

FINANCIAL STATEMENTS

THE CHRONICLE OF PHILANTHROPY, INC.

**FOR THE YEAR ENDED MARCH 31, 2025
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2024**

THE CHRONICLE OF PHILANTHROPY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Chronicle of Philanthropy, Inc.
Washington, D.C.

Opinion

We have audited the accompanying financial statements of The Chronicle of Philanthropy, Inc. (CoP), which comprise the statement of financial position as of March 31, 2025, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CoP as of March 31, 2025, and the change 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 CoP 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 CoP'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.

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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 CoP'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 CoP'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.

Report on Summarized Comparative Information

We have previously audited CoP's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 14, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.



October 1, 2025

THE CHRONICLE OF PHILANTHROPY, INC.

STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024

ASSETS

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 1,039,680	\$ 10,010,325
Investments	5,759,352	-
Accounts receivable	696,180	1,166,904
Contributions receivable	1,100,000	270,369
Prepaid expenses	158,856	147,349
Operating lease right-of-use asset, net	<u>27,370</u>	<u>113,122</u>
TOTAL ASSETS	<u>\$ 8,781,438</u>	<u>\$ 11,708,069</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued liabilities	\$ 838,080	\$ 893,093
Deferred revenue	1,306,917	1,454,181
Operating lease liability, net	<u>11,094</u>	<u>74,325</u>
Total liabilities	<u>2,156,091</u>	<u>2,421,599</u>

NET ASSETS

Without donor restrictions	2,623,940	3,764,328
With donor restrictions	<u>4,001,407</u>	<u>5,522,142</u>
Total net assets	<u>6,625,347</u>	<u>9,286,470</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,781,438</u>	<u>\$ 11,708,069</u>

THE CHRONICLE OF PHILANTHROPY, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024**

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Advertising	\$ 1,932,741	\$ -	\$ 1,932,741	\$ 1,651,479
Contributions	50,000	1,800,000	1,850,000	9,522,613
Subscriptions	1,581,063	-	1,581,063	1,759,679
Professional development	1,493,020	-	1,493,020	1,825,917
Job and career center	885,464	-	885,464	1,045,870
Interest income	291,923	-	291,923	238,331
Other	135,216	-	135,216	19,590
Net assets released from donor restrictions	<u>3,320,735</u>	<u>(3,320,735)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>9,690,162</u>	<u>(1,520,735)</u>	<u>8,169,427</u>	<u>16,063,479</u>
EXPENSES				
Program Services:				
Editorial	4,723,420	-	4,723,420	4,662,261
Program Outreach	2,647,958	-	2,647,958	1,003,145
Professional Development	<u>1,652,501</u>	<u>-</u>	<u>1,652,501</u>	<u>1,584,605</u>
Total program services	<u>9,023,879</u>	<u>-</u>	<u>9,023,879</u>	<u>7,250,011</u>
Supporting Services:				
Administration	1,302,923	-	1,302,923	1,250,510
Fundraising	<u>503,748</u>	<u>-</u>	<u>503,748</u>	<u>459,326</u>
Total supporting services	<u>1,806,671</u>	<u>-</u>	<u>1,806,671</u>	<u>1,709,836</u>
Total expenses	<u>10,830,550</u>	<u>-</u>	<u>10,830,550</u>	<u>8,959,847</u>
Change in net assets	(1,140,388)	(1,520,735)	(2,661,123)	7,103,632
Net assets at beginning of year	<u>3,764,328</u>	<u>5,522,142</u>	<u>9,286,470</u>	<u>2,182,838</u>
NET ASSETS AT END OF YEAR	\$ <u>2,623,940</u>	\$ <u>4,001,407</u>	\$ <u>6,625,347</u>	\$ <u>9,286,470</u>

THE CHRONICLE OF PHILANTHROPY, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024**

	2025							2024	
	Program Services				Supporting Services			Total Expenses	Total Expenses
	Editorial	Program Outreach	Professional Development	Total Programs Services	Administration	Fundraising	Total Supporting Services		
Personnel	\$ 3,150,674	\$ 1,516,276	\$ 1,079,395	\$ 5,746,345	\$ 760,070	\$ 365,472	\$ 1,125,542	\$ 6,871,887	\$ 5,146,204
Transition services	343,799	322,793	151,280	817,872	172,773	38,681	211,454	1,029,326	1,537,760
Technology	264,333	342,209	168,684	775,226	82,920	33,187	116,107	891,333	381,685
Professional services	64,513	230,869	39,012	334,394	253,375	38,092	291,467	625,861	536,512
Marketing and audience development	121,029	122,015	73,167	316,211	11,982	9,881	21,863	338,074	198,259
Production and circulation	273,273	-	-	273,273	-	-	-	273,273	324,131
Editorial	201,793	3,289	40	205,122	-	-	-	205,122	105,492
Other	62,819	18,527	91,270	172,616	5,988	5,160	11,148	183,764	292,356
Travel and meals	57,841	65,079	13,684	136,604	5,543	7,649	13,192	149,796	123,526
Visuals	142,963	-	-	142,963	-	-	-	142,963	59,146
Office expense and maintenance	34,428	15,046	11,190	60,664	10,272	4,327	14,599	75,263	246,181
Staff training	5,955	11,855	24,779	42,589	-	1,299	1,299	43,888	8,595
TOTAL	\$ 4,723,420	\$ 2,647,958	\$ 1,652,501	\$ 9,023,879	\$ 1,302,923	\$ 503,748	\$ 1,806,671	\$ 10,830,550	\$ 8,959,847

See accompanying notes to financial statements.

THE CHRONICLE OF PHILANTHROPY, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,661,123)	\$ 7,103,632
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Amortization of operating lease right-of-use asset	63,934	243,740
Gain on lease modification	-	(5,080)
Decrease (increase) in:		
Accounts receivable	470,724	403,166
Contributions receivable	(829,631)	2,087,729
Prepaid expenses	(11,507)	(99,802)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(55,013)	534,586
Deferred revenue	(147,264)	(115,888)
Operating lease liability	<u>(41,413)</u>	<u>(277,457)</u>
Net cash (used) provided by operating activities	<u>(3,211,293)</u>	<u>9,874,626</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	<u>(5,759,352)</u>	<u>-</u>
Net cash used by investing activities	<u>(5,759,352)</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(8,970,645)	9,874,626
Cash and cash equivalents at beginning of year	<u>10,010,325</u>	<u>135,699</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,039,680</u>	<u>\$ 10,010,325</u>
SCHEDULE OF NONCASH OPERATING TRANSACTIONS		
Operating Lease Right-of-Use Asset	<u>\$ -</u>	<u>\$ 799,499</u>
Operating Lease Liability for Right-of-Use Asset	<u>\$ -</u>	<u>\$ 799,499</u>

THE CHRONICLE OF PHILANTHROPY, INC.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Chronicle of Philanthropy, Inc. (CoP) was formed as a non-profit corporation on May 21, 2021, in accordance with the laws of the State of Delaware. On January 20, 2023, CoP obtained exemption from Federal income taxes from the Internal Revenue Service, which was effective on May 21, 2021. On April 1, 2023, CoP officially became independent of The Chronicle of Higher Education, Inc. (CHE), its prior parent organization.

For nearly three decades, *The Chronicle of Philanthropy* publication has been the premier source of news, information, analysis, and opinion in the rapidly growing non-profit world. Nearly 350,000 non-profit professionals, foundation executives, Board Members, fundraisers, donors, and others working to advance the common good, rely on it to stay informed, learn, and broaden their perspective. As an independent non-profit, CoP is innovating and growing as it shines a spotlight on one of the most under-covered but crucial areas of American life.

Program Services -

CoP conducts high-quality online and print journalism and provides professional development resources and tools that strengthen the philanthropic and non-profit world by connecting it with accurate and relevant information, surfacing innovative and creative ideas, and helping professionals grow and succeed.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to non-profit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions (see Note 4).
- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. However, CoP does not have any endowment funds. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as support without donor restrictions when the assets are placed in service.

The financial statements include certain prior year summarized comparative information in total but not by net asset class; such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with CoP's financial statements for the year ended March 31, 2024, from which the summarized information was derived.

THE CHRONICLE OF PHILANTHROPY, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Cash and cash equivalents -

CoP considers all cash and other highly liquid investments with maturities of three months or less to be cash equivalents. Money market funds held by investment managers are excluded from cash and cash equivalents. Money market funds included in investments totaled \$5,759,352 as of March 31, 2025. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, CoP maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value and consisted entirely of a money market fund.

Accounts receivable -

Accounts receivable are recorded at their net realizable value which approximates fair value. Accounts receivable are presented net of an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. However, there was no allowance for credit losses at March 31, 2025.

Contributions receivable -

Contributions receivable include unconditional promises to give that are expected to be collected within one year. Contributions receivable are recorded at net realizable value which approximates fair value. CoP reviews contributions receivable on a periodic basis for collectability. Each receivable balance is assessed based on management's knowledge of and relationship with the donor and the age of the receivable balance. As a result of these reviews, receivable balances for which collection is deemed doubtful are charged to loss on uncollectable contributions receivable, and an allowance is recorded. However, there was no allowance for uncollectable contributions receivable as of March 31, 2025.

Leases -

CoP determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to and the agreement creates enforceable rights and obligations. CoP also considers whether its services agreements include the right to control the use of an asset.

CoP recognizes most leases on its Statement of Financial Position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria as defined by GAAP. CoP made an accounting policy election not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of lease payments over the term of the lease at the commencement or modification date.

THE CHRONICLE OF PHILANTHROPY, INC.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Leases (continued) -

CoP made the accounting policy election to use a risk-free discount rate, which is aligned with the lease term. CoP has made an accounting policy election that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes.

Income taxes -

CoP is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in IRC Section 501(c)(3). CoP is not considered a private foundation.

However, CoP is subject to tax on its unrelated business income activities, net of applicable deductions. CoP's unrelated business income activities include income from advertising and income from job and career center fees. However, the provision for income tax expense was not significant for the year ended March 31, 2025.

Revenue from contracts with customers -

Revenue streams that are treated as exchange transaction revenue following ASC Topic 606 include several line items in the accompanying Statement of Activities and Change in Net Assets. Revenue from contracts with customers is recorded when the performance obligations are met. CoP has elected to opt out of all disclosures not required for nonpublic entities. Transaction price is based on sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. CoP's contracts with customers generally have initial terms of one year or less.

Advertising: Revenue from advertising is recognized over the period of time in which the advertisements are placed.

Subscriptions: Revenue from subscriptions is recognized over the customer's subscription period.

Professional development: Revenue from webinar and event participation fees is recognized over the period of time when the webinars or events are held. Revenue from professional development content is recognized at the point in time when access to the content is provided to customers.

Job and career center: Revenue from job and career center fees is recognized at the point in time when the postings occur online.

Support from contributions -

Support from contributions is recognized in the appropriate category of net assets in the period received or unconditionally promised. CoP performs an analysis of the individual contribution agreements to determine if the funding streams follow the contribution rules or if they should be recorded as an exchange transactions depending upon whether a transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

THE CHRONICLE OF PHILANTHROPY, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Support from contributions (continued) -

Support from contributions is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, CoP had no refundable advances as of March 31, 2025.

In addition, CoP may obtain funding source agreements related to conditional contributions, which will be received in future years. However, CoP had no conditional contributions to be received in future years as of March 31, 2025.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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. Accordingly, actual results could differ from those estimates.

Advertising -

CoP expenses advertising costs as incurred. Marketing and audience development is advertising expense in the Statement of Functional Expenses and totaled \$338,074 for the year ended March 31, 2025.

Functional allocation of expenses -

The costs of providing CoP's programs and supporting services have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services that benefited. Expenses directly attributed to a specific functional area are reported as direct expenses within that functional area and indirect expenses that benefited more than one functional area were allocated based on estimated time and effort.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, CoP has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

THE CHRONICLE OF PHILANTHROPY, INC.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market CoP has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the year ended March 31, 2025. Transfers between levels are recorded at the end of the reporting period, if applicable.

Money Market Fund - The money market fund is an open-end fund that is registered with the Securities and Exchange Commission (SEC) and is deemed to be actively traded. Therefore, the money market fund is categorized within Level 1.

Investments consisted entirely of the money market fund, which was valued using Level 1 inputs and totaled \$5,749,352 as of March 31, 2025.

3. CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets include accounts receivable from exchange transaction revenues. Accounts receivable consisted of the following as of March 31, 2025:

Advertising	\$ 443,067
Amount due from CHE (see Note 10)	224,370
Job and career center	35,852
Professional development	<u>(7,109)</u>
TOTAL ACCOUNTS RECEIVABLE	<u>\$ 696,180</u>

Contract liabilities include deferred revenue related to exchange transaction revenues. Deferred revenue consisted of the following as of March 31, 2025:

Subscriptions	\$ 1,300,353
Job and career center	<u>6,564</u>
TOTAL DEFERRED REVENUE	<u>\$ 1,306,917</u>

4. NET ASSETS WITHOUT DONOR RESTRICTIONS

At its March 2024 meeting, the Board of Directors approved a motion to designate \$4 million of CoP's net assets without donor restrictions as a reserve fund. Thereafter, during the March 2025 meeting, the Board of Directors approved a motion to transfer \$750,000 of the designated funds to undesignated. As of March 2025, the total net assets without donor restrictions is \$2,623,940.

THE CHRONICLE OF PHILANTHROPY, INC.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of March 31, 2025:

Subject to expenditure for specified purpose	\$ 490,079
Subject to passage of time within one year	<u>3,511,328</u>

TOTAL NET ASSETS WITH DONOR RESTRICTIONS **\$ 4,001,407**

Net assets released from donor restrictions consisted of the following during the year ended March 31, 2025:

Purpose restrictions accomplished	\$ 609,480
Time restrictions expired	<u>2,711,255</u>

TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS **\$ 3,320,735**

6. LIQUIDITY AND AVAILABILITY

CoP is supported by restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, CoP must maintain sufficient liquid resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of CoP's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Board of Directors has designated a portion of net assets without donor restrictions as a reserve fund, which totaled \$3,250,000 as of March 31, 2025. The reserve fund may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date consisted of the following as of March 31, 2025:

Cash and cash equivalents	\$ 1,039,680
Investments	5,759,352
Accounts receivable	696,180
Contributions receivable	<u>1,100,000</u>

Subtotal financial assets	8,595,212
Less: Board designated net assets	<u>(3,250,000)</u>

FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR **\$ 5,345,212**

7. LEASE COMMITMENT

Operating Lease:

Effective on April 1, 2023, CoP signed an operating sublease with CHE, which was originally for 10,850 square feet of office space in Washington, D.C. However, an amendment to the sublease was signed on January 19, 2024, to modify the terms of the original sublease to decrease the square footage occupied to 2,027 square feet of office space. The modified terms of the sublease were effective on April 1, 2024, and the amended sublease agreement expires on December 31, 2025. However, a notice to terminate the lease was given on March 25, 2025, with a termination date of June 30, 2025.

THE CHRONICLE OF PHILANTHROPY, INC.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025

7. LEASE COMMITMENT (Continued)

Operating Lease (continued):

On the modification date of March 25, 2025, CoP wrote off \$21,818 from both the operating right-of-use asset and the operating lease liability. As a result, there was no gain on lease modification during the year ended March 31, 2025. The modification date amounts were determined by calculating the present value of all future rentals using a risk-free rate of 4.33% as the discount rate.

Subsequent to the year ended March 31, 2025, a further lease modification was signed to sublease the office space from July 1, 2025 to November 30, 2025 at \$500 per month.

Lease cost totaled \$66,396 during the year ended March 31, 2025. Cash paid for the lease totaled \$43,874 during the year ended March 31, 2025. Lease cost is included in Office expense and maintenance in the accompanying Statement of Functional Expenses.

The following is a schedule of the future minimum lease payments due under the sublease, net of imputed interest, as of March 31, 2025:

<u>Year Ending March 31,</u>	
2026	\$ 11,174
Less: Imputed interest	<u>(80)</u>
OPERATING LEASE LIABILITY	<u>\$ 11,094</u>

8. RETIREMENT PLAN

CoP participates in a multiple employer 401(k) retirement plan (the Plan) which provides retirement benefits to all employees since there is no minimum age requirement and no service requirement. The Plan includes an auto-enrollment provision requiring that participants defer 3% of their compensation into the Plan unless they opt-out in writing. CoP provides a safe harbor contribution equal to 3% of participant compensation plus a 3% matching contribution. CoP's contributions to the Plan are included in Personnel expenses in the accompanying Statement of Functional Expenses and totaled \$274,847 during the year ended March 31, 2025.

9. CONCENTRATION OF CONTRIBUTIONS

Four donors provided approximately 89% of total contributions for the year ended March 31, 2025. CoP has no reason to believe that its relationship with these donors will be discontinued in the foreseeable future. Even though CoP generates revenue from other sources in addition to contributions, an interruption of these relationships may adversely affect CoP's ability to finance ongoing operations when considered in conjunction with the loss of approximately \$2.6 million which has been reported for the year ended March 31, 2025.

10. TRANSACTIONS WITH CHE

The Chronicle of Higher Education, Inc. (CHE) has the nation's largest newsroom dedicated to covering colleges and universities. As the unrivaled leader in higher education journalism, CHE serves its readers with indispensable real-time news and deep insights, plus the essential tools, career opportunities, and knowledge to succeed in a rapidly changing world.

THE CHRONICLE OF PHILANTHROPY, INC.

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10. TRANSACTIONS WITH CHE (Continued)

For more than three decades, *The Chronicle of Philanthropy* publication was a division within CHE. In accordance with the Master Spinoff Agreement between CHE and CoP, CHE agreed to contribute substantially all the financial and non-financial assets relating to *The Chronicle of Philanthropy* publication to CoP in a prior year.

In order to ensure an orderly transition of *The Chronicle of Philanthropy* publication and the related assets pursuant to the Master Spinoff Agreement, and enable CoP to effectively carry out its charitable and educational mission, CHE and CoP have agreed to enter into a Transition Services Agreement, which provides for ongoing services. The services are detailed in the Transition Services Agreement and consist of use of CHE personnel related to technology, digital ad services, accounting, and other services.

One of the most significant services that CHE provides is related to collecting and tracking revenue from CoP's customers. Therefore, a portion of CoP's accounts receivable was due from CHE in relation to exchange transaction revenues for multiple earned revenue streams. The amount due from CHE, which is included in accounts receivable, totaled \$224,370 as of March 31, 2025.

Due to the transition services CHE provided to CoP, accounts payable and accrued expenses also includes an amount due to CHE which totaled \$141,910 as of March 31, 2025. Furthermore, CoP's expenses related to transition services totaled \$1,029,325 during the year ended March 31, 2025.

11. SUBSEQUENT EVENTS

In preparing these financial statements, CoP has evaluated events and transactions for potential recognition or disclosure through October 1, 2025, the date the financial statements were issued.