

**First Community Foundation
Partnership of Pennsylvania**

Financial Statements

Years Ended December 31, 2025 and 2024
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

YEARS ENDED DECEMBER 31, 2025 AND 2024

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of First Community Foundation Partnership of Pennsylvania (Foundation), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2025 and 2024, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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.

Maher Duessel

Harrisburg, Pennsylvania
May 26, 2026

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2025 AND 2024

<u>Assets</u>	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and cash equivalents	\$ 1,937,368	\$ 1,103,187
Receivables:		
Accrued interest and dividends	487,477	258,517
Pledges, current portion	1,235,040	2,107,032
Accounts Receivable	292	
Prepaid expenses	101,078	100,276
Total current assets	3,761,255	3,569,012
Noncurrent assets:		
Pledges receivable, net of current portion	11,609,295	13,015,071
Investment pool:		
Cash and cash equivalents	4,325,068	2,936,407
Investments	157,187,067	140,609,155
Property, plant, and equipment, net	2,857,427	2,759,857
Contributions due from remainder trusts	802,375	728,856
Assets held under split-interest agreements	1,004,739	1,002,766
Beneficial interest in perpetual trusts	3,171,310	2,930,227
Total Assets	\$ 184,718,536	\$ 167,551,351

(Continued)

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

	2025	2024
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 21,375	\$ 22,092
Grants payable	995,493	932,217
Accrued interest	1,506	3,637
Other liabilities	216,354	200,521
Note payable, current portion	69,628	35,631
Total current liabilities	1,304,356	1,194,098
Noncurrent liabilities:		
Funds held as agency endowments	6,544,786	5,971,951
Liabilities under split-interest agreements	370,379	384,824
Note payable, net of current portion	403,597	975,402
Total Liabilities	\$8,623,118	\$8,526,275
Net Assets:		
Without donor restrictions	158,633,875	139,633,199
With donor restrictions	17,461,543	19,391,877
Total Net Assets	176,095,418	159,025,076
Total Liabilities and Net Assets	\$ 184,718,536	\$ 167,551,351
		(Concluded)

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

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Changes in Net Assets Without Donor Restrictions:		
Revenues, gains, and other support:		
Contributions	\$ 4,663,298	\$ 3,458,266
Oil and gas lease	1,184,336	1,000,969
Investment return, net	19,029,097	15,334,133
Other sources:		
Administrative fee revenue	50,738	57,771
Miscellaneous	5,068	313
Event revenue (net of expenses of \$19,281 and \$26,177)	43,054	33,854
Change in value of gift annuities	(11,905)	(11,953)
Net assets released from restrictions	2,370,518	2,316,250
Total revenues, gains, and other support	27,334,204	22,189,603
Expenses:		
Program services:		
Grants approved	6,121,885	4,745,308
Grants returned or cancelled	(31,822)	(83,798)
Total grant expense, net	6,090,063	4,661,510
Grantmaking expenses	351,038	329,053
Direct program expenses	572,350	638,982
Total program services	7,013,451	5,629,545
General and administration	526,002	499,710
Development and donor relations	794,075	580,050
Total expenses	8,333,528	6,709,305
Change in Net Assets Without Donor Restrictions	19,000,676	15,480,298

(Continued)

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

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2025 AND 2024

(Continued)

	2025	2024
Changes in Net Assets With Donor Restrictions:		
Change in value of split-interest agreements	89,329	102,697
Contributions	92,750	35,000
Gain (loss) on beneficial interest in perpetual trusts	258,105	104,367
Net assets released from restrictions	(2,370,518)	(2,316,250)
Change in Net Assets With Donor Restrictions	(1,930,334)	(2,074,186)
Change in Net Assets	17,070,342	13,406,112
Net Assets:		
Beginning of year	159,025,076	145,618,964
End of year	\$ 176,095,418	\$ 159,025,076
		(Concluded)

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

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2025

	Program Services		General and Administration	Development and Donor Relations	Total 2025
	Grants and Direct Program	Grantmaking			
Expenses:					
Grants, net of cancellations	\$6,090,063	\$ -	\$ -	\$ -	\$6,090,063
Salaries and benefits	140,753	278,180	346,346	640,489	1,405,768
Office expenses	86,437	15,284	29,205	88,183	219,109
Professional services	6,250	-	64,519	-	70,769
Occupancy and insurance	8,169	18,747	48,017	18,747	93,680
Marketing and donor services	11,388	16,924	9,585	15,026	52,923
Depreciation	151,370	1,971	5,912	1,971	161,224
Other expenses	167,983	19,932	22,418	29,659	239,992
Total Expenses	<u>\$ 6,662,413</u>	<u>\$ 351,038</u>	<u>\$ 526,002</u>	<u>\$ 794,075</u>	<u>\$ 8,333,528</u>

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

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2024

	Program Services		General and Administration	Development and Donor Relations	Total 2024
	Grants and Direct Program	Grantmaking			
Expenses:					
Grants, net of cancellations	\$4,661,510	\$ -	\$ -	\$ -	\$4,661,510
Salaries and benefits	141,201	253,747	349,105	458,284	1,202,337
Office expenses	76,123	17,724	31,274	75,908	201,029
Professional services	54,000	-	43,140	-	97,140
Occupancy and insurance	9,481	18,053	45,822	18,053	91,409
Marketing and donor services	17,728	22,575	3,111	13,742	57,156
Depreciation	146,701	1,702	5,106	1,702	155,211
Other expenses	193,748	15,252	22,152	12,361	243,513
Total Expenses	<u>\$ 5,300,492</u>	<u>\$ 329,053</u>	<u>\$ 499,710</u>	<u>\$ 580,050</u>	<u>\$ 6,709,305</u>

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

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash Flows From Operating Activities:		
Change in net assets	\$ 17,070,342	\$ 13,406,112
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	161,224	155,211
Loss on disposal of fixed assets	-	-
Donated stock	-	-
Net realized and unrealized (gains) losses on investments	(17,418,307)	(3,152,839)
Changes in value of split-interest agreements	(347,434)	(82,236)
(Increase) decrease in:		
Accrued interest and dividends receivable	(228,960)	(2,588)
Pledges receivable	2,277,768	2,123,896
Prepaid expenses	(802)	(1,400)
Increase (decrease) in:		
Accounts payable	(717)	1,067
Grants payable	63,276	(329,139)
Accrued interest	(2,131)	(559)
Other liabilities	15,833	16,425
Funds held as agency endowments	572,835	545,624
Net cash provided by (used in) operating activities	2,162,927	12,679,574
Cash Flows From Investing Activities:		
Purchase of fixed assets	(610,790)	(19,184)
Proceeds from sale or maturities of investments	320,781,705	21,468,548
Purchase of investments	(319,572,585)	(34,523,960)
Net cash provided by (used in) investing activities	598,330	(13,074,596)

(Continued)

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

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024

(Continued)

	<u>2025</u>	<u>2024</u>
Cash Flows From Financing Activities:		
Principal payments on note payable	(537,808)	(23,358)
Payments of annuity obligations	<u>(607)</u>	<u>(559)</u>
Net cash provided by (used in) financing activities	<u>(538,415)</u>	<u>(23,917)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,222,842	(418,939)
Cash and Cash Equivalents:		
Beginning of year	<u>4,039,594</u>	<u>4,458,533</u>
End of year	<u><u>\$ 6,262,436</u></u>	<u><u>\$ 4,039,594</u></u>
Cash and Cash Equivalents consists of:		
Cash and cash equivalents	\$ 1,937,368	\$ 1,103,187
Investment cash pool	<u>4,325,068</u>	<u>2,936,407</u>
	<u><u>\$ 6,262,436</u></u>	<u><u>\$ 4,039,594</u></u>
Supplemental disclosure of cash flow information:		
Interest paid	<u><u>\$ 35,520</u></u>	<u><u>\$ 61,544</u></u>

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

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

1. Nature of Operations and Summary of Significant Accounting Policies

A. *Nature of Operations*

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

The Foundation administers more than 430 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, 2025 and 2024, the Foundation made grants of \$6,090,063 and \$4,661,510, respectively, to non-profit programs and organizations in Lycoming County, Union County, Montour County, Northumberland County, Snyder County, and surrounding areas.

The Foundation 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, the Foundation has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. The Foundation files Form 990 – Return of Organization Exempt from Income Tax on an annual basis.

FCFPA Properties, Inc. was formed to hold title to property, collect the income therefrom, and turn over the entire amount less expenses to the Foundation. 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. The Foundation is the sole member of FCFPA Properties, Inc.

B. *Basis of Accounting*

The Foundation 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.

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

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, 2025 and 2024 are reported in the financial statements as follows:

	2025	2024
Net realized and unrealized gains (losses)	\$ 17,418,307	\$ 3,152,839
Attributable to assets held for resource providers	(712,826)	(127,026)
	<u>\$ 16,705,481</u>	<u>\$ 3,025,813</u>

D. *Receivables*

The Foundation 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.

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.

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

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 includes 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.

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.

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA

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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, real estate 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, 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

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA

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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

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.

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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For the years ended December 31, 2025 and 2024, depreciation expense was \$161,224 and \$155,211 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 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.

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

J. *Conditional Promises, Legacies, and Bequests*

The Foundation does not recognize conditional promises, that is, those with a measurable performance or other barrier and a right of return, as revenue until the condition is met.

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 \$71,184 and \$74,591 at December 31, 2025 and 2024, respectively.

The present value of future payment liabilities on these charitable gift annuities based on the donors' ages and a discount factor of 8.04% to 8.04% is \$2,142 and \$2,749 at December 31, 2025 and 2024, respectively.

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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 \$368,237 and \$382,075 at December 31, 2025 and 2024, 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.

- ***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, 2025 and 2024 is based on fair value information

FIRST COMMUNITY FOUNDATION PARTNERSHIP OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

received from the trustee. Trust assets consist of cash and cash equivalents, mutual funds, and fixed income and equity securities. As of December 31, 2025 and 2024, the Foundation's estimated beneficial interest in these perpetual trusts amounted to \$3,171,310 and \$2,930,227, 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.

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.
- Program Services- includes the cost of administering and managing grant awards to other nonprofits.
- Governance 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.

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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 a portion 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.

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.

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For funds less than twenty quarters old, the fair value will be the average of all quarterly fair values to date.

P. *Adoption of Accounting Standards*

There were no accounting standards adopted for the year ended December 31, 2025.

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.

2. Cash Concentrations

Cash and cash equivalents, with a book value and bank balance of \$6,262,436 and \$5,294,890, respectively, at December 31, 2025, consisted of deposits of \$4,510,775 that were uninsured by the Federal Deposit Insurance Corporation (FDIC). Cash and cash equivalents, with a book value and bank balance of \$4,039,594 and \$4,211,040, respectively, at December 31, 2024, consisted of deposits of \$3,433,661 that were uninsured by the Federal Deposit Insurance Corporation (FDIC).

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3. Pledges Receivable

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

	2025	2024
Individuals	\$ 169,803	\$ 20,000
Businesses	13,596,507	15,485,597
Discount	(921,975)	(383,494)
	<u>\$ 12,844,335</u>	<u>\$ 15,122,103</u>
Amounts due in:		
Less than one year	\$ 1,235,040	\$ 2,107,032
One to five years	6,772,245	13,015,071
Six to ten years	4,837,050	-
Total	<u>\$ 12,844,335</u>	<u>\$ 15,122,103</u>

In July 2022, as a result of a settlement agreement between the Commonwealth of Pennsylvania (Commonwealth) and a non-profit Company, the non-profit Company was required to relinquish its tax-exempt status as a Section 501 (c)(3) organization and convert to a for-profit entity. At the time of the conversion, the for-profit Company (Company) was required to transfer to the Foundation the principal sum of \$21,804,000 plus annual interest for a three-year period at an annual interest rate of 1.5%. A discount rate on the total pledge amount receivable was set at the time of settlement with the Commonwealth at 0.84575%.

A balloon payment was set to be received in the summer of 2025, however the organization has instead elected to continue with additional payments as permitted by the settlement agreement.

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The scheduled payments have been extended for an additional term of no more than ten years at the annual interest rate of 5.5% in equal installments. The remaining payments are scheduled to be received as follows:

2026	\$ 2,031,929
2027	2,031,929
2028	2,031,929
2029	2,031,929
2030	2,031,929
2031	2,031,929
2032	2,031,929
2033	2,031,929
2034	2,031,929
	<u>\$ 18,287,361</u>

Funds received under the settlement agreement are to be disbursed in the amount of approximately \$40,000 per month to a designated Section 501 (c)(3) nonprofit organization. If the funds exceed specified financial thresholds, funds can be disbursed to nonprofits that meet specific criteria as clearly defined in the settlement agreement.

All pledges receivable at December 31, 2025 and 2024 were reported in net assets with donor restrictions due to time and purpose restrictions. Concentrations of credit risk with respect to pledges receivable are generally limited due to the large number of donors comprising the Foundation's donor base and their dispersion across different industries and geographic areas. However, as of December 31, 2025 and 2024, approximately 98% and 99%, respectively, of pledges receivable net of discount (approximately \$12.7 million and \$15 million, respectively) was due from the Company.

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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, 2025:

	Level	Fair Value	Cost	Unrealized Appreciation (Depreciation)
Investments measured at fair value:				
Mutual funds:				
Growth:				
Equities	1	\$ 114,087,114	\$ 99,173,213	\$ 14,913,901
Fixed income	1	1,084,320	1,157,023	(72,703)
Risk reduction:				
Fixed income	1	35,081,448	34,884,344	197,104
Inflation protection:				
Fixed income	1	655,963	623,434	32,529
Real estate	1	-	-	-
Total investments measured at fair value		<u>150,908,845</u>	<u>\$ 135,838,014</u>	<u>\$ 15,070,831</u>
Investments measured at NAV:				
SEI Global Private Assets V, L.P.		<u>6,278,222</u>		
Total investments measured at NAV		<u>6,278,222</u>		
Total		<u>\$ 157,187,067</u>		

The investment in SEI Global Private Assets V, L.P. (Partnership) was measured at net asset value per share (or its equivalent) and has not been classified in the fair value hierarchy. The Partnership was organized to invest directly and indirectly in a diversified pool of private investment vehicles (Investment Funds). The Partnership seeks to shorten the duration of the typical private assets fund of funds through a dedicated focus on secondaries strategies and income-producing investment strategies.

The Foundation's interests in the Partnership are not redeemable. The Partnership will dissolve within one year following the date on which it no longer holds an interest in or has

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any obligation to an Investment Funds, unless earlier dissolved in accordance with the Limited Partnership Agreement. The Foundation has no unfunded commitments.

	<u>Level</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>
Assets Held under Split-Interest Agreements:				
Mutual funds:				
Growth:				
Equities	1	\$ 811,641	\$ 781,986	\$ 29,655
Risk reduction:				
Fixed income	1	180,941	174,370	6,571
		<u>\$ 992,582</u>	<u>\$ 956,356</u>	<u>\$ 36,226</u>
Contributions due from remainder trusts	3	<u>\$ 802,375</u>		
Beneficial interest in perpetual trusts	3	<u>\$ 3,171,310</u>		

All changes in value of split-interest agreements in the table above are reflected in the accompanying statement of activities. Contributions due from remainder trusts are measured at present value of the estimates future cash receipts at year end. Beneficial interest in perpetual trusts are measured based on the external financial institution's fair market valuation of the investment held at year end.

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

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 2,871,978	\$ 12,746,320
Net realized and unrealized gains	16,678,253	3,025,813
Investment management fees	(521,134)	(438,000)
Total	<u>\$ 19,029,097</u>	<u>\$ 15,334,133</u>

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5. Property, Plant, and Equipment

Property, plant, and equipment at December 31, 2025 and 2024 consists of the following:

	2025	2024
Land	\$ 160,960	\$ 160,960
Construction-in-progress	-	351,997
Buildings and improvements	3,757,568	3,189,808
Furniture and fixtures	344,439	318,466
Equipment and software	142,906	125,849
Total	4,405,873	4,147,080
Less: accumulated depreciation	(1,548,446)	(1,387,223)
Total fixed assets, net of accumulated depreciation	<u>\$ 2,857,427</u>	<u>\$ 2,759,857</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 \$6,090,063 and \$4,661,510 for the years ended December 31, 2025 and 2024, respectively. At December 31, 2025 and 2024, \$444,753 and \$228,646, 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 \$995,493 and \$932,217 at December 31, 2025 and 2024, 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, 2025 and 2024, respectively. All grants payable are expected to be paid within the next year.

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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. 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 prescribed 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. Consideration under these agreements is contractually based on transportation volumes; however, the pipeline operators no longer provide detailed volume reports or calculation support with the related payments and the company does not have independent access to underlying throughput data. As a result, pipeline easement revenue is recognized based on amounts received when management determines that the Foundation's right to the consideration has been realized and collection is assured.

During the years ended December 31, 2025 and 2024, the Foundation recognized \$1,184,336 and \$1,000,969, respectively, in royalty income from oil or gas extracted from the property.

8. Line of Credit

In September 2017, the Foundation entered into a 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.

In June 2022, the Foundation amended the line of credit agreement in the principal amount of \$1,000,000, with interest now at Term Secured Overnight Financing Rate (SOFR) plus .75%. Term SOFR is a variable rate per annum equal to the one-month CME Term SOFR. The line of credit is secured by certain investments of the Foundation. The balance on the line of credit at December 31, 2025 and 2024 was \$0 and \$0, respectively.

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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 was to pay 59 monthly principal payments of \$8,889, plus interest, and one final principal payment of \$1,075,549 plus interest.

In June 2022, the Foundation amended the note payable agreement. Under the amended agreement, the note payable balance was \$1,084,444 bearing interest at the one-month CME Term SOFR plus .75%. At December 31, 2025 and 2024, the interest rate was 4.53% and 5.23%, respectively. The Foundation will pay 61 monthly principal and interest payments of \$7,122, and one final principal and interest payment of \$875,786 plus interest. The note payable matures in July 2027. The note payable balance at December 31, 2025 and 2024 was \$473,225 and \$1,011,033, respectively.

Interest expense for the note payable for the years ended December 31, 2025 and 2024 was \$35,520 and \$61,544, respectively.

Principal payments in subsequent years are as follows:

<u>Year</u>	<u>Principal</u>
2026	\$ 69,628
2027	403,597
	<u>\$ 473,225</u>

In November 2023, the Foundation entered into a Letter of Credit agreement for \$500,000 to secure funding for the Rider Park construction project. The letter of credit expired the earlier of November 22, 2025 or the date at which the full amount of the letter is credit is drawn. As of October 3, 2025, the letter of credit has been closed.

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10. Net Assets

At December 31, 2025 and 2024, net assets consist of the following:

	2025	2024
Without Donor Restrictions:		
Undesignated - non-permanent	\$ 18,571,550	\$ 19,023,629
Designated by the Board for Endowment	140,062,325	120,609,570
	<u>\$ 158,633,875</u>	<u>\$ 139,633,199</u>
With Donor Restrictions:		
Pledges receivable	\$ 12,844,335	\$ 15,112,103
Charitable remainder trusts	1,445,898	1,349,547
Beneficial interest in perpetual trusts	3,171,310	2,930,227
	<u>\$ 17,461,543</u>	<u>\$ 19,391,877</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.

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Board-designated endowment net asset activity for the years ended December 31, 2025 and 2024, rounded to the nearest \$1,000, is as follows:

	2025	2024
Beginning balance	\$ 120,610,000	\$ 107,699,000
Contributions	972,000	666,000
Royalty income	1,184,000	1,001,000
Investment return, net	18,688,000	15,034,000
Other income (loss)	(1,019,000)	(895,000)
Expenses	(2,730,000)	(5,211,000)
Release from net assets with donor restrictions	2,371,000	2,316,000
Ending balance	<u>\$ 140,076,000</u>	<u>\$ 120,610,000</u>

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:

	2025	2024
Cash and liquid investments	\$ 42,715,727	\$ 37,846,647
Accrued interest and dividends	63,556	135,847
Endowments subject to spending policy	7,248,512	5,597,850
Distributions from beneficial interest in perpetual trusts	95,139	87,396
Total	<u>\$ 50,122,934</u>	<u>\$ 43,667,740</u>

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 purpose

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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, 2025 and 2024 of \$1,000,000 and \$1,000,000, 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.

12. Related Party Transactions

Two members of the Foundation's Board of Directors are affiliated with financial institutions that provide services to the Foundation. One board member serves as the President of a bank that holds approximately \$10 million of the Foundation's investments.