The David and Lucile Packard Foundation

Consolidated Financial Statements
December 31, 2023

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
The David and Lucile Packard Foundation

Opinion
We have audited the consolidated financial statements of The David and Lucile Packard Foundation and its affiliate (the "Foundation"), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statement of activities and cash flows for the year 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 Foundation as of December 31, 2023, 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 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 Foundation 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 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 Foundation's ability to continue as a going concern for one year after the date the consolidated 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 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 consolidated 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 Foundation'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 Foundation'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

New York, New York
July 18, 2024

The David and Lucile Packard Foundation
Consolidated Statement of Financial Position
December 31, 2023

(dollars in thousands)

	Packard Foundation	Institute	Eliminations	Total
Assets				
Cash and cash equivalents	$ 81,131	$ 63,677	$ -	$ 144,808
Interest and dividends receivable	1,465	-	-	1,465
Investment sales receivable	295,192	-	-	295,192
Investments, at fair value	7,790,678	-	-	7,790,678
Grants and support receivable	-	65,499	(54,926)	10,573
Program-related investments	92,105	-	-	92,105
Property and equipment, net	55,704	81,177	-	136,881
Other assets	8,581	50,062	-	58,643
Total assets	$ 8,324,856	$ 260,415	$ (54,926)	$ 8,530,345
Liabilities and Net Assets				
Liabilities				
Accounts payable and other liabilities	$ 20,676	$ 22,954	$ -	$ 43,630
Grants and support payable	232,608	-	(54,926)	177,682
Federal excise tax liabilities	44,595	-	-	44,595
Postretirement benefit liabilities	6,663	14,961	-	21,624
Total liabilities	304,542	37,915	(54,926)	287,531
Net assets				
Without donor restrictions:				
Undesignated	8,020,314	180,646	-	8,200,960
Board designated	-	34,404	-	34,404
Total without donor restrictions	8,020,314	215,050	-	8,235,364
With donor restrictions:				
Purpose restricted	-	7,450	-	7,450
Total with donor restrictions	-	7,450	-	7,450
Total net assets	8,020,314	222,500	-	8,242,814
Total liabilities and net assets	$ 8,324,856	$ 260,415	$ (54,926)	$ 8,530,345

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

The David and Lucile Packard Foundation
Consolidated Statement of Activities
For the Year Ended December 31, 2023

(dollars in thousands)

	Packard Foundation	Institute	Eliminations	Total
Changes in net assets without donor restrictions				
Revenues and other support				
Federal awards	$ -	$ 18,840	$ -	$ 18,840
Program-related investments and other income	1,258	5,118	-	6,376
Investment return, net	480,779	-	-	480,779
Total revenues	482,037	23,958	-	505,995
Support from Packard Foundation	-	54,926	(54,926)	-
Net assets released from restrictions	-	774	-	774
Total revenues and other support	482,037	79,658	(54,926)	506,769
Expenses				
Grants and support awarded	371,575	-	(54,926)	316,649
Direct charitable expenses	3,793	59,694	-	63,487
Grantmaking expenses	42,674	-	-	42,674
Operational support expenses	11,129	9,619	-	20,748
Total expenses	429,171	69,313	(54,926)	443,558
Change in net assets without donor restrictions, before nonoperating postretirement benefit activity	52,866	10,345	-	63,211
Components of net periodic postretirement benefit cost, other than service cost	912	2,639	-	3,551
Postretirement benefit-related changes other than net periodic postretirement benefit cost	(1,719)	(3,422)	-	(5,141)
Increase in net assets without donor restrictions	52,059	9,562	-	61,621
Changes in net assets with donor restrictions				
Contributions	-	5,724	-	5,724
Net assets released from restrictions		(774)		(774)
Increase in net assets with donor restrictions	-	4,950	-	4,950
Increase in total net assets	52,059	14,512	-	66,571
Net assets				
Beginning of year	7,968,255	207,988	-	8,176,243
End of year	$ 8,020,314	$ 222,500	$ -	$ 8,242,814

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

The David and Lucile Packard Foundation
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2023

(dollars in thousands)

	Packard Foundation	Institute	Eliminations	Total
Cash flows from operating activities				
Cash received from grants and other support	$ -	$ 21,240	$ -	$ 21,240
Interest and dividends received	47,911	3,543	-	51,454
Grants paid	(293,616)	-	-	(293,616)
Cash paid to employees and suppliers	(73,179)	(61,767)	-	(134,946)
Cash paid for taxes	(17,895)	(49)	-	(17,944)
Cash paid for interest	(147)	-	-	(147)
Net cash used in operating activities	(336,926)	(37,033)	-	(373,959)
Cash flows from investing activities				
Purchase of investments	(2,372,468)	-	-	(2,372,468)
Proceeds from sale of investments	2,788,681	-	-	2,788,681
Mission investments funded	(32,407)	-	-	(32,407)
Repayments of mission investments	43,685	-	-	43,685
Purchase of property and equipment	(1,259)	(28,123)	-	(29,382)
Proceeds from maturity of certificates of deposit	-	12,448	-	12,448
Purchase of deferred compensation plan investments	-	(850)	-	(850)
Proceeds from sale and maturity of deferred compensation plan investments	-	1,050	-	1,050
Rental receipts received	504	-	-	504
Net cash provided by (used in) investing activities	426,736	(15,475)	-	411,261
Cash flows from financing activities				
Proceeds received from line of credit	44,993	-	-	44,993
Repayment of proceeds from line of credit	(44,993)	-	-	(44,993)
Cash (paid to) received by Institute	(68,068)	68,068	-	-
Net cash (used in) provided by financing activities	(68,068)	68,068	-	-
Net increase in cash and cash equivalents	21,741	15,560	-	37,301
Cash and cash equivalents				
Beginning of year	59,390	48,117	-	107,507
End of year	$ 81,131	$ 63,677	$ -	$ 144,808
Supplemental information				
Noncash in-kind stock distributions	$ 41,767	$ -	$ -	$ 41,767

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

(dollars in thousands)

1. Organization

The David and Lucile Packard Foundation (Packard Foundation) is a private foundation established by David and Lucile Packard in 1964. The Packard Foundation's mission is to work with people and communities to create enduring solutions for just societies and a healthy, resilient natural world. Therefore, the Foundation provides funding to build just societies, protect and restore the natural world, and invest in families and communities. The Packard Foundation's facilities are in Los Altos, California.

The Monterey Bay Aquarium Research Institute (Institute) is a not-for-profit organization founded in 1987 for the purpose of conducting scientific research in marine biology, oceanography, underwater geology, and other kinds of marine research in and around the Monterey Bay and elsewhere and to educate the scientific community and the general public in regard to such research. The Institute's primary facilities are in Moss Landing, California.

Certain trustees and officers of the Packard Foundation are also officers or directors of the Institute. Trustees of the Packard Foundation are not permitted to vote for grants to organizations for which they serve as trustees, officers, or directors. The Packard Foundation is the Institute's only member, with the power to elect the Board of Directors. For the year ended December 31, 2023, approximately 65% of the Institute's revenues and support came from the Packard Foundation.

2. Summary of Significant Accounting Policies

Principles of Consolidation
The accompanying consolidated financial statements include the accounts of the Packard Foundation and its affiliate, the Institute (collectively, the Foundation). Since the Packard Foundation has both control and an economic interest in the Institute, the financial statements of the Institute have been included in the consolidated financial statements of the Foundation. All significant intercompany transactions and balances have been eliminated in the consolidation.

Basis of Presentation
The accompanying consolidated financial statements of the Foundation are presented on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations.

Use of Estimates
The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the valuation of the Foundation's investments and program-related investments, the expected useful lives of property and equipment, the determination of postretirement benefit liabilities, and the determination of functional expense allocations.

(dollars in thousands)

Cash and Cash Equivalents
Cash and cash equivalents consist of cash on hand and in banks, money market funds, and highly liquid investments purchased with an original maturity date of three months or less.

Investments
Investments are stated at fair value and purchases and sales are recorded on a trade or contract date basis. The estimated fair value of investments is based on quoted market prices, except for alternative investments and real estate investment property, for which quoted market prices are not readily available. Alternative investments include private equities, marketable alternatives (including hedge funds), and real assets. The estimated fair value of alternative investments is based on the net asset value of the fund provided by the respective general partner. The Packard Foundation reviews and evaluates the net asset values provided by the general partner and assesses the valuation methods and assumptions used in determining the fair value of its alternative investments. Alternative investments are not readily marketable, and their estimated value is subject to uncertainty and may differ from the value that would have been used had a readily available market for such investments existed. These differences could be material. The estimated fair value of real estate investment properties is based on a recent appraisal. Unrealized gains or losses on investments resulting from fair value fluctuations are recorded in the period when such fluctuations occur. Realized gains or losses, unrealized gains or losses, and interest income and dividends are reported in the consolidated statement of activities within “investment return, net”. Investment sales and purchases are recorded on a trade date basis, which results in both investment receivables and payables on unsettled investment trades. The Packard Foundation is subject to credit risk should a broker be unable to meet its obligations.

Concentrations of Credit Risk
Financial instruments that potentially subject the Foundation to credit risk consist primarily of cash, cash equivalents, investments, and unsettled investment trades. The Foundation maintains cash and cash equivalents primarily with major financial institutions. Cash equivalents include investments in money market funds and highly liquid investments purchased with an original maturity date of three months or less. Such amounts may exceed Federal Deposit Insurance Corporation limits. The Foundation’s cash and readily marketable securities have been placed with major financial institutions with high-credit quality and, accordingly, the Foundation does not expect nonperformance.

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Program-Related Investments
Program-related investments as of December 31, 2023, include $89,293 of loans made to organizations and $2,812 of equity investments, which are reported at fair value. Interest rates on loans receivable range from 0% to 7.36% as of December 31, 2023, and are generally repayable over one to ten and half years. Program-related investments are recorded when disbursed. Loans are monitored to determine net realizable value based on an evaluation of recoverability that utilizes experience. Management has reviewed the collectability of all program-related investments and has determined no credit loss is necessary as of December 31, 2023.

Property and Equipment
Property and equipment are stated at cost when purchased or fair value at the date of donation and are depreciated using the straight-line method over estimated useful lives of three to 30 years. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Capitalized costs for self-constructed assets include direct labor and benefits for employees specifically identified with the project.

(dollars in thousands)

Other Assets

The Foundation's other assets primarily include deposits on capital acquisitions, prepayments of unrelated business income tax, and miscellaneous prepaids and receivables.

Grants

Grants are recognized when the unconditional promise to give is approved. Conditional promises to give are recognized as grant expense in the period in which the recipient meets the terms of the condition.

Tax-Exempt Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and from California franchise and/or income taxes under Section 23701(d) of the Revenue and Taxation Code. The Foundation is subject to federal excise taxes and taxes on unrelated business income.

Revenue Recognition

Contributions are recognized as revenues when they are received or unconditionally pledged. The Foundation reports contributions of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Contributions with donor restrictions are reported as contributions without donor restrictions when the restriction is met in the same period as the contribution is received.

Contracts deemed exchange contracts are recognized in accordance with Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. The core principle of ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is measured based on consideration specified in a contract with a customer. The Institute recognizes revenue when it satisfies a performance obligation by transferring control over goods and services to a customer.

Recent Accounting Pronouncement

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loans receivable (program-related investments (loans) and notes receivables). The new guidance was adopted by the Foundation effective January 1, 2023, and was determined not to have a material impact on the consolidated financial statements.

(dollars in thousands)

3. Investments

The investment goal of the Packard Foundation is to maintain or grow its spending power in real inflation adjusted terms with risk at a level appropriate to the Packard Foundation's programmatic spending and objectives. To accomplish this investment goal, the Packard Foundation diversifies its investments (held directly and indirectly) across various financial instruments and asset categories and implements multiple investment strategies. The Packard Foundation's financial assets are managed by a select group of external investment management firms and held in custody by major banks. Investments allocated to partnerships, limited liability companies, and commingled funds have separate arrangements appropriate to their legal structure.

The Packard Foundation's investments (held directly or indirectly) in developed market securities and emerging market securities consist of exchange traded public equities, treasury, and corporate bonds. The Packard Foundation's investments in marketable alternatives consist of long/short, opportunistic, and special situation investment management funds, trading public securities and over-the-counter securities. The Packard Foundation's investments in limited partnerships, private equity, and real assets cannot be immediately liquidated, and include buyout and venture capital funds, real estate funds, and natural resource funds. The general partners of certain investments maintain the ability to subject available redemptions to lock-ups or gates. The Packard Foundation's investments (held directly or indirectly) in fixed income securities consist primarily of investment grade instruments issued by the U.S. government and its agencies, investments issued by U.S. corporations, and mortgage-backed securities. The Packard Foundation also makes mission-related investments to further its charitable purpose and maintains two real estate investment properties located in Los Altos, California which are valued based upon recent appraisals.

Investment securities are exposed to various risks, such as changes in interest rates or credit ratings and market fluctuations. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, the value of the Packard Foundation's investments and total net assets may fluctuate materially.

Legal, tax, and regulatory changes could occur during the term of the Packard Foundation's private investments. The regulatory environment for private partnerships is evolving, and changes in the regulation of these partnerships may adversely affect the value of investments held by the Packard Foundation. The Packard Foundation believes that the effect of any future regulatory change on the Packard Foundation's assets will not be material.

(dollars in thousands)

Fair Value of Financial Instruments

In accordance with ASC 820, *Fair Value Measurements*, fair value is defined as the price that the Foundation would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. ASC 820 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best available information.

The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level I Quoted prices in active markets for identical assets and liabilities.

Level II Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined using models or other valuation methodologies.

Level III Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The following table summarizes the valuation of the Packard Foundation's investments per the ASC 820 fair value hierarchy levels as of December 31, 2023:

	Level I	Level II	Level III	NAV [1]	Total
Developed market equities	$ 230,464	$ -	$ -	$ 1,080,728	$ 1,311,192
Emerging market equities	5,318	-	-	1,079,425	1,084,743
Private equities	-	-	-	2,318,592	2,318,592
Marketable alternatives	-	-	-	1,768,281	1,768,281
Real assets	-	-	-	954,930	954,930
Fixed income securities	-	334,439	-	-	334,439
Mission-related investments	-	-	-	6,245	6,245
Los Altos real estate	-	-	12,256	-	12,256
Total investments	$ 235,782	$ 334,439	$ 12,256	$ 7,208,201	$ 7,790,678

[1] Investments measured using net asset value as the practical expedient are excluded from the fair value hierarchy. These amounts are presented here to facilitate reconciliation of the fair value hierarchy to the consolidated statement of financial position.

There were no transfers between levels of the fair value hierarchy for the year ended December 31, 2023.

(dollars in thousands)

The Packard Foundation uses net asset value (NAV) to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Per the fair value measurement guidelines, the below table lists companies in which the Packard Foundation invests by major asset class as of December 31, 2023:

Asset Class	Strategy	NAV in Funds	# of Funds	Remaining Life, if definite (Years)	Unfunded Commitments	Commitments Draw Down Time (Years)	Redemption Terms	Redemption Restrictions
Public equities	Contains developed and emerging equity	$ 2,160,153	18	N/A	$ 22,678	1 to 2	Ranges between monthly redemption with 10 day notice, to annual redemption with 90 day notice	Lock up provisions of up to 3 years
Private equities	Contains growth, international, leveraged buyouts, and venture capital	2,318,592	142	1 to 14	737,833	1 to 6	Not eligible for redemption	Not eligible for redemption
Marketable alternatives	Contains global long/short equity, opportunistic, and special situations	1,768,281	27	1 to 7	103,253	1 to 3	Ranges between monthly redemption with 30 day notice, to annual redemption with 90 day notice	Lock up provisions of up to 7 years
Mission-related investments	Contains equity investments	6,245	8	1 to 18	25,423	1 to 10	Not eligible for redemption	Not eligible for redemption
Real assets	Contains natural resources and real estate	954,930	69	1 to 14	424,186	1 to 4	Not eligible for redemption	Not eligible for redemption
		$ 7,208,201	264		$ 1,313,373			

(dollars in thousands)

4. Property and Equipment, net

Property and equipment, net, as of December 31, 2023, consists of the following:

	Packard Foundation	Institute	Total
Land	$ 26,648	$ 4,236	$ 30,884
Buildings	53,874	51,135	105,009
Research vessels	-	9,679	9,679
Remotely operated vehicles	-	25,547	25,547
Ocean deployed equipment	-	34,992	34,992
Office furniture and equipment	17,222	35,474	52,696
Capital projects in progress	1,443	43,790	45,233
	99,187	204,853	304,040
Accumulated depreciation	(43,483)	(123,676)	(167,159)
Property and equipment, net	$ 55,704	$ 81,177	$ 136,881

Depreciation expense for the year ended December 31, 2023, was $2,471 and $6,871 for the Packard Foundation and the Institute, respectively.

5. Grants and Support Payable

The Packard Foundation ordinarily makes grants to organizations that qualify as public charities under the IRC. When distributions are made to nonqualifying organizations, the Packard Foundation assumes the responsibility for the ultimate charitable use. The Packard Foundation had unpaid conditional grants as of December 31, 2023, of $1,106. This amount is not included in the consolidated statement of financial position nor the consolidated statement of activities, as per accounting guidance. Conditional grants will be expensed and paid when the defined barriers are overcome.

Grants and support awarded but unpaid are payable as of December 31, 2023, as follows:

	Packard Foundation	Institute	Eliminations	Total
Less than one year	$ 138,197	$ -	$ (54,926)	$ 83,271
One to five years	94,411	-	-	94,411
Grants and support payable	$ 232,608	$ -	$ (54,926)	$ 177,682

(dollars in thousands)

6. Federal Excise and Unrelated Business Income Tax

In accordance with Section 4940(a) of the Internal Revenue Code, the Foundation is subject to a federal excise tax of 1.39% on net investment income for the year ended December 31, 2023. The deferred excise tax provision is calculated based on the same rate on cumulative net unrealized gains on investments. The financial statements reflect a current federal excise tax asset of $1,077 and a deferred federal excise tax liability of $44,016 as of December 31, 2023.

The Foundation is also subject to current federal and state unrelated business income tax, in connection with certain of its limited partnership interests.

The components of tax expense on investment income are as follows:

	Packard Foundation
Current federal excise tax expense	$ 2,209
Deferred federal excise tax expense	1,285
Excise tax expense	3,494
Current UBI tax expense	8,666
UBI tax expense	8,666
Tax expense on net investment income	$ 12,160

The Foundation believes that it has appropriate support for the excise and other tax positions taken and, as such, does not have any uncertain tax positions that result in a material impact on the Foundation's financial position or change in net assets.

7. Retirement Plans

The Packard Foundation sponsors defined contribution plans under both IRC Section 401(a) and 403(b) for its eligible employees. Total expense related to such plans for the year ended December 31, 2023, was $3,812.

The Packard Foundation has a voluntary salary deferral plan for highly compensated employees under IRC Section 457(b). As of December 31, 2023, the Foundation held plan assets of $2,490 that are included in the total assets of the Foundation, with the corresponding liability included in accounts payable and other liabilities.

The Packard Foundation has a Nonqualified Benefits Restoration Plan (i.e., IRC Section 457(f)) that allows the Packard Foundation to make contributions to a participant's account equal to the amount in excess of IRC limits that the participant would otherwise have been eligible for in accordance with the Packard Foundation's 401(a) plan. The Nonqualified Benefits Restoration Plan is intended to be an unfunded plan although voluntary contributions are made to a grantor trust.

The Packard Foundation has a postretirement medical benefits plan (Packard Foundation Plan), where eligible retired employees receive $5 per year of service designated in a health reimbursement account.

(dollars in thousands)

The Institute has a contributory retiree health insurance program (Institute Plan) which covers substantially all employees who meet the eligibility requirements. Each August 1, the Institute contributes on behalf of each retired employee to a health reimbursement account (HRA). The amount of the contribution is 50% of the premium in effect as of August 1, 2017, with the same family status (single or two-party coverage) as the retiree. The retiree may then spend the amount in the HRA on any medical expenses that are tax-deductible, including premiums for health insurance.

The following information presents the consolidated (Foundation Plan) postretirement medical benefits unfunded status and amounts recognized in the consolidated statement of financial position in postretirement benefit liabilities as of December 31, 2023, based on a measurement date of December 31, 2023:

	Packard Foundation	Institute	Total
Benefit obligation	$ 6,663	$ 14,961	$ 21,624
Fair value of plan assets	-	-	-
Unfunded status	6,663	14,961	21,624
Postretirement benefit liabilities	$ 6,663	$ 14,961	$ 21,624

Amounts recognized in net assets as of December 31, 2023, are as follows:

	Packard Foundation	Institute	Total
Net (gain) loss	$ (1,897)	$ 1,814	$ (83)
Prior service cost	(837)	(4,775)	(5,612)
	$ (2,734)	$ (2,961)	$ (5,695)

The net periodic postretirement benefit cost for the year ended December 31, 2023, was $(785) and $(2,403) for the Packard Foundation and the Institute, respectively.

Changes other than net periodic postretirement benefit cost recognized in the consolidated statement of activities for the year ended December 31, 2023, are as follows:

	Packard Foundation	Institute	Total
Net actuarial loss	$ 520	$ 98	$ 618
Amortization of net gain (loss)	257	(33)	224
Amortization of prior service cost	942	3,357	4,299
Total changes other than net periodic postretirement benefit cost	$ 1,719	$ 3,422	$ 5,141

(dollars in thousands)

The net actuarial loss for the year ended December 31, 2023, was primarily attributable to the decrease in the discount rate from 4.84% as of December 31, 2022, to 4.71% as of December 31, 2023, for the Packard Foundation, and from 4.96% to 4.77% for the Institute.

The weighted-average discount rate of 4.71% and 4.77% was used in determining the accumulated postretirement benefit obligation as of December 31, 2023, for the Packard Foundation and the Institute, respectively. The weighted-average discount rate of 4.84% and 4.96% was used in determining the net periodic postretirement benefit cost for the year ended December 31, 2023, for the Packard Foundation and the Institute, respectively.

The annual rate of increase in the per capita cost of medical benefits (i.e., health care cost trend rate) is assumed to be 9.05% in 2025, declining by 0.45% per year through 2033 and then remaining at 5% thereafter for the Packard Foundation. The annual rate of increase in the per capita cost of medical benefits (i.e., health care cost trend rate) was assumed to be 8.6% in 2024 and declining by 0.4% per year until the ultimate trend rate of 5.0% is reached by 2033 for the Institute.

The Foundation Plans are fully insured and funded on a pay-as-you-go basis. The estimated minimum benefit payments by year that reflect expected future service to be paid by the Foundation are as follows:

	Packard Foundation	Institute	Total
Years Ending December 31,			
2024	$ 480	$ 619	$ 1,099
2025	560	708	1,268
2026	567	792	1,359
2027	577	858	1,435
2028	574	937	1,511
2029-2033	2,660	5,182	7,842

Contributions to the Foundation Plans for the year ended December 31, 2023, were $417 and $112 by the Packard Foundation and the Institute, respectively. Total benefit payments made from the Foundation Plans for the year ended December 31, 2023, were $417 and $398 by the Packard Foundation and the Institute, respectively.

8. Commitments and Contingencies

During 2022, the Institute entered into a contract to construct a research and robotics building for the total amount of $40,386. The remaining amount of $18,540 is to be paid in 2024 as construction of the building is completed.

During 2021, the Institute entered into a contract to construct a new research vessel for the total contract value of $41,880. The remaining amount of $11,062 is expected to be paid out in 2024.

(dollars in thousands)

9. Credit Facilities

The Packard Foundation has an uncommitted line of credit of $250,000 with The Northern Trust Company. The Packard Foundation has the option of choosing the interest rate based upon the Prime-Based Rate, Secured Overnight Financing Rate (SOFR), or Bank Offered Rate. The uncommitted line of credit remains in force until otherwise elected by either of the parties. As of December 31, 2023, the outstanding principal balance on the uncommitted line of credit was $0.

The Packard Foundation has a committed line of credit of $250,000 with The Northern Trust Company, which contains a commitment fee on the unused available balance of 0.10% annually. The Packard Foundation has the option of choosing the interest rate based upon the Prime-Based Rate, Secured Overnight Financing Rate (SOFR), or Bank Offered Rate. Any aggregate outstanding principal, interest, and related fees are due in full on the commitment termination date of December 11, 2024. As of December 31, 2023, the outstanding principal balance on the committed line of credit was $0.

(dollars in thousands)

10. Analysis of Expenses

The Foundation's expenses have been allocated between direct charitable, grantmaking, and operational support activities, based on estimates made by the Foundation's management of time spent by employees on various activities. Direct charitable expenses pertain to charitable activities for the benefit of others initiated and conducted in whole or in part by the Foundation. Grantmaking expenses pertain to the general grantmaking activities of the Packard Foundation, such as reviewing proposals and awarding, monitoring, and evaluating grants. Operational support expenses include costs related to managing the Foundation.

The Foundation's functional expenses, displayed by natural expense classification, for the year ended December 31, 2023, are as follows:

	Direct Charitable			Grantmaking	Operational Support				
	Packard Foundation	Institute	Total Direct Charitable	Packard Foundation	Packard Foundation	Institute	Total Operational Support	Eliminations	Total Expenses
Grants awarded	$ 16,470	$ -	$ 16,470	$ 355,105	$ -	$ -	$ -	$ (54,926)	$ 316,649
Salary, benefits, and payroll taxes	708	30,450	31,158	24,268	6,767	5,809	12,576	-	68,002
Legal fees	31	19	50	550	141	369	510	-	1,110
Accounting fees	-	-	-	-	268	164	432	-	432
Other professional fees	240	-	240	10,017	1,005	-	1,005	-	11,262
Interest expense	-	-	-	147	-	-	-	-	147
Depreciation	299	4,378	4,677	1,729	443	2,718	3,161	-	9,567
Occupancy	409	5,317	5,726	502	357	(4,175)	(3,818)	-	2,410
Travel, conferences, and meetings	1,493	1,091	2,584	2,004	932	237	1,169	-	5,757
Printing and publications	1	103	104	231	33	18	51	-	386
Other expenses	612	18,336	18,948	3,226	1,183	4,479	5,662	-	27,836
Postretirement benefit costs - interest and amortization	(35)	(2,216)	(2,251)	(619)	(258)	(423)	(681)	-	(3,551)
	$ 20,228	$ 57,478	$ 77,706	$ 397,160	$ 10,871	$ 9,196	$ 20,067	$ (54,926)	$ 440,007

(dollars in thousands)

11. Liquidity

The Foundation's financial assets available within one year of December 31, 2023, to meet general expenditures include:

	Packard Foundation	Institute	Eliminations	Total
Cash and cash equivalents	$ 81,131	$ 63,677	$ -	$ 144,808
Interest and dividends receivable	1,465	-	-	1,465
Investment sales receivable	295,192	-	-	295,192
Fixed income securities	334,439	-	-	334,439
Public market equities	235,782	-	-	235,782
Contributions and support receivable	-	65,499	(54,926)	10,573
Available financial assets	948,009	129,176	(54,926)	1,022,259
Less financial assets unavailable for general expenditures:				
Board designated operating reserve	-	34,404	-	34,404
Packard Foundation capital grant	-	22,417	-	22,417
Valley Foundation capital grant	-	2,500	-	2,500
Financial assets unavailable for general expenditures	-	59,321	-	59,321
Net available financial assets	$ 948,009	$ 69,855	$ (54,926)	$ 962,938

The Foundation endeavors to structure its financial assets to be available and liquid as its general expenditures, liabilities, and other obligations become due. As of December 31, 2023, in addition to the available financial assets listed above, the Packard Foundation has line of credit agreements totaling $500,000 which can be drawn upon in the event of immediate liquidity needs. Furthermore, there are likely to be additional components of the Packard Foundation's investments that may be available and liquid within one year. These components include certain portions of marketable alternatives, as well as return of capital from both private equity and real asset holdings.

The Institute has a board designated operating reserve of $34,404 as of December 31, 2023, with the objective of setting aside funds for use on specifically approved projects. Amounts from the operating reserve can be made available by the Board of Directors if necessary.

12. Subsequent Events

The Foundation has performed an evaluation of subsequent events from December 31, 2023, through July 18, 2024, the date the consolidated financial statements were available to be issued, and believes no subsequent events disclosures are required.