

**First Community Foundation
Partnership of Pennsylvania
and Affiliate**

Consolidated Financial Statements and
Supplementary Information

Years Ended December 31, 2020 and 2019
with Independent Auditor's Report

MaherDuessel

A horizontal bar is positioned below the company name. The left portion of the bar is black, and the right portion is blue, matching the color of the 'D' in the company name.

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

YEARS ENDED DECEMBER 31, 2020 AND 2019

TABLE OF CONTENTS

Independent Auditor's Report

Consolidated Financial Statements:

Consolidated Statements of Financial Position	1
Consolidated Statements of Activities	3
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	9

Supplementary Information:

Consolidating Statement of Financial Position – December 31, 2020	30
Consolidating Statement of Financial Position – December 31, 2019	32
Consolidating Statement of Activities – Year Ended December 31, 2020	34
Consolidating Statement of Activities – Year Ended December 31, 2019	36
Consolidating Statement of Cash Flows – Year Ended December 31, 2020	38
Consolidating Statement of Cash Flows – Year Ended December 31, 2019	40

Independent Auditor's Report

**Board of Directors
First Community
Foundation
Partnership of
Pennsylvania
and Affiliate**

We have audited the accompanying consolidated financial statements of First Community Foundation Partnership of Pennsylvania and Affiliate (collectively referred to as the Foundation), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to

the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements on pages 30 through 41 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Maher Duessel

Harrisburg, Pennsylvania
June 16, 2021

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,042,355	\$ 1,809,534
Receivables:		
Accrued interest and dividends	55,118	61,350
Pledges, current portion	191,083	155,106
Other	2,087	-
Prepaid expenses	85,654	81,826
Total current assets	1,376,297	2,107,816
Noncurrent assets:		
Pledges receivable, net of current portion	85,250	174,250
Investment pool		
Cash and cash equivalents	3,017,802	814,148
Investments	105,819,820	94,544,404
Property, plant, and equipment, net	2,927,807	3,080,873
Contributions due from remainder trusts	810,688	760,639
Assets held under split-interest agreements	995,881	914,068
Beneficial interest in perpetual trusts	3,180,233	2,910,239
Total Assets	\$ 118,213,778	\$ 105,306,437

(Continued)

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

Liabilities and Net Assets	<u>2020</u>	<u>2019</u>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 41,178	\$ 13,331
Grants payable, current portion	1,719,825	2,162,079
Line of credit	30,093	110,804
Accrued interest	826	2,295
Other liabilities	141,332	113,699
Note payable, current portion	106,667	106,667
Total current liabilities	<u>2,039,921</u>	<u>2,508,875</u>
Noncurrent liabilities:		
Grants payable, net of current portion	-	625,000
Funds held as agency endowments	4,201,846	3,769,830
Liabilities under split-interest agreements	418,617	403,924
Note payable, net of current portion	1,137,777	1,244,444
Total Liabilities	<u>7,798,161</u>	<u>8,552,073</u>
Net Assets:		
Without donor restrictions	105,584,268	92,335,810
With donor restrictions	4,831,349	4,418,554
Total Net Assets	<u>110,415,617</u>	<u>96,754,364</u>
Total Liabilities and Net Assets	<u><u>\$ 118,213,778</u></u>	<u><u>\$ 105,306,437</u></u>
		(Concluded)

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

**FIRST COMMUNITY FOUNDATION PARTNERSHIP
OF PENNSYLVANIA AND AFFILIATE**

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Changes in Net Assets Without Donor Restrictions:		
Revenues, gains, and other support:		
Contributions	\$ 5,598,132	\$ 5,628,641
Royalty income	141,733	438,778
Investment return, net	12,371,210	15,508,439
Other sources:		
Administrative fee revenue	39,826	37,690
Miscellaneous	6,319	1,290
Grant income	159,500	9,000
Event revenue (net of expenses of \$22,039 and \$63,709, respectively)	31,682	76,540
Change in value of split-interest agreements	(15,752)	(16,082)
Net assets released from restrictions	134,273	888,032
Total revenues, gains, and other support	18,466,923	22,572,328
Expenses:		
Program services:		
Grants approved	3,579,241	4,604,887
Grants returned or cancelled	-	(37,238)
Total grant expense	3,579,241	4,567,649
Grantmaking expenses	169,131	162,041
Direct program expenses	425,556	469,371
Total program services	4,173,928	5,199,061
General and administration	573,936	601,684
Development and donor relations	470,600	452,493
Total expenses	5,218,464	6,253,238
Change in Net Assets Without Donor Restrictions	13,248,459	16,319,090

(Continued)

**FIRST COMMUNITY FOUNDATION PARTNERSHIP
OF PENNSYLVANIA AND AFFILIATE**

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2020 AND 2019

(Continued)

	2020	2019
<u>Changes in Net Assets With Donor Restrictions:</u>		
Change in value of split-interest agreements	110,823	333,544
Contributions	166,250	195,000
Gain on beneficial interest in perpetual trusts	269,994	337,484
Net assets released from restrictions	(134,273)	(888,032)
Change in Net Assets With Donor Restrictions	412,794	(22,004)
Change in Net Assets	13,661,253	16,297,086
<u>Net Assets:</u>		
Beginning of year	96,754,364	80,457,278
End of year	\$110,415,617	\$ 96,754,364
		(Concluded)

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

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Program Services		General and Administration	Development and Donor Relations	Total 2020
	Grants and Direct Program	Grantmaking			
Expenses:					
Grants	\$ 3,579,241	\$ -	\$ -	\$ -	\$ 3,579,241
Salaries and benefits	99,446	130,240	381,598	421,038	1,032,322
Office expenses	33,419	14,354	47,237	15,170	110,180
Professional services	17,933	-	41,704	-	59,637
Occupancy and insurance	9,044	3,300	68,773	3,300	84,417
Marketing and donor services	23,007	10,396	6,321	19,437	59,161
Depreciation	152,579	2,028	6,719	2,028	163,354
Other expenses	90,128	8,813	21,584	9,627	130,152
Total Expenses	<u>\$ 4,004,797</u>	<u>\$ 169,131</u>	<u>\$ 573,936</u>	<u>\$ 470,600</u>	<u>\$ 5,218,464</u>

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

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	Program Services			Development and Donor Relations	Total 2019
	Grants and Direct Program	Grantmaking	General and Administration		
Expenses:					
Grants	\$ 4,567,649	\$ -	\$ -	\$ -	\$ 4,567,649
Salaries and benefits	98,010	118,890	361,040	387,617	965,557
Office expenses	42,242	14,752	46,137	15,457	118,588
Professional services	-	-	75,559	-	75,559
Occupancy and insurance	5,660	3,023	66,590	3,023	78,296
Marketing and donor services	27,390	11,156	13,632	22,705	74,883
Depreciation	149,209	3,999	11,997	3,999	169,204
Other expenses	146,860	10,221	26,729	19,692	203,502
Total Expenses	<u>\$ 5,037,020</u>	<u>\$ 162,041</u>	<u>\$ 601,684</u>	<u>\$ 452,493</u>	<u>\$ 6,253,238</u>

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

**FIRST COMMUNITY FOUNDATION PARTNERSHIP
OF PENNSYLVANIA AND AFFILIATE**

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash Flows From Operating Activities:		
Change in net assets	\$ 13,661,253	\$ 16,297,086
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	163,354	169,204
In-kind contributions	(1,079)	(168,308)
Net realized and unrealized gains on investments	(11,253,475)	(14,155,866)
Changes in value of split-interest agreements	(380,818)	123,945
(Increase) decrease in:		
Accrued interest and dividends receivable	6,232	1,528
Pledges receivable	53,023	28,877
Other receivables	(2,087)	18,275
Prepaid expenses	(3,828)	12,485
Increase (decrease) in:		
Accounts payable	27,847	(72,074)
Grants payable	(1,067,254)	585,647
Accrued interest	(1,469)	(950)
Other liabilities	27,633	78,255
Funds held as agency endowments	432,016	580,358
	1,661,348	3,498,462
Cash Flows From Investing Activities:		
Purchase of fixed assets	(10,288)	(96,378)
Proceeds from sale or maturities of investments	14,584,244	12,264,273
Purchase of investments	(14,605,106)	(13,719,934)
	(31,150)	(1,552,039)

(Continued)

**FIRST COMMUNITY FOUNDATION PARTNERSHIP
OF PENNSYLVANIA AND AFFILIATE**

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

(Continued)

	2020	2019
Cash Flows From Financing Activities:		
Payments on line of credit	(80,711)	(140,696)
Payments on note payable	(106,667)	(106,667)
Payments of annuity obligations	(6,345)	(6,017)
Net cash used in financing activities	(193,723)	(253,380)
Net Increase in Cash and Cash Equivalents	1,436,475	1,693,043
Cash and Cash Equivalents:		
Beginning of year	2,623,682	930,639
End of year	\$ 4,060,157	\$ 2,623,682
Supplemental disclosure of cash flow information:		
Interest paid	\$ 18,893	\$ 49,022

(Concluded)

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

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

1. Nature of Operations and Summary of Significant Accounting Policies

A. *Nature of Operations*

The First Community Foundation Partnership of Pennsylvania (FCFP), a community foundation, was created in 1916 to build permanent charitable endowments for the area it serves.

FCFP administers more than 390 individual charitable funds; each established with an instrument of gift describing either the general or specific purposes for which grants are to be made, usually from income only, but in some cases, from principal. During the years ended December 31, 2020 and 2019, FCFP made grants of \$3,579,241 and \$4,567,649, respectively, to non-profit programs and organizations in Lycoming County, Union County, Montour County, Northumberland County, Snyder County, and surrounding areas.

FCFP is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal taxes on its exempt income under Section 501(a) of the Code. In addition, FCFP has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. FCFP files Form 990 – Return of Organization Exempt from Income Tax on an annual basis.

FCFPA Properties, Inc. (Affiliate) was formed to hold title to property, collect the income therefrom, and turn over the entire amount less expenses to FCFP. FCFP is the sole member of FCFPA Properties, Inc. As such, the consolidated financial statements for the years ended December 31, 2020 and 2019 include the accounts of FCFPA Properties, Inc. The consolidated entity is collectively referred to as the Foundation. All significant inter-company transactions and accounts are eliminated.

FCFPA Properties, Inc. is a not-for-profit corporation described in Section 501(c)(2) of the Internal Revenue Code and is exempt from federal taxes on its exempt income under Section 501(a) of the Code. FCFPA Properties, Inc. files Form 990 – Return of Organization Exempt from Income Tax on an annual basis.

During the year ended December 31, 2020, FCFPA Properties, Inc. transferred land and land improvements to FCFP.

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

B. Basis of Accounting

The Foundation, collectively FCFP and affiliate, prepares its financial statements on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred.

C. Statements of Cash Flows

For the purpose of the statements of cash flows, the Foundation considers highly liquid investments purchased with a maturity of three months or less (excluding certain short-term instruments that are classified as investments) to be cash equivalents.

The net realized and unrealized gains and losses on investments presented in the statements of cash flows for the years ended December 31, 2020 and 2019 are reported in the financial statements as follows:

	2020	2019
Net realized and unrealized gains	\$ 10,869,821	\$ 13,630,237
Attributable to assets held for resource providers	383,654	525,629
	<u>\$ 11,253,475</u>	<u>\$ 14,155,866</u>

D. Receivables

FCFP considers all contributions and pledges receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is reported. If amounts become uncollectible, they will be charged to the change in net assets when that determination is made.

E. Investments

Adjustments to reflect increases or decreases in fair value, referred to as unrealized gains and losses, are reported in the statements of activities.

For certain assets held in trust in a custodial capacity by financial or similar institutions, fair value is as reported by the custodian. Investments received as gifts are recorded at fair value as determined upon receipt. The cost of investments sold is determined by use of the specific identification method.

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

All realized and unrealized gains and losses arising from the sale or appreciation (depreciation) in fair value of investments, and all ordinary income from investments, net of investment expenses, are reported as changes in net assets without donor restrictions unless their use is restricted by explicit donor-imposed stipulations, or by law.

The Foundation's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the statements of financial position are subject to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities, and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying financial statements could change materially in the near-term.

F. *Fair Value Measurements*

The Foundation records its investments based on fair value. The use of observable inputs is maximized and the use of unobservable inputs is minimized by using observable inputs when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 — Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 — Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

Level 3 — Securities that have little to no pricing observability as of the report date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Foundation. The Foundation considers observable data to be that market data that is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Foundation's perceived risk of that instrument.

Valuation of Investments

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities, certain U.S. government and sovereign obligations, fixed income and equity mutual funds, and certain money market securities. The Foundation does not adjust the quoted price for such instruments, even in situations where the Foundation holds a large position and a sale could reasonably impact the quoted price.

Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations, or alternative pricing sources supported by observable inputs are classified within Level 2. These include certain U.S. government and sovereign obligations, most government agency securities, investment-grade corporate bonds, certain mortgage products, certain bank loans and bridge loans, less liquid listed equities, state, municipal and provincial obligations, most physical commodities, and certain loan commitments. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions,

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 instruments include contributions due from remainder trusts and beneficial interest in perpetual trusts. When observable prices are not available for these items, the Foundation uses one or more valuation techniques (e.g., the market approach, the income approach, or the cost approach) for which sufficient and reliable data is available. Within Level 3, the use of the market approach generally consists of using comparable market transactions, while the use of the income approach generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market, and/or other risk factors.

The inputs used by the Foundation in estimating the value of Level 3 investments include the original transaction price, recent transactions in the same or similar instruments, completed or pending third-party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash flows. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Foundation in the absence of market information. The fair value measurement of Level 3 investments does not include transaction costs that may have been capitalized as part of the security's cost basis. Assumptions used by the Foundation due to the lack of observable inputs may significantly impact the resulting fair value and, therefore, the Foundation's results of operations.

G. Fixed Assets

Fixed assets are recorded at cost. All fixed assets are depreciated, except for land and construction in progress. Fixed assets are being depreciated over their estimated useful lives by the straight-line method as follows:

Computer system	3 - 5 years
Furniture and equipment	3 - 7 years
Land improvements	10 - 25 years
Buildings	10 - 25 years

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

The Foundation capitalizes assets purchased with a cost greater than \$500.

When assets are retired or disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

For the years ended December 31, 2020 and 2019, depreciation expense was \$163,354 and \$169,204, respectively.

H. *Net Assets*

Net assets without donor restrictions are those whose use by the Foundation is not subject to donor-imposed restrictions. Net assets with donor restrictions are those whose use by the Foundation has been limited by donors to a specific time period or purpose, or have been restricted by donors to be maintained in perpetuity.

Pursuant to donor instructions, the Foundation has classified each of its component funds into six types: unrestricted funds, field of interest funds, designated funds, donor-advised funds, scholarship funds, and agency endowment funds. While it is the intent of the Foundation to hold these assets as endowment funds, its Board of Directors (Board) may, by majority vote, modify any restriction or condition on the distribution of funds from its component funds if, in the Board's judgment, such restriction becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community (i.e., variance power). Due to the governing body having variance power, contributions are classified as net assets without donor restrictions if the ultimate beneficiary is not also the contributing entity. Accordingly, all net assets and related activity over which the management of the Foundation exercises direct control are classified as net assets without donor restrictions in the accompanying financial statements.

I. *Donor-Restricted Gifts*

All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as restricted support that increases net assets with donor restrictions. When a donor restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), net assets with

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as without donor restrictions.

J. *Legacies and Bequests*

The Foundation is a beneficiary under various wills, the total realizable value of which is not presently determinable. Such amounts are recorded as contributions when clear title is established and the proceeds are clearly measurable.

K. *Split-Interest Agreements*

The Foundation is a recipient of certain split-interest agreements, arrangements in which it has a beneficial interest but is not the sole beneficiary. The types of agreements and related accounting policies are as follows:

- ***Charitable Gift Annuities***

Assets received under charitable gift annuities, arrangements in which a donor contributes assets to the Foundation in exchange for a promise by the Foundation to pay a fixed amount for a specified period of time to the donor or a specified beneficiary, are recorded at fair value. Liabilities under these arrangements represent the present value of estimated contractual payments calculated on an actuarial basis. The difference between the fair value of the assets received and liabilities assumed is recognized as gift revenue without donor restrictions unless the donor has restricted the Foundation's use of its interest to a specific time period or purpose.

The assets received under charitable gift annuities are considered to be assets of the Foundation and are included in cash and investments on the statements of financial position. The value of the assets under charitable gift annuities is \$139,189 and \$146,601 at December 31, 2020 and 2019, respectively.

The present value of future payment liabilities on these charitable gift annuities based on the donors' ages and a discount factor of 5.20% to 8.42% is \$7,831 and \$14,177 at December 31, 2020 and 2019, respectively.

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

During the term of these agreements, payments made to the donor or specified beneficiaries reduce the annuity liability, and adjustments made to the annuity liability to reflect the amortization of the discount and changes in actuarial assumptions are recognized in the statements of activities as changes in the values of split-interest agreements. Generally, upon the death of the beneficiaries, the annuity liability is closed and a change in the value of the related split-interest agreement is recognized in the statements of activities.

- ***Charitable Remainder Trusts***

The Foundation is a beneficiary under a certain charitable remainder trust, an arrangement in which a donor establishes and funds a trust with specified distributions to be made to a designated beneficiary over the trust's term. Upon termination of this trust, the Foundation will receive the assets remaining in the trust. The Foundation recognizes contributions and a receivable in the period in which the trust is established, at the present value of the estimated future benefits to be received when the trust assets are distributed.

The present value of future payment liabilities on this trust is based on the donors' ages and a discount factor of 5.40% is \$410,786 and \$389,747 at December 31, 2020 and 2019, respectively.

Adjustments to the receivable may include amortization of the discount and re-valuation of the present value of the estimated future payments to beneficiaries as a result of changes in actuarial assumptions during the term of the trust. Such adjustments are recognized as changes in the value of split-interest agreements. Generally, upon death of the beneficiary, the receivable is closed, the assets from the trust are recognized at fair value, and any difference is reported as a change in the value of split-interest agreements in the appropriate net asset class.

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

- ***Beneficial Interest in Perpetual Trusts***

The Foundation has been named as a beneficiary in certain perpetual trusts. Under the terms of the trust agreements, the Foundation has the irrevocable right to receive a portion of the income earned on trust assets in perpetuity, but never receives the assets held in the trusts. The Foundation's estimate of the fair value of the trusts as of December 31, 2020 and 2019 is based on fair value information received from the trustee. Trust assets consist of cash and cash equivalents, mutual funds, and fixed income and equity securities. As of December 31, 2020 and 2019, the Foundation's estimated beneficial interest in these perpetual trusts amounted to \$3,180,233 and \$2,910,239, respectively.

L. *Funds Held as Agency Endowments*

Assets transferred to the Foundation from other not-for-profit organizations for the purpose of establishing an endowment for the benefit of the not-for-profit organization are accounted for as funds held as agency endowments. In such circumstances, the Foundation recognizes the fair value of the assets transferred as an increase in its investments and a liability to the not-for-profit.

M. *Use of Estimates*

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the COVID-19 control responses, and such differences may be material.

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

N. *Functional Expense Allocation*

Functional expenses are those expenses incurred by the Foundation in the accomplishment of its stated mission. Functional expenses can further be categorized as follows:

- Grants and Direct Program - includes grants awarded to other nonprofits and expenses spent directly on a charitable activity, providing services to other nonprofits, and other philanthropic and civic leadership programs.
- Grantmaking - includes the cost of administering and managing grant awards to other nonprofits.
- General and Administration - includes expenses that benefit the Foundation as an entity and the management and accounting for funds.
- Development and Donor Relations - includes originating and maintaining relationships with donors.

The costs of providing the various program and supporting services have been summarized on a functional basis in the consolidated statements of functional expenses. These statements report expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel expenses are allocated based on an estimate of time and effort. Other expenses that are not charged directly to a functional area are allocated based on an estimate of benefits received by each functional area.

O. *Endowment Investment and Spending Policy*

The Board has determined that the majority of the Foundation's contributions are subject to the terms of its governing documents. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Foundation. Under the terms of the Foundation's governing documents, the Board has the ability to distribute so much of the original principal of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. As a result of the ability to distribute the original principal, all contributions not classified as net assets with donor restrictions are classified as net assets without donor restrictions for financial statement purposes.

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

The Foundation has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of those endowment assets over the long-term. The Foundation's investment and spending policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives with prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds for grant-making and administration. Based on the investment model, the current spending policy is to distribute 5.0% of the average fair value, using a twenty quarter trailing average of the fair value of the endowment funds. For funds less than twenty quarters old, the fair value will be the average of all quarterly fair values to date.

P. Pending Standards Update

ASU 2016-02, "*Leases (Topic 842)*," is effective, as delayed, for the Foundation's financial statements for the year ending December 31, 2022. These amendments and related amendments will require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Management has not yet determined the impact of these amendments on the Foundation's financial statements.

Q. Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

2. Cash Concentrations

Cash and cash equivalents, with a book value and bank balance of \$4,060,157 and \$4,311,544, respectively, at December 31, 2020, consisted of deposits of \$3,708,690 that were uninsured by the Federal Deposit Insurance Corporation (FDIC). Cash and cash equivalents, with a book value and bank balance of \$2,623,682 and \$1,191,607, respectively, at December 31, 2019, consisted of deposits of \$45,184 that were uninsured by the FDIC.

3. Pledges Receivable

Pledges receivable, summarized by donor type, consist of the following at December 31, 2020 and 2019:

	2020	2019
Individuals	\$ 266,333	\$ 304,356
Businesses	10,000	25,000
	\$ 276,333	\$ 329,356
Amounts due in:		
Less than one year	\$ 191,083	\$ 155,106
One to five years	85,250	174,250
Total	\$ 276,333	\$ 329,356

Pledges receivable were reported in net assets as follows at December 31, 2020 and 2019:

	2020	2019
Net assets without donor restrictions	\$ 20,999	\$ 106,000
Net assets with donor restrictions	255,334	223,356
	\$ 276,333	\$ 329,356

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

4. Investments

Fair Value of Financial Instruments

The following table sets forth by level, within the fair value hierarchy, the investments and assets held under split-interest agreements at fair value, cost, and unrealized appreciation (depreciation) and the contributions due from remainder trusts and beneficial interest in perpetual trusts at fair value as of December 31, 2020:

	<u>Level</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>
Investments measured at fair value:				
Mutual funds:				
Growth:				
Equities	1	\$ 66,919,877	\$ 53,053,834	\$ 13,866,043
Fixed income	1	12,449,141	12,050,582	398,559
Risk reduction:				
Fixed income	1	17,050,383	16,108,685	941,698
Inflation protection:				
Fixed income	1	4,869,029	4,551,667	317,362
Real estate	1	4,386,136	4,586,511	(200,375)
Total investments measured at fair value		<u>105,674,566</u>	<u>\$ 90,351,279</u>	<u>\$ 15,323,287</u>
Investments measured at NAV:				
SEI Global Private Assets V		<u>145,254</u>		
Total investments measured at NAV		<u>145,254</u>		
Total		<u>\$ 105,819,820</u>		

The investment in SEI Global Private Assets V was measured at net asset value per share (or its equivalent) and has not been classified in the fair value hierarchy.

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	Level	Fair Value	Cost	Unrealized Appreciation (Depreciation)
Assets Held under Split-Interest Agreements:				
Mutual funds:				
Growth:				
Equities	1	\$ 665,628	\$ 535,453	\$ 130,175
Fixed income	1	110,736	107,605	3,131
Risk reduction:				
Fixed income	1	142,380	130,654	11,726
Inflation protection:				
Fixed income	1	41,490	39,235	2,255
Real estate	1	35,647	39,268	(3,621)
		\$ 995,881	\$ 852,215	\$ 143,666
Contributions due from remainder trust	3	\$ 810,688		
Beneficial interest in perpetual trusts	3	\$ 3,180,233		

All changes in value of split-interest agreements in the table above are reflected in the accompanying statement of activities.

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

The following table summarizes the changes in fair values associated with Level 3 assets:

	Contributions Due from Remainder Trusts	Beneficial Interest in Perpetual Trusts
Balance, December 31, 2018	\$ 1,286,527	\$ 2,572,755
Change in value of split-interest agreements	269,086	-
Termination of charitable remainder trust	(794,974)	-
Gain on beneficial interest in perpetual trust	-	337,484
Balance, December 31, 2019	760,639	2,910,239
Change in value of split-interest agreements	50,049	-
Gain on beneficial interest in perpetual trust	-	269,994
Balance, December 31, 2020	\$ 810,688	\$ 3,180,233

Net investment return consists of the following as of December 31:

	2020	2019
Interest and dividends	\$ 1,860,519	\$ 2,176,725
Net realized and unrealized gains	10,869,821	13,630,237
Investment management fees	(359,130)	(298,523)
Total	\$ 12,371,210	\$ 15,508,439

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

5. Property, Plant, and Equipment

Property, plant, and equipment at December 31, 2020 and 2019 consists of the following:

	2020	2019
Land	\$ 160,960	\$ 160,960
Construction-in-progress	453	-
Buildings and improvements	3,164,560	3,164,560
Furniture and fixtures	260,970	260,045
Equipment and software	126,209	117,299
Total	3,713,152	3,702,864
Less: accumulated depreciation	(785,345)	(621,991)
Total fixed assets, net of accumulated depreciation	<u>\$ 2,927,807</u>	<u>\$ 3,080,873</u>

6. Grants Payable

If payment of a grant is conditional upon the recipient meeting certain criteria or barriers and the Foundation has a right of return of the grant funds, the grant expense is not recognized until that barrier has been met. Grants are authorized by the Board with consideration of the donor's recommendation. Grant expense, net of grant cancellations, was \$3,579,241 and \$4,567,649 for the years ended December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, \$142,049 and \$90,816, respectively, of grant awards were approved by the Board; however, barriers for payment had not been met. The conditions for payment are related to various scholastic requirements.

Grants payable totaling \$1,719,825 and \$2,787,079 at December 31, 2020 and 2019, respectively, represents amounts approved by the Board, but not yet disbursed as of December 31 of each year. Barriers for payment for these grant awards have been met or the grant award had been recognized prior to the year ended December 31, 2020.

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

7. Oil and Gas Lease

On August 13, 2012, the Foundation entered into a paid-up oil and gas lease with a Corporation to explore the potential oil, gas, and coalbed methane and other minerals under park land owned by the Foundation's affiliate. The lease is a non-surface development lease. The lease is being granted for the purpose of permitting the Corporation to pool or unitize the leased premises with other leases or properties not owned by the Foundation, with the other leases or properties bearing the burden of surface development. Due to the directional or horizontal drilling originating from the surface entry on a parcel not owned by the Foundation, the wellbore may pass through or terminate below the leased premises.

The term of the lease is for five years, and for as long thereafter as prescribe payments are made, or for as long thereafter as operations are conducted on the property. If oil or gas is extracted from the property, the Foundation will receive a percentage of the net revenue realized by the Corporation. During the years ended December 31, 2020 and 2019, the Foundation recognized \$141,733 and \$438,778, respectively, in royalty income from oil or gas extracted from the property.

8. Line of Credit

In September 2017, the Foundation entered into a secured, revolving line of credit agreement in the principal amount of \$1,000,000, with interest at the one-month LIBOR rate plus .75%. The line of credit is secured by certain investments of the Foundation. The balance on the line of credit at December 31, 2020 and 2019 was \$30,093 and \$110,804, respectively.

9. Note Payable

In August 2017, the Foundation entered into a note payable with a bank for \$1,600,000, bearing interest at the one-month LIBOR rate plus .75%, for costs related to the new building. The note payable is secured by certain investments of the Foundation. The Foundation will pay 59 monthly principal payments of \$8,889, plus interest, and one final principal payment of \$1,075,549 plus interest. The note payable matures in August 2022.

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

Maturities on the note payable are as follows for the years ending December 31:

2021	\$ 106,667
2022	<u>1,137,777</u>
	<u>\$ 1,244,444</u>

Interest expense for the line of credit and the note payable for the years ended December 31, 2020 and 2019 was \$18,893 and \$49,022, respectively.

10. Net Assets

At December 31, 2020 and 2019, net assets consist of the following:

	2020	2019
Without Donor Restrictions:		
Undesignated - non-permanent	\$ 10,562,726	\$ 6,290,939
Designated by the Board for Endowment	<u>95,021,542</u>	<u>86,044,871</u>
	<u>\$ 105,584,268</u>	<u>\$ 92,335,810</u>
With Donor Restrictions:		
Pledges receivable	\$ 255,334	\$ 223,356
Charitable remainder trusts	1,395,782	1,284,959
Beneficial interest in perpetual trusts	<u>3,180,233</u>	<u>2,910,239</u>
	<u>\$ 4,831,349</u>	<u>\$ 4,418,554</u>

While the Foundation retains variance power, it is Foundation policy that the donor's intention will be honored unless it is impossible, impractical, undesirable, or inadvisable to do so. Therefore, the principal of the endowment funds will remain intact.

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

Board-designated endowment net asset activity for the years ended December 31, 2020 and 2019, rounded to the nearest \$1,000, is as follows:

	2020	2019
Beginning balance	\$ 86,045,000	\$ 72,429,000
Contributions	325,000	597,000
Royalty income	142,000	439,000
Investment return, net	11,678,000	14,778,000
Other income	78,000	114,000
Expenses	(3,380,000)	(3,200,000)
Release from net assets with donor restrictions	134,000	888,000
Ending balance	\$ 95,022,000	\$ 86,045,000

11. Availability and Liquidity

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following at December, 31:

	2020	2019
Cash and liquid investments	\$ 24,483,128	\$ 23,806,734
Accrued interest and dividends	55,118	61,350
Pledges receivable without donor restrictions, current portion	135,000	92,500
Endowments subject to spending policy	4,269,842	3,409,879
Distributions from beneficial interest in perpetual trusts	95,407	87,307
Total	\$ 29,038,495	\$ 27,457,770

The Foundation's Board-designated endowment funds consist of donor-directed endowment funds for which the Foundation has variance power, and funds designated by the Board as endowments. For certain donor directed endowment funds, the Foundation does not consider the entire balance as available for general expenditures. Instead, the available balance is restricted to the spending policy on these endowment funds. In addition, certain donor directed non-permanent funds held for a specific project purposes

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

are not considered available for general expenditures. As described in Note 8, the Foundation also has a line of credit with a remaining available balance at December 31, 2020 and 2019 of \$969,907 and \$889,196, respectively, which it could draw upon in the event of an unanticipated liquidity need.

The Foundation receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs and the operating expenses of the Foundation. In addition, the Foundation receives support specifically intended to support its operations on an annual basis.

As noted above, the Foundation considers certain gifts received without donor restrictions or designations and certain board-designated endowments, to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, development and donor relations expenses, and grants expected to be paid in the subsequent year.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining policies to provide reasonable assurance that long-term grant commitments and other obligations will continue to be met.

The Foundation's Board approves its spending policy and budget annually. Due to this timing and coordination, the Foundation is able to maintain financial assets available to meet general expenditures at a level that exceeds the annual expenses for administrative and general, development and donor relations, and annual grant commitments approved by the Board.

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

12. Risks and Uncertainties

The coronavirus pandemic remains a rapidly evolving situation. The extent of the impact of the coronavirus on our business and financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which we operate, the related impact on the federal budget, and the State of Pennsylvania's budget, all of which are highly uncertain.

SUPPLEMENTARY INFORMATION

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

	First Community Foundation Partnership of Pennsylvania	FCFPA Properties, Inc.	Subtotal	Eliminations	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,042,355	\$ -	\$ 1,042,355	\$ -	\$ 1,042,355
Receivables:					
Accrued interest and dividends	55,118	-	55,118	-	55,118
Pledges	191,083	-	191,083	-	191,083
Other	2,087	-	2,087	-	2,087
Prepaid expenses	85,654	-	85,654	-	85,654
Total current assets	1,376,297	-	1,376,297	-	1,376,297
Noncurrent assets:					
Pledges receivable, net of current portion	85,250	-	85,250	-	85,250
Investment pool:					
Cash and cash equivalents	3,017,802	-	3,017,802	-	3,017,802
Investments	105,819,820	-	105,819,820	-	105,819,820
Property, plant, and equipment, net	2,927,807	-	2,927,807	-	2,927,807
Contributions due from remainder trusts	810,688	-	810,688	-	810,688
Assets held under split-interest agreements	995,881	-	995,881	-	995,881
Beneficial interest in perpetual trusts	3,180,233	-	3,180,233	-	3,180,233
Total Assets	\$ 118,213,778	\$ -	\$ 118,213,778	\$ -	\$ 118,213,778

(Continued)

	First Community Foundation Partnership of Pennsylvania	FCFPA Properties, Inc.	Subtotal	Eliminations	Total
Liabilities and Net Assets					
Liabilities:					
Current liabilities:					
Accounts payable	\$ 41,178	\$ -	\$ 41,178	\$ -	\$ 41,178
Grants payable	1,719,825	-	1,719,825	-	1,719,825
Line of credit	30,093	-	30,093	-	30,093
Accrued interest	826	-	826	-	826
Other liabilities	141,332	-	141,332	-	141,332
Note payable	106,667	-	106,667	-	106,667
Total current liabilities	2,039,921	-	2,039,921	-	2,039,921
Noncurrent liabilities:					
Funds held as agency endowments	4,201,846	-	4,201,846	-	4,201,846
Liabilities under split-interest agreements	418,617	-	418,617	-	418,617
Note payable, net of current portion	1,137,777	-	1,137,777	-	1,137,777
Total Liabilities	7,798,161	-	7,798,161	-	7,798,161
Net Assets:					
Without donor restrictions	105,584,268	-	105,584,268	-	105,584,268
With donor restrictions	4,831,349	-	4,831,349	-	4,831,349
Total Net Assets	110,415,617	-	110,415,617	-	110,415,617
Total Liabilities and Net Assets	\$ 118,213,778	\$ -	\$ 118,213,778	\$ -	\$ 118,213,778

(Concluded)

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

	First Community Foundation Partnership of Pennsylvania	FCFPA Properties, Inc.	Subtotal	Eliminations	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,809,534	\$ -	\$ 1,809,534	\$ -	\$ 1,809,534
Receivables:					
Accrued interest and dividends	61,350	-	61,350	-	61,350
Pledges	155,106	-	155,106	-	155,106
Prepaid expenses	81,826	-	81,826	-	81,826
Total current assets	2,107,816	-	2,107,816	-	2,107,816
Noncurrent assets:					
Pledges receivable, net of current portion	174,250	-	174,250	-	174,250
Investment pool:					
Cash and cash equivalents	814,148	-	814,148	-	814,148
Investments	94,544,404	-	94,544,404	-	94,544,404
Property, plant, and equipment, net	2,942,846	319,253	3,262,099	(181,226)	3,080,873
Contributions due from remainder trusts	760,639	-	760,639	-	760,639
Assets held under split-interest agreements	914,068	-	914,068	-	914,068
Beneficial interest in perpetual trusts	2,910,239	-	2,910,239	-	2,910,239
Total Assets	\$ 105,168,410	\$ 319,253	\$ 105,487,663	\$ (181,226)	\$ 105,306,437

(Continued)

	First Community Foundation Partnership of Pennsylvania	FCFPA Properties, Inc.	Subtotal	Eliminations	Total
Liabilities and Net Assets					
Liabilities:					
Current liabilities:					
Accounts payable	\$ 13,331	\$ -	\$ 13,331	\$ -	\$ 13,331
Grants payable	2,162,079	-	2,162,079	-	2,162,079
Line of credit	110,804	-	110,804	-	110,804
Accrued interest	2,295	-	2,295	-	2,295
Other liabilities	113,699	-	113,699	-	113,699
Note payable	106,667	-	106,667	-	106,667
Total current liabilities	2,508,875	-	2,508,875	-	2,508,875
Noncurrent liabilities:					
Grants payable, net of current portion	625,000	-	625,000	-	625,000
Funds held as agency endowments	3,769,830	-	3,769,830	-	3,769,830
Liabilities under split-interest agreements	403,924	-	403,924	-	403,924
Note payable, net of current portion	1,244,444	-	1,244,444	-	1,244,444
Total Liabilities	8,552,073	-	8,552,073	-	8,552,073
Net Assets:					
Without donor restrictions	92,197,783	319,253	92,517,036	(181,226)	92,335,810
With donor restrictions	4,418,554	-	4,418,554	-	4,418,554
Total Net Assets	96,616,337	319,253	96,935,590	(181,226)	96,754,364
Total Liabilities and Net Assets	\$ 105,168,410	\$ 319,253	\$ 105,487,663	\$ (181,226)	\$ 105,306,437

(Concluded)

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

	First Community Foundation Partnership of Pennsylvania	FCFPA Properties, Inc.	Subtotal	Eliminations	Total
Changes in Net Assets Without Donor Restrictions:					
Revenues, gains, and other support:					
Contributions	\$ 5,917,385	\$ -	\$ 5,917,385	\$ (319,253)	\$ 5,598,132
Royalty income	141,733	-	141,733	-	141,733
Investment return, net	12,371,210	-	12,371,210	-	12,371,210
Other sources:					
Administrative fee revenue	39,826	-	39,826	-	39,826
Miscellaneous	6,319	-	6,319	-	6,319
Loss on transfer of land and land improvements	(181,226)	-	(181,226)	181,226	-
Grant income	159,500	-	159,500	-	159,500
Event revenue (net of expenses of \$22,039)	31,682	-	31,682	-	31,682
Change in value of split-interest agreements	(15,752)	-	(15,752)	-	(15,752)
Net assets released from restrictions	134,273	-	134,273	-	134,273
	<u>18,604,950</u>	<u>-</u>	<u>18,604,950</u>	<u>(138,027)</u>	<u>18,466,923</u>
Expenses:					
Program services:					
Grants approved	3,579,241	-	3,579,241	-	3,579,241
Grants returned or cancelled	-	-	-	-	-
	<u>3,579,241</u>	<u>-</u>	<u>3,579,241</u>	<u>-</u>	<u>3,579,241</u>
Grantmaking expenses	169,131	-	169,131	-	169,131
Direct program expenses	425,556	-	425,556	-	425,556
Transfer of land and land improvements to First Community Foundation Partnership of Pennsylvania	-	319,253	319,253	(319,253)	-
	<u>4,173,928</u>	<u>319,253</u>	<u>4,493,181</u>	<u>(319,253)</u>	<u>4,173,928</u>
General and administration	573,936	-	573,936	-	573,936
Development and donor relations	470,600	-	470,600	-	470,600
	<u>5,218,464</u>	<u>319,253</u>	<u>5,537,717</u>	<u>(319,253)</u>	<u>5,218,464</u>
Change in Net Assets Without Donor Restrictions	<u>13,386,486</u>	<u>(319,253)</u>	<u>13,067,233</u>	<u>181,226</u>	<u>13,248,459</u>

(Continued)

**FIRST COMMUNITY FOUNDATION PARTNERSHIP
OF PENNSYLVANIA AND AFFILIATE**

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

(Continued)

	First Community Foundation Partnership of Pennsylvania	FCFPA Properties, Inc.	Subtotal	Eliminations	Total
Changes in Net Assets With Donor Restrictions:					
Change in value of split-interest agreements	110,823	-	110,823	-	110,823
Contributions	166,250	-	166,250	-	166,250
Gain on beneficial interest in perpetual trusts	269,994	-	269,994	-	269,994
Net assets released from restrictions	<u>(134,273)</u>	<u>-</u>	<u>(134,273)</u>	<u>-</u>	<u>(134,273)</u>
Change in Net Assets With Donor Restrictions	<u>412,794</u>	<u>-</u>	<u>412,794</u>	<u>-</u>	<u>412,794</u>
Change in Net Assets	13,799,280	(319,253)	13,480,027	181,226	13,661,253
Net Assets:					
Beginning of year	<u>96,616,337</u>	<u>319,253</u>	<u>96,935,590</u>	<u>(181,226)</u>	<u>96,754,364</u>
End of year	<u>\$ 110,415,617</u>	<u>\$ -</u>	<u>\$ 110,415,617</u>	<u>\$ -</u>	<u>\$ 110,415,617</u>

(Concluded)

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

	First Community Foundation Partnership of Pennsylvania	FCFPA Properties, Inc.	Subtotal	Eliminations	Total
Changes in Net Assets Without Donor Restrictions:					
Revenues, gains, and other support:					
Contributions	\$ 5,628,641	\$ -	\$ 5,628,641	\$ -	\$ 5,628,641
Royalty income	438,778	-	438,778	-	438,778
Investment return, net	15,508,439	-	15,508,439	-	15,508,439
Other sources:					
Administrative fee revenue	37,690	-	37,690	-	37,690
Miscellaneous	1,290	-	1,290	-	1,290
Grant income	9,000	-	9,000	-	9,000
Event revenue (net of expenses of \$63,709)	76,540	-	76,540	-	76,540
Change in value of split-interest agreements	(16,082)	-	(16,082)	-	(16,082)
Net assets released from restriction	888,032	-	888,032	-	888,032
Total revenues, gains, and other support	22,572,328	-	22,572,328	-	22,572,328
Expenses:					
Program services:					
Grants approved	4,604,887	-	4,604,887	-	4,604,887
Grants returned or cancelled	(37,238)	-	(37,238)	-	(37,238)
Total grant expense	4,567,649	-	4,567,649	-	4,567,649
Grantmaking expenses	162,041	-	162,041	-	162,041
Direct program expenses	469,371	-	469,371	-	469,371
Total program services	5,199,061	-	5,199,061	-	5,199,061
General and administration	601,052	632	601,684	-	601,684
Development and donor relations	452,493	-	452,493	-	452,493
Total expenses	6,252,606	632	6,253,238	-	6,253,238
Change in Net Assets Without Donor Restrictions	16,319,722	(632)	16,319,090	-	16,319,090

(Continued)

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

(Continued)

	First Community Foundation Partnership of Pennsylvania	FCFPA Properties, Inc.	Subtotal	Eliminations	Total
Changes in Net Assets With Donor Restrictions:					
Change in value of split-interest agreements	333,544	-	333,544	-	333,544
Contributions	195,000	-	195,000	-	195,000
Gain on beneficial interest in perpetual trusts	337,484	-	337,484	-	337,484
Net assets released from restriction	<u>(888,032)</u>	<u>-</u>	<u>(888,032)</u>	<u>-</u>	<u>(888,032)</u>
Change in Net Assets With Donor Restrictions	<u>(22,004)</u>	<u>-</u>	<u>(22,004)</u>	<u>-</u>	<u>(22,004)</u>
Change in Net Assets	16,297,718	(632)	16,297,086	-	16,297,086
Net Assets:					
Beginning of year	<u>80,318,619</u>	<u>319,885</u>	<u>80,638,504</u>	<u>(181,226)</u>	<u>80,457,278</u>
End of year	<u>\$ 96,616,337</u>	<u>\$ 319,253</u>	<u>\$ 96,935,590</u>	<u>\$ (181,226)</u>	<u>\$ 96,754,364</u>

(Concluded)

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

CONSOLIDATING STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2020

	First Community Foundation Partnership of Pennsylvania	FCFPA Properties, Inc.	Subtotal	Eliminations	Total
Cash Flows From Operating Activities:					
Change in net assets	\$ 13,799,280	\$ (319,253)	\$ 13,480,027	\$ 181,226	\$ 13,661,253
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Depreciation	163,354	-	163,354	-	163,354
In-kind contributions	(320,332)	-	(320,332)	319,253	(1,079)
Donation of fixed assets	-	319,253	319,253	(319,253)	-
Loss on transfer of fixed assets	181,226	-	181,226	(181,226)	-
Net realized and unrealized gain on investments	(11,253,475)	-	(11,253,475)	-	(11,253,475)
Changes in value of split-interest agreements	(380,818)	-	(380,818)	-	(380,818)
(Increase) decrease in:					
Accrued interest and dividends receivable	6,232	-	6,232	-	6,232
Pledges receivable	53,023	-	53,023	-	53,023
Other receivables	(2,087)	-	(2,087)	-	(2,087)
Prepaid expenses	(3,828)	-	(3,828)	-	(3,828)
Increase (decrease) in:					
Accounts payable	27,847	-	27,847	-	27,847
Grants payable	(1,067,254)	-	(1,067,254)	-	(1,067,254)
Accrued interest	(1,469)	-	(1,469)	-	(1,469)
Other liabilities	27,633	-	27,633	-	27,633
Funds held as agency endowments	432,016	-	432,016	-	432,016
Net cash provided by operating activities	<u>1,661,348</u>	<u>-</u>	<u>1,661,348</u>	<u>-</u>	<u>1,661,348</u>
Cash Flows From Investing Activities:					
Purchase of fixed assets	(10,288)	-	(10,288)	-	(10,288)
Proceeds from sale or maturities of investments	14,584,244	-	14,584,244	-	14,584,244
Purchase of investments	(14,605,106)	-	(14,605,106)	-	(14,605,106)
Net cash used in investing activities	<u>(31,150)</u>	<u>-</u>	<u>(31,150)</u>	<u>-</u>	<u>(31,150)</u>

(Continued)

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA AND AFFILIATE

CONSOLIDATING STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2020

(Continued)

	First Community Foundation Partnership of Pennsylvania	FCFPA Properties, Inc.	Subtotal	Eliminations	Total
Cash Flows From Financing Activities:					
Payments on line of credit	(80,711)	-	(80,711)	-	(80,711)
Payments on note payable	(106,667)	-	(106,667)	-	(106,667)
Payments of annuity obligations	(6,345)	-	(6,345)	-	(6,345)
Net cash used in financing activities	<u>(193,723)</u>	<u>-</u>	<u>(193,723)</u>	<u>-</u>	<u>(193,723)</u>
Net Increase in Cash and Cash Equivalents	1,436,475	-	1,436,475	-	1,436,475
Cash and Cash Equivalents:					
Beginning of year	<u>2,623,682</u>	<u>-</u>	<u>2,623,682</u>	<u>-</u>	<u>2,623,682</u>
End of year	<u>\$ 4,060,157</u>	<u>\$ -</u>	<u>\$ 4,060,157</u>	<u>\$ -</u>	<u>\$ 4,060,157</u>

(Concluded)

**FIRST COMMUNITY FOUNDATION PARTNERSHIP
OF PENNSYLVANIA AND AFFILIATE**

CONSOLIDATING STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2019

	First Community Foundation Partnership of Pennsylvania	FCFPA Properties, Inc.	Total
Cash Flows From Operating Activities:			
Change in net assets	\$ 16,297,718	\$ (632)	\$ 16,297,086
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	168,572	632	169,204
In-kind contributions	(168,308)	-	(168,308)
Net realized and unrealized gain on investments	(14,155,866)	-	(14,155,866)
Changes in value of split-interest agreements	123,945	-	123,945
Decrease in:			
Accrued interest and dividends receivable	1,528	-	1,528
Pledges receivable	28,877	-	28,877
Other receivable	18,275	-	18,275
Prepaid expenses	12,485	-	12,485
Increase (decrease) in:			
Accounts payable	(72,074)	-	(72,074)
Grants payable	585,647	-	585,647
Accrued interest	(950)	-	(950)
Other liabilities	78,255	-	78,255
Funds held as agency endowments	580,358	-	580,358
Net cash provided by operating activities	<u>3,498,462</u>	<u>-</u>	<u>3,498,462</u>
Cash Flows From Investing Activities:			
Purchase of fixed assets	(96,378)	-	(96,378)
Proceeds from sale or maturities of investments	12,264,273	-	12,264,273
Purchase of investments	<u>(13,719,934)</u>	<u>-</u>	<u>(13,719,934)</u>
Net cash used in investing activities	<u>(1,552,039)</u>	<u>-</u>	<u>(1,552,039)</u>

(Continued)

**FIRST COMMUNITY FOUNDATION PARTNERSHIP
OF PENNSYLVANIA AND AFFILIATE**

CONSOLIDATING STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2019

(Continued)

	First Community Foundation Partnership of Pennsylvania	FCFPA Properties, Inc.	<u>Total</u>
Cash Flows From Financing Activities:			
Payment of line of credit	(140,696)	-	(140,696)
Payments on note payable	(106,667)	-	(106,667)
Payments of annuity obligations	(6,017)	-	(6,017)
Net cash used in financing activities	(253,380)	-	(253,380)
Net Increase in Cash and Cash Equivalents	1,693,043	-	1,693,043
Cash and Cash Equivalents:			
Beginning of year	930,639	-	930,639
End of year	<u>\$ 2,623,682</u>	<u>\$ -</u>	<u>\$ 2,623,682</u>

(Concluded)