The David and Lucile Packard Foundation

Consolidated Financial Statements
December 31, 2024

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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, 2024, 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, 2024, and the changes in 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 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 Foundation's ability to continue as a going concern for one year after the date the consolidated financial statements available to be issued.

Grant Thornton

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 24, 2025

The David and Lucile Packard Foundation
Consolidated Statement of Financial Position
December 31, 2024

(dollars in thousands)

	Packard Foundation	Institute	Eliminations	Total
Assets				
Cash and cash equivalents	$ 149,854	$ 40,222	$ -	$ 190,076
Interest and dividends receivable	3,632	-	-	3,632
Investment sales receivable	167,418	-	-	167,418
Investments, at fair value	8,059,550	-	-	8,059,550
Grants and support receivable	-	68,180	(56,848)	11,332
Program-related investments	102,613	-	-	102,613
Property and equipment, net	53,327	156,635	-	209,962
Other assets	10,844	11,733	-	22,577
Total assets	$ 8,547,238	$ 276,770	$ (56,848)	$ 8,767,160
Liabilities and Net Assets				
Liabilities				
Accounts payable and other liabilities	$ 17,790	$ 29,012	$ -	$ 46,802
Grants and support payable, net	252,488	-	(56,848)	195,640
Federal excise tax liabilities	46,214	-	-	46,214
Postretirement benefit liabilities	5,562	13,140	-	18,702
Total liabilities	322,054	42,152	(56,848)	307,358
Net assets				
Without donor restrictions:				
Undesignated	8,225,184	201,362	-	8,426,546
Board designated	-	25,056	-	25,056
Total without donor restrictions	8,225,184	226,418	-	8,451,602
With donor restrictions:				
Purpose restricted	-	8,200	-	8,200
Total with donor restrictions	-	8,200	-	8,200
Total net assets	8,225,184	234,618	-	8,459,802
Total liabilities and net assets	$ 8,547,238	$ 276,770	$ (56,848)	$ 8,767,160

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, 2024

(dollars in thousands)

	Packard Foundation	Institute	Eliminations	Total
Changes in net assets without donor restrictions				
Revenues and other support				
Federal awards	$ -	$ 23,403	$ -	$ 23,403
Program-related investments and other income	1,591	4,244	-	5,835
Investment return, net	625,277	-	-	625,277
Total revenues	626,868	27,647	-	654,515
Support from Packard Foundation	-	56,848	(56,848)	-
Net assets released from restrictions	-	1,082	-	1,082
Total revenues and other support	626,868	85,577	(56,848)	655,597
Expenses				
Grants and support awarded	366,177	-	(56,848)	309,329
Direct charitable expenses	2,826	66,187	-	69,013
Grantmaking expenses	42,111	-	-	42,111
Operational support expenses	11,700	10,214	-	21,914
Total expenses	422,814	76,401	(56,848)	442,367
Change in net assets without donor restrictions, before nonoperating postretirement benefit activity	204,054	9,176	-	213,230
Components of net periodic postretirement benefit cost, other than service cost	794	2,627	-	3,421
Postretirement benefit-related changes other than net periodic postretirement benefit cost	22	(435)	-	(413)
Increase in net assets without donor restrictions	204,870	11,368	-	216,238
Changes in net assets with donor restrictions				
Contributions	-	1,832	-	1,832
Net assets released from restrictions		(1,082)		(1,082)
Increase in net assets with donor restrictions	-	750	-	750
Increase in total net assets	204,870	12,118	-	216,988
Net assets				
Beginning of year	8,020,314	222,500	-	8,242,814
End of year	$ 8,225,184	$ 234,618	$ -	$ 8,459,802

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, 2024

(dollars in thousands)

	Packard Foundation	Institute	Eliminations	Total
Cash flows from operating activities				
Cash received from grants and other support	$ -	$ 26,063	$ -	$ 26,063
Interest and dividends received	52,681	2,664	-	55,345
Grants paid	(291,371)	-	-	(291,371)
Cash paid to employees and suppliers	(72,137)	(67,101)	-	(139,238)
Cash paid for taxes	(14,687)	(65)	-	(14,752)
Net cash used in operating activities	(325,514)	(38,439)	-	(363,953)
Cash flows from investing activities				
Purchase of investments	(2,588,067)	-	-	(2,588,067)
Proceeds from sale of investments	3,055,932	-	-	3,055,932
Mission investments funded	(46,646)	-	-	(46,646)
Repayments of mission investments	27,412	-	-	27,412
Purchase of property and equipment	(227)	(45,920)	-	(46,147)
Proceeds from maturity of certificates of deposit	-	6,020	-	6,020
Purchase of deferred compensation plan investments	-	(3,373)	-	(3,373)
Proceeds from sale and maturity of deferred compensation plan investments	-	3,331	-	3,331
Rental receipts received	759	-	-	759
Net cash provided by (used in) investing activities	449,163	(39,942)	-	409,221
Cash flows from financing activities				
Cash (paid to) received by Institute	(54,926)	54,926	-	-
Net cash (used in) provided by financing activities	(54,926)	54,926	-	-
Net increase (decrease) in cash and cash equivalents	68,723	(23,455)	-	45,268
Cash and cash equivalents				
Beginning of year	81,131	63,677	-	144,808
End of year	$ 149,854	$ 40,222	$ -	$ 190,076
Supplemental information				
Noncash in-kind stock distributions	$ 94,474	$ -	$ -	$ 94,474

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, 2024, approximately 66% 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 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 properties, 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 recent appraisals. 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 its 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, 2024, include $98,223 of loans made to organizations and $4,390 of equity investments, which are reported at fair value. Interest rates on loans receivable range from 0.5% to 5.8% as of December 31, 2024, and are generally repayable over one to 10 years, with one note due in 30 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, 2024.

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 prepayments of unrelated business income (UBI) tax, deferred compensation plan investments, right of use lease assets, 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.

The Institute recognizes revenue from contributions, grants and contracts in accordance with Accounting Standards Update ("ASU") 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Accordingly, the Institute evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving a commensurate value in return for the resources transferred or (2) a contribution.

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.

(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, 2024:

	Level I	Level II	Level III	NAV [1]	Total
Developed market equities	$ 225,914	$ -	$ -	$ 1,025,669	$ 1,251,583
Emerging market equities	-	-	-	1,072,919	1,072,919
Private equities	-	-	-	2,456,668	2,456,668
Marketable alternatives	-	-	-	1,914,807	1,914,807
Real assets	-	-	-	912,266	912,266
Fixed income securities	-	424,274	-	-	424,274
Mission-related investments	-	-	-	14,627	14,627
Los Altos real estate	-	-	12,406	-	12,406
Total investments	$ 225,914	$ 424,274	$ 12,406	$ 7,396,956	$ 8,059,550

[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, 2024.

(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, 2024:

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	$ 2,098,588	19	N/A	$ 13,612	1 to 2	Ranges between monthly redemption with 30 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	2,456,668	150	1 to 13	620,719	1 to 8	Not eligible for redemption	Not eligible for redemption
Marketable alternatives	Contains global long/short equity, opportunistic, and special situations	1,914,807	29	1 to 8	136,328	1 to 4	Ranges between quarterly redemption with 30 day notice, to annual redemption with 75 day notice	Lock up provisions of up to 3 years
Real assets	Contains natural resources and real estate	912,266	72	1 to 13	429,591	1 to 5	Not eligible for redemption	Not eligible for redemption
Mission-related Investments	Contains equity investments	14,627	9	1 to 15	19,875	1 to 5	Not eligible for redemption	Not eligible for redemption
		$ 7,396,956	279		$ 1,220,125			

(dollars in thousands)

4. Property and Equipment, net

Property and equipment, net, as of December 31, 2024, consists of the following:

	Packard Foundation	Institute	Total
Land	$ 26,648	$ 4,236	$ 30,884
Buildings	54,828	51,135	105,963
Research vessels	-	9,763	9,763
Remotely operated vehicles	-	26,314	26,314
Ocean deployed equipment	-	36,222	36,222
Office furniture and equipment	17,505	38,194	55,699
Capital projects in progress	398	120,876	121,274
	99,379	286,740	386,119
Less: accumulated depreciation	(46,052)	(130,105)	(176,157)
Property and equipment, net	$ 53,327	$ 156,635	$ 209,962

Depreciation expense for the year ended December 31, 2024, was $2,568 and $7,459 for the Packard Foundation and the Institute, respectively.

5. Grants and Support Payable, net

The Packard Foundation ordinarily makes grants to organizations that qualify as public charities under the IRC. When distributions are made to non-qualifying organizations, the Packard Foundation assumes the responsibility for the ultimate charitable use. The Packard Foundation had unpaid conditional grants as of December 31, 2024, of $762. 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. The fair values of grants payable in more than one year, as of December 31, 2024, was evaluated based on discounted cash flows analyses, utilizing an assumed risk-free rate of interest at rates ranging from 0.29% to 5.06%.

The activity in grants and support payable as of December 31, 2024, is as follows:

	Packard Foundation	Institute	Eliminations	Total
Balance, beginning of year	$ 232,608	$ -	$ (54,926)	$ 177,682
Grants and Support Awards	371,504		(56,848)	314,656
Amendments	1,278			1,278
Payments	(343,316)		54,926	(288,390)
Less: present value discount	(9,586)	-	-	(9,586)
Grants and support payable, net, end of year	$ 252,488	$ -	$ (56,848)	$ 195,640

(dollars in thousands)

Grants and support awarded but unpaid, net, as of December 31, 2024, are expected to be paid as follows:

	Packard Foundation	Institute	Eliminations	Total
Year Ending December 31,				
2025	$ 148,319	$ -	$ (56,848)	$ 91,471
2026	57,492	-	-	57,492
2027	19,263	-	-	19,263
2028	15,250	-	-	15,250
2029	11,750	-	-	11,750
2030	10,000	-	-	10,000
Total	262,074	-	(56,848)	205,226
Less: present value discount	(9,586)	-	-	(9,586)
Grants and Support Payable, net	$ 252,488	$ -	$ (56,848)	$ 195,640

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, 2024. 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 liability of $542 and a deferred federal excise tax liability of $45,210 as of December 31, 2024.

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	$ 7,120
Deferred federal excise tax expense	1,194
Excise tax expense	8,314
Current UBI tax expense	4,911
UBI tax expense expense	4,911
Tax expense on net investment income	$ 13,225

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.

(dollars in thousands)

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, 2024, was $4,136.

The Packard Foundation has a voluntary salary deferral plan for highly compensated employees under IRC Section 457(b). As of December 31, 2024, the Foundation held plan assets of $2,928 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.

The Institute sponsors a defined contribution plan under IRC 403(b). The defined contribution plan covers all employees who meet eligibility requirements. Contributions to the 403(b) plan are made by the Institute at 10% of an employee's annual salary. Total expenses related to this plan were $2,904 in 2024.

The Institute sponsors a Section 457(b) Qualified Eligible Salary Deferral Plan primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees to accumulate retirement assets. At December 31, 2024, the Institute held plan investments of $6,550 that are included in deferred compensation plan investments.

The Institute also sponsors a Nonqualified Deferred Compensation Restoration Plan primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees to accumulate retirement assets. At December 31, 2024, the Institute held plan investments of $180, that are included in deferred compensation plan investments, to pay future liabilities that are included in deferred compensation plan liabilities.

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.

(dollars in thousands)

	Packard Foundation	Institute	Total
Benefit obligation	$ 5,562	$ 13,140	$ 18,702
Fair value of plan assets	-	-	-
Unfunded status and amounts recognized in the statement of financial sposition	5,562	13,140	18,702
Employer contributions	428	368	796
Benefits paid	(428)	(368)	(796)
Net periodic benefit cost recognized in operating activities			
Net (gain)	(2,859)	(1,108)	(3,967)
Prior service (benefit) cost	104	(1,418)	(1,314)
Total amount recognized in operating activities	(2,755)	(2,526)	(5,281)
Net periodic postretirement benefit cost, other than service cost			
Interest cost	303	699	1,002
Amortization of net (gain) loss	(156)	31	(125)
Amortization of prior service cost	(941)	(3,357)	(4,298)
Total net periodic postretirement benefit cost, other than service cost	(794)	(2,627)	(3,421)
Changes other than net periodic postretirement benefit cost			
Net actuarial (gain)	$ (1,119)	$ (2,891)	$ (4,010)
Amortization of net gain (loss)	156	(31)	125
Amortization of prior service cost	941	3,357	4,298
Total changes other than net periodic postretirement benefit cost	(22)	435	413
Total recognized in non-operating activities	(816)	(2,192)	(3,008)
Total net periodic benefit cost	$ (3,571)	$ (4,718)	$ (8,289)
Weighted average assumptions:			
Discount rate used to determine benefit obligation	5.31%	5.44%	
Discount rate used to determine net periodic costs	4.71%	4.77%	

The annual rate of increase in the per capita cost of medical benefits (i.e., health care cost trend rate) is assumed to be 8.15% in 2025, declining by 0.45% per year through 2034 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 8.2% in 2024 and declining by 0.4% per year until the ultimate trend rate of 5.0% is reached by 2033 for the Institute.

(dollars in thousands)

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
Year Ending December 31,			
2025	$ 485	$ 757	$ 1,242
2026	499	800	1,299
2027	502	851	1,353
2028	509	883	1,392
2029	493	923	1,416
2030-2034	2,484	4,788	7,272

8. Commitments and Contingencies

During 2022, the Institute entered into a contract to construct a research and robotics building. The contract amount as of December 31, 2024 is $42,555 with installments of $1,761 remaining to be paid in 2025.

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, 2024, 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 10, 2025. As of December 31, 2024, 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, 2024, 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	$ 19,749	$ -	$ 19,749	$ 346,428	$ -	$ -	$ -	$ (56,848)	$ 309,329
Salary, benefits, and payroll taxes	781	32,027	32,808	26,006	7,236	6,530	13,766	-	72,580
Legal fees	29	6	35	486	126	320	446	-	967
Accounting fees	-	-	-	-	185	200	385	-	385
Other professional fees	257	-	257	7,909	1,244	-	1,244	-	9,410
Depreciation	291	4,551	4,842	1,808	469	2,908	3,377	-	10,027
Occupancy	335	5,465	5,800	615	430	(4,093)	(3,663)	-	2,752
Travel, conferences, and meetings	511	1,050	1,561	2,033	984	281	1,265	-	4,859
Printing and publications	2	203	205	270	36	28	64	-	539
Other expenses	620	22,885	23,505	2,984	990	4,040	5,030	-	31,519
Postretirement benefit costs - interest and amortization	(32)	(2,182)	(2,214)	(533)	(229)	(445)	(674)	-	(3,421)
	$ 22,543	$ 64,005	$ 86,548	$ 388,006	$ 11,471	$ 9,769	$ 21,240	$ (56,848)	$ 438,946

(dollars in thousands)

11. Liquidity

The Foundation's financial assets available within one year of December 31, 2024, to meet general expenditures include:

	Packard Foundation	Institute	Eliminations	Total
Cash and cash equivalents	$ 149,854	$ 40,222	$ -	$ 190,076
Interest and dividends receivable	3,632	-	-	3,632
Investment sales receivable	167,418	-	-	167,418
Fixed income securities	424,274	-	-	424,274
Public market equities	225,914	-	-	225,914
Contributions and support receivable	-	68,180	(56,848)	11,332
Available financial assets	971,092	108,402	(56,848)	1,022,646
Less financial assets unavailable for general expenditures:				
Board designated operating reserve	-	25,056	-	25,056
Capital projects funding	-	86	-	86
Financial assets unavailable for general expenditures	-	25,142	-	25,142
Net available financial assets	$ 971,092	$ 83,260	$ (56,848)	$ 997,504

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, 2024, in addition to the available financial assets listed above, the Packard Foundation has lines 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 $25,056 as of December 31, 2024, 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, 2024, through July 24, 2025, the date the consolidated financial statements were available to be issued, and believes no subsequent events disclosures are required.