	$ 5,108

Total interest paid was $4,598 and $4,775 for the years ended June 30, 2022 and 2021, respectively.

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

NOTE A - ORGANIZATION

The accompanying consolidated financial statements present the financial position, activities, and cash flows of The Pew Charitable Trusts (Pew) and its subsidiaries, The Pew Research Center (the Center) and the Election Performance Project, LLC (EPP), (collectively, the Organization). All significant intra-Organization accounts and transactions have been eliminated in consolidation.

With primary offices in Philadelphia, Pennsylvania and Washington, D.C., and other locations throughout the world, Pew serves the public interest by improving public policy, informing the public, and invigorating civic life.

The Center and EPP are based in Washington, D.C. The Center is a nonpartisan “fact tank” that informs the public about the issues, attitudes, and trends shaping America and the world. EPP is a nonpartisan charitable fund that makes grants to organizations that conduct academic research and pursue evidence-based policies to strengthen and support election systems in the United States.

In addition to funding, Pew provides the Center and EPP with administrative support services, including fundraising, accounting, human resources, facilities management, and technology services.

Pew and the Center are Pennsylvania nonprofit corporations, recognized as exempt from federal income tax as publicly-supported charitable organizations described under Section 501(c)(3) of the Internal Revenue Code of 1986. EPP is a Delaware limited liability company whose sole member is Pew; it is treated as a disregarded entity for federal and state income tax purposes.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared and are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

U.S. GAAP requires that net assets be classified as with or without donor-imposed restrictions as follows:

> *Without donor restrictions* - Net assets that are not subject to donor-imposed stipulations.
>
> *With donor restrictions* - Net assets whose use by the Organization is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

Cash and Cash Equivalents

Cash and cash equivalents represent cash, short-term securities purchased with an original maturity of three months or less, and money market mutual funds. The Organization’s cash and cash equivalents may be held in accounts that are not covered by federal deposit insurance or have balances in excess of federally insured limits. The Organization has not experienced losses on these accounts and believes that it is not exposed to significant credit risk.

Retirement Plan Assets

Retirement plan assets are invested in money market funds and mutual funds with readily determinable fair values based on quoted market prices.

Beneficial Interest in Supporting Charitable Trusts

Pew is the sole beneficiary of seven individual trusts established by the children of Sun Oil Company founder Joseph N. Pew and his wife, Mary Anderson Pew. As the trustee for each of the trusts, The Glenmede Trust Company, NA (Glenmede) is responsible for the management of trust assets and for making the required annual distributions to Pew. Distributions from the trusts are based on a formula which in part is determined by the value of their assets. Pew's beneficial interest in the trusts is recorded at the fair value of the assets held by the trusts, and is classified in net assets with donor restrictions.

The investments held by the trusts consist of cash and cash equivalents, government obligations, corporate obligations, mutual funds, equity securities, and asset-backed securities, as well as various alternative assets including hedge, real estate, and private equity funds.

Alternative investments are recorded at their estimated fair value. In the absence of readily determinable fair value, the fair value of each investment is determined based on a review of the audited financial statements of the underlying funds, when available, and other information from third parties, including information provided by the fund managers, general partners, and research performed by Glenmede. At June 30, 2022 and 2021, the trusts held alternative investments with a fair value of $4,680,507 and $4,382,721, respectively. Alternative investments carry certain risks, including reduced regulatory oversight, liquidity risk, interest rate risk, and market risk.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. The most significant management estimates relate to the determination of useful lives of fixed assets, actuarial estimates for the Organization's pension and postretirement plans, value of the beneficial interest in supporting charitable trusts, value of interest rate swaps, functional expense allocation, and fair value of certain of the Organization's assets and liabilities. Actual results could differ from those estimates.

Reclassifications

To maintain comparability, certain reclassifications have been made to the 2021 consolidated financial statements to conform to the 2022 presentation. These reclassifications had no impact on total net assets or the total change in net assets.

(In thousands)

NOTE C - FINANCIAL ASSETS AND LIQUIDITY

Investments consist of liquid financial assets, including cash, investment grade short-to-medium-term fixed-income securities, and equity funds. Undesignated investment balances sufficient to meet six months or more of operating costs are continually maintained. Cash balances are monitored at regular intervals to ensure short term operating needs are met. Financial assets available for general expenditures within one year were as follows at June 30:

	2022	2021
Cash and cash equivalents	$ 2,597	$ 5,108
Accounts receivable	547	495
Contributions receivable due within one year	6,541	9,303
Investments, net of donor-advised funds	893,776	994,139
Financial assets available for general expenditures within one year	$ 903,461	$ 1,009,045

NOTE D - CONTRIBUTIONS REVENUE AND RELATED CONTRIBUTIONS RECEIVABLE, NET

Unconditional contributions, including cash, promises to give, and other assets are recorded as revenue at fair value when received. Contributions receivable are recorded at the present value of expected future cash flows discounted at rates ranging from 0.46% to 3.03%. Conditional contributions are recorded as revenue when stipulated conditions are substantially met. Contributions whose stipulated conditions had not been met, and for which revenue had not been recognized, as of June 30, 2022 and 2021 were $36,440 and $24,573, respectively.

Management monitors receivables to determine if an allowance is needed. There was no allowance for doubtful accounts at June 30, 2022 and 2021, as management deems all receivables to be collectible.

At June 30, 2022, cash payments for contributions receivable were expected as follows:

Less than one year	$ 6,541
One to five years	6,644
Thereafter	139
	13,324
Present value discount	(395)
Contributions receivable, net	$ 12,929

NOTE E - FAIR VALUE MEASUREMENTS

The Organization has categorized its financial instruments into a three-level fair value hierarchy, based on the priority of the inputs to the valuation technique. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the hierarchy are:

Level 1 Financial assets and liabilities whose values are based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 Financial assets and liabilities whose values are based on one or more of the following:

1. Quoted prices for similar assets or liabilities in active markets;
2. Quoted prices for identical or similar assets or liabilities in non-active markets;
3. Pricing models whose inputs are observable for substantially the full term of the asset or liability; or
4. Pricing models whose inputs are derived principally from, or corroborated by, observable market data through correlation or other means for substantially the full term of the asset or liability.

Level 3 Financial assets and liabilities whose values are based on valuation techniques that require inputs that are both significant to the fair value measurement and unobservable. These inputs reflect management's judgments regarding the assumptions a market participant would use in pricing the asset or liability.

When the inputs used to measure fair value fall into different levels of the fair value hierarchy, the reported level is based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The Organization's financial assets and liabilities measured at fair value by level within the fair value hierarchy are as follows:

The Pew Charitable Trusts

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

(In thousands)

June 30, 2022 and 2021

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Investments				
Cash and cash equivalents	$ 46,605	$ -	$ -	$ 46,605
U.S. Treasuries	221,433	-	-	221,433
Mutual funds	160,293	-	-	160,293
Equity securities	197,910	-	-	197,910
Corporate obligations	-	210,222	-	210,222
Asset-backed securities	-	90,173	-	90,173
Mortgage-backed securities	-	94,021	-	94,021
Government obligations	-	13,028	-	13,028
Total investments	626,241	407,444	-	1,033,685
Beneficial interest in supporting charitable trusts	-	-	6,016,440	6,016,440
Retirement plan assets	3,325	-	-	3,325
Liabilities				
Interest rate swaps	$ -	$ 14,340	$ -	$ 14,340

(In thousands)

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Investments				
Cash and cash equivalents	$ 26,148	$ -	$ -	$ 26,148
U.S. Treasuries	210,290	-	-	210,290
Mutual funds	223,426	-	-	223,426
Equity securities	246,786	-	-	246,786
Corporate obligations	-	228,085	-	228,085
Asset-backed securities	-	80,358	-	80,358
Mortgage-backed securities	-	142,938	-	142,938
Government obligations	-	23,071	-	23,071
Total investments	706,650	474,452	-	1,181,102
Beneficial interest in supporting charitable trusts	-	-	6,199,027	6,199,027
Retirement plan assets	6,228	1,485	-	7,713
Liabilities				
Interest rate swaps	$ -	$ 30,667	$ -	$ 30,667

Changes in the fair value of Level 3 assets are as follows:

	2022	2021
Balance, beginning of year	$ 6,199,027	$ 5,037,219
Change in fair value of assets	117,171	1,451,889
Distributions from supporting charitable trusts	(299,758)	(290,081)
Balance, end of year	$ 6,016,440	$ 6,199,027

(In thousands)

NOTE F - PROPERTY AND EQUIPMENT, NET

Property and equipment are capitalized at cost and depreciated using the straight-line method over their estimated useful lives. Land is recorded at cost and is not depreciated. Maintenance and repairs are expensed as incurred. The estimated useful lives of depreciable assets are as follows:

Building	39 years
Building improvements	Remaining useful life of the building
Furniture and equipment	7 years
Information technology equipment and software	3 years
Leasehold and tenant improvements	Lesser of the useful life of the improvements or lease term

Property and equipment at June 30 consisted of:

	2022	2021
Land	$ 90,000	$ 90,000
Building and tenant improvements	131,412	131,429
Furniture and equipment	7,460	7,370
Information technology equipment and software	28,918	29,109
Leasehold improvements	11,793	11,793
	269,583	269,701
Accumulated depreciation	(85,849)	(80,230)
Property and equipment, net	$ 183,734	$ 189,471

NOTE G - LEASES

The Organization has operating leases for offices in Philadelphia, Washington, D.C., London, and other locations, as well as for office equipment. Certain office space is subleased to third parties.

The leases have remaining terms ranging from one to seven years. Based on the Organization's reasonably certain expectations at the time it entered these leases, the lease terms exclude periods covered by lease extension options and include periods covered by lease termination options.

The Organization has made an accounting policy election to discount all leases at the risk-free rate for periods comparable with that of the individual lease terms.

The components of lease cost are as follows for the years ended June 30:

	2022	2021
Operating lease cost	$ 4,134	$ 4,147
Variable lease cost	89	55
Sublease income	(261)	(147)
Total lease cost	$ 3,962	$ 4,055

(In thousands)

Supplemental information related to leases is as follows at June 30:

	2022	2021
Operating cash flows from operating leases	$ (5,376)	$ (5,065)
Weighted-average remaining lease term	6 years	7 years
Weighted-average discount rate	2.86%	2.85%

Maturities of lease liabilities for the years ending June 30 are as follows:

2023	$ 4,751
2024	4,724
2025	4,408
2026	4,532
2027	4,657
Thereafter	7,580
	30,652
Less imputed interest	(2,767)
Operating lease liabilities	$ 27,885

NOTE H - GRANTS PAYABLE, NET

The fair value of grants payable is recorded at the present value of expected future payments, discounted at rates ranging from 0.24% to 3.03%. Conditional grants are recognized when the stated conditions are met. Pew had unpaid conditional grants outstanding of $69,023 and $58,111 at June 30, 2022 and 2021, respectively, whose conditions had not been met as of these dates.

At June 30, 2022, grants payable were expected to be paid as follows:

Year ending June 30,	
2023	$ 79,344
2024	36,473
2025	7,278
2026	3,837
2027	3,877
Thereafter	5,864
	136,673
Present value discount	(3,489)
Grants payable, net	$ 133,184

(In thousands)

NOTE I - BONDS PAYABLE, NET

At June 30, 2022 and 2021, Pew had $131,715 and $137,775, respectively, of tax exempt bonds outstanding with a maturity date of April 1, 2038. The interest rate on the bonds is based on the Securities Industry and Financial Markets Association (SIFMA) index, which was 0.91% and 0.03% on June 30, 2022 and 2021, respectively. The bonds are collateralized by an irrevocable letter of credit which expires on October 24, 2023. The bonds are remarketed weekly by a remarketing agent on a best efforts basis. If the bonds tendered are not remarketed, the letter of credit is in place to satisfy the bond obligation. If the liquidity facility provided by the letter of credit is drawn upon, Pew is obligated to repay the principal on demand. Pew expects that bonds submitted for tender will continue to be remarketed successfully due to the credit-worthiness of the letter of credit provider. The letter of credit requires that Pew comply with certain financial covenants with which it was in compliance for the year ended June 30, 2022. The available amount under the letter of credit as of June 30, 2022 was $133,880.

Principal payments on the bonds are due as follows:

Year ending June 30,	
2023	$ 6,275
2024	6,495
2025	6,720
2026	6,960
2027	7,205
Thereafter	98,060
	131,715
Deferred financing costs, net of amortization	(966)
Bonds payable, net	$ 130,749

Bond interest expense for the years ended June 30, 2022 and 2021 totaled $308 and $126, respectively.

NOTE J - INTEREST RATE SWAPS

Pew entered into the following interest rate swap agreements in order to hedge interest rate exposure on its variable rate tax exempt bonds:

Notional amount	Maturity date	Fixed rate	Floating rate
$65,160	4/1/2038	3.366%	67% of USD-LIBOR
$66,555	4/1/2038	3.327%	67% of USD-LIBOR

Pew expensed $4,265 and $4,631 under the interest rate swap agreements for the years ended June 30, 2022 and 2021, respectively.

(In thousands)

NOTE K - NET ASSETS WITH DONOR RESTRICTIONS

Two of the supporting charitable trusts are purpose restricted. Distributions from the J. Howard Pew Freedom Trust are restricted to purposes related to freedom, the American form of government, and religious faith. Distributions from the Medical Trust are restricted to general medical purposes, including research, education, treatment, and convalescence. Distributions from the J. Howard Pew Freedom Trust and the Medical Trust were fully expensed as of June 30, 2022 and 2021. Net assets with donor restrictions at June 30 consisted of the following:

	2022	2021
Net assets restricted for program expenditures	$ 27,069	$ 30,881
Net assets with donor restrictions - beneficial interest in trusts	6,016,440	6,199,027
Total net assets with donor restrictions	$ 6,043,509	$ 6,229,908

NOTE L - RETIREMENT PLANS

401(k) Plan

Organization-funded 401(k) contributions for the years ended June 30, 2022 and 2021 were $13,916 and $13,533, respectively.

Supplemental Employee Retirement Plan Assets

Certain Pew employees participate in a supplemental employee retirement plan (SERP) that provided employer contributions above the Internal Revenue Service 401(k) limit. The SERP is now frozen. The SERP assets and corresponding liabilities are included in the consolidated statements of financial position in retirement plan assets and accrued pension and postretirement obligation, respectively.

Postretirement Medical and Life Insurance Plan

Retirees who are eligible to participate in The Pew Charitable Trusts Retiree Health and Welfare Plan (the Plan) by meeting certain requirements, including a combination of a minimum service requirement and a minimum age requirement, may receive health insurance premium reimbursement benefits, and life insurance benefits. The Plan was amended in June 2016 to eliminate coverage for staff who retire on or after July 1, 2016, with the exception of certain grandfathered employees who meet stated requirements. The Plan is unfunded and Pew pays benefits as they become due.

(In thousands)

The following table summarizes the activity in the benefit obligation for the years ended June 30:

	2022	2021
Benefit obligation, beginning of year	$ 31,794	$ 31,246
Service cost	1,221	1,304
Interest cost	943	928
Actuarial gain	(7,029)	(1,050)
Benefits paid	(709)	(634)
Benefit obligation, end of year	$ 26,220	$ 31,794

The actuarial gain for the year ended June 30, 2022 was primarily due to an increase in the discount rate and a decrease in the cost assumption, partially offset by losses from plan experience and an increase in the assumed rate of spousal participation. The actuarial gain for the year ended June 30, 2021 was primarily due to a decrease in the cost assumption, partially offset by a loss from plan experience.

Net periodic benefit cost at June 30 was comprised of:

	2022	2021
Service cost	$ 1,221	$ 1,304
Interest cost	943	928
Amortization of prior service cost	(917)	(917)
Recognized actuarial gain	(1,347)	(1,235)
Net periodic benefit cost	$ (100)	$ 80

Other changes in plan assets and benefit obligations recognized in net assets without donor restrictions for the years ended June 30:

	2022	2021
Net actuarial loss	$ (7,029)	$ (1,050)
Recognized actuarial gain	1,347	1,235
Recognized prior service cost	917	917
Total recognized in net assets without donor restrictions	$ (4,765)	$ 1,102
Total recognized in net periodic benefit cost and net assets without donor restrictions	$ (4,865)	$ 1,182

(In thousands)

Weighted average assumptions used to determine the benefit obligation and net periodic benefit cost at June 30:

	2022	2021
Discount rate	5.00%	3.00%
Assumed health care cost trend rates		
Initial trend rate (flat-dollar subsidy)	3.00%	3.00%
Ultimate trend rate (flat-dollar subsidy)	3.00%	3.00%
Year ultimate trend rate is reached (flat-dollar subsidy)	2022	2021
Initial trend rate (Medicare cost)	7.00%	7.25%
Ultimate trend rate (Medicare cost)	4.50%	4.50%
Year ultimate trend rate is reached (Medicare cost)	2032	2032

Future benefits are expected to be paid for the years ending June 30 as follows:

2023	$ 765
2024	892
2025	1,070
2026	1,248
2027	1,382
2028-2032	8,723

NOTE M – GUARANTEES

Pew is a guarantor of a lease agreement for office space occupied by a Pew grantee. The lease term extends through February 28, 2026. Cumulative remaining lease payments under this lease agreement at June 30, 2022 total $975. No liability has been recorded for this guaranty.

(In thousands)

NOTE N - CLASSIFICATION AND ALLOCATION OF EXPENSES

Expenses benefiting multiple functions are allocated on the basis of estimated time and effort or the proportion of full-time employee equivalents attributable to each function. The Organization's expenses by functional and natural classification are as follows:

	June 30, 2022			
	Grants and Program	General and Administrative	Fundraising	Total
Grants	$ 132,423	$ -	$ -	$ 132,423
Personnel	137,084	26,026	5,292	168,402
Professional services	37,271	3,315	152	40,738
Office and occupancy	12,178	2,503	230	14,911
Travel and meetings	3,930	186	63	4,179
Subscriptions and publications	1,689	117	38	1,844
Depreciation and amortization	5,580	1,036	193	6,809
Bond and swap interest	3,735	699	139	4,573
Other	3,111	1,467	116	4,694
Total operating expenses	337,001	35,349	6,223	378,573
Net periodic benefit cost other than service cost	(1,275)	(275)	(54)	(1,604)
Total expenses	$ 335,726	$ 35,074	$ 6,169	$ 376,969

	June 30, 2021			
	Grants and Program	General and Administrative	Fundraising	Total
Grants	$ 111,642	$ -	$ -	$ 111,642
Personnel	135,345	24,403	6,436	166,184
Professional services	39,123	3,756	218	43,097
Office and occupancy	12,374	2,032	230	14,636
Travel and meetings	396	19	9	424
Subscriptions and publications	1,949	138	49	2,136
Depreciation and amortization	6,457	1,069	236	7,762
Bond and swap interest	3,918	685	154	4,757
Other	2,751	1,392	110	4,253
Total operating expenses	313,955	33,494	7,442	354,891
Net periodic benefit cost other than service cost	(938)	(189)	(46)	(1,173)
Total expenses	$ 313,017	$ 33,305	$ 7,396	$ 353,718

NOTE O - SUBSEQUENT EVENTS

The Organization evaluated its June 30, 2022 consolidated financial statements for subsequent events through November 30, 2022, the date the consolidated financial statements are issued. Based on the Organization's evaluation, no subsequent events meet the criteria under U.S. GAAP for disclosure.