TEAM PENNSYLVANIA FOUNDATION

FINANCIAL REPORT

JUNE 30, 2020

CONTENTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Team Pennsylvania Foundation
Harrisburg, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Team Pennsylvania Foundation (a not-for-profit), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows and functional expenses for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Team Pennsylvania Foundation, as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of Team Pennsylvania Foundation as of and for the year ended June 30, 2019, were audited by other auditors, whose report dated April 18, 2020, expressed an unmodified opinion on those statements.

Boyer & Ritter

Camp Hill, Pennsylvania
November 18, 2020

TEAM PENNSYLVANIA FOUNDATION

STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

ASSETS	**2020**	2019
Current Assets		
Cash and cash equivalents	**$ 3,262,550**	$ 3,480,361
Restricted cash	**2,966,247**	5,659,494
Grants receivable	**-**	19,166
Other receivables	**14,225**	2,571
Prepaid expenses	**35,720**	16,953
Pledges receivable, current portion	**202,500**	242,664
Agency investment in Orchestra BioMed	**710,121**	-
Total current assets	**7,191,363**	9,421,209
Leasehold improvements and equipment, net	**34,210**	50,280
Other Assets		
Pledges receivable, net of current portion	**64,057**	126,645
Security deposit	**4,978**	4,978
Sustainability fund investments		
Marketable securities	**5,837,524**	6,084,224
ASTH, LLC	**100,000**	-
Investment in Draper Triangle Ventures, L.P.	**-**	1,581
Total other assets	**6,006,559**	6,217,428
Total assets	**$ 13,232,132**	$ 15,688,917

See Notes to Financial Statements.

LIABILITIES AND NET ASSETS	**2020**	2019
Current Liabilities		
Accounts payable	**$ 142,923**	$ 111,367
Accrued payroll and taxes	**62,595**	45,961
Deferred revenue	**510,937**	787,044
Paycheck Protection Program loan	**123,005**	-
Due to the Commonwealth of Pennsylvania	**2,617,026**	5,496,000
Due to fiduciary parties	**1,059,342**	163,494
Total current liabilities	**4,515,828**	6,603,866
Net Assets		
Without donor restrictions		
Designated as sustainability fund	**5,937,524**	6,084,224
Designated for programs	**470,889**	462,204
Designated for Governor's Residence preservation	**50,000**	-
Undesignated	**752,830**	929,725
With donor restrictions	**1,505,061**	1,608,898
Total net assets	**8,716,304**	9,085,051
Total liabilities and net assets	**$ 13,232,132**	$ 15,688,917

TEAM PENNSYLVANIA FOUNDATION

STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Gains			
Department of Community and Economic Development (DCED) grants	$ 2,878,974	$ -	$ 2,878,974
NADF Opportunity Fund	276,712	-	276,712
Program fees, events and sponsorships	355,735	-	355,735
Contributions	276,366	381,876	658,242
Bank interest	67,253	3,424	70,677
Other	9,712	-	9,712
Net assets released from restrictions	489,137	(489,137)	-
Total revenues	4,353,889	(103,837)	4,250,052
Investment income, net - sustainability fund	73,491	-	73,491
Loss on investment in Draper Triangle Ventures, L.P.	(1,581)	-	(1,581)
Total revenues and gains	4,425,799	(103,837)	4,321,962
Expenses			
Program services	4,194,545	-	4,194,545
Management and general	400,498	-	400,498
Fundraising	95,666	-	95,666
Total expenses	4,690,709	-	4,690,709
Changes in net assets	(264,910)	(103,837)	(368,747)
Net Assets - July 1, 2019	7,476,153	1,608,898	9,085,051
Net Assets - June 30, 2020	$ 7,211,243	$ 1,505,061	$ 8,716,304

See Notes to Financial Statements.

TEAM PENNSYLVANIA FOUNDATION

STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Gains			
Other grants	$ 237,530	$ -	$ 237,530
NADF Opportunity Fund	447,305	-	447,305
Program fees, events and sponsorships	238,960	1,836	240,796
Contributions	672,567	350,391	1,022,958
Bank interest	83,626	873	84,499
Other	6,642	4,433	11,075
Net assets released from restrictions	240,824	(240,824)	-
Total revenues	1,927,454	116,709	2,044,163
Investment income, net - sustainability fund	256,377	-	256,377
Gain on investment in Novitas Capital, L.P.	982	-	982
Gain on investment in Draper Triangle Ventures, L.P.	12	-	12
Total revenues and gains	2,184,825	116,709	2,301,534
Expenses			
Program services	1,801,210	-	1,801,210
Management and general	344,195	-	344,195
Fundraising	82,081	-	82,081
Total expenses	2,227,486	-	2,227,486
Changes in net assets	(42,661)	116,709	74,048
Net Assets - July 1, 2018	7,518,814	1,492,189	9,011,003
Net Assets - June 30, 2019	$ 7,476,153	$ 1,608,898	$ 9,085,051

See Notes to Financial Statements.

TEAM PENNSYLVANIA FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Functional Expenses				
Salaries	$ 408,303	$ 190,635	$ 65,267	$ 664,205
Payroll taxes	31,769	10,554	5,191	47,514
Insurance	3,588	4,985	785	9,358
Office rent and parking	45,868	43,434	9,987	99,289
Professional fees	2,784	23,862	-	26,646
Consulting fees	3,065,484	63,379	1,574	3,130,437
Voice/data/mail	9,396	3,521	1,938	14,855
Office supplies	4,408	6,516	579	11,503
Travel	157,623	6,830	1,756	166,209
Marketing and communication	73,838	1,267	-	75,105
Conferences and meetings	189,313	6,023	201	195,537
Special events	86,507	612	-	87,119
Membership/subscriptions	1,854	275	29	2,158
Office software and equipment	19,475	3,887	7,166	30,528
Training	-	3,139	45	3,184
Investor and board development	-	22,836	713	23,549
Grant-related expenses	9,010	-	80	9,090
Opportunity fund	38,656	-	-	38,656
Depreciation	14,378	1,363	329	16,070
Bad debt expense	27,598	5,652	-	33,250
Miscellaneous	4,693	1,728	26	6,447
Total expenses	$ 4,194,545	$ 400,498	$ 95,666	$ 4,690,709

See Notes to Financial Statements.

TEAM PENNSYLVANIA FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Functional Expenses				
Salaries and benefits	$ 425,337	$ 168,256	$ 54,964	$ 648,557
Payroll taxes	33,822	7,643	4,372	45,837
Insurance	9,231	4,696	2,019	15,946
Office rent and parking	50,985	32,118	9,775	92,878
Professional fees	-	22,884	-	22,884
Consulting fees	575,483	41,345	438	617,266
Voice/data/mail	9,825	4,158	1,907	15,890
Office supplies	34,223	9,255	217	43,695
Travel	143,560	14,329	2,181	160,070
Marketing and communication	74,073	2,431	-	76,504
Conferences and meetings	66,315	1,487	29	67,831
Special events	61,733	10,556	-	72,289
Sponsorships	29,500	-	-	29,500
Membership/subscriptions	2,235	828	-	3,063
Office software and equipment	38,802	3,576	5,116	47,494
Training	565	2,721	159	3,445
Investor and board development	-	12,402	515	12,917
Grant-related expenses	208,198	-	-	208,198
Opportunity fund	25,878	40	-	25,918
Depreciation	7,883	1,460	389	9,732
Bad debt expense	-	2,500	-	2,500
Miscellaneous	3,562	1,510	-	5,072
Total expenses	$ 1,801,210	$ 344,195	$ 82,081	$ 2,227,486

See Notes to Financial Statements.

TEAM PENNSYLVANIA FOUNDATION

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities		
Changes in net assets	**$ (368,747)**	$ 74,048
Adjustments to reconcile changes in net assets to net cash used in operating activities		
(Gain) loss on investment in:		
Novitas Capital, L.P.	**-**	(982)
Draper Triangle Ventures, L.P.	**1,581**	(12)
Gain on sustainability fund investments - net	**(73,491)**	(256,377)
Depreciation	**16,070**	9,732
Bad debt	**33,250**	2,500
Changes in assets and liabilities:		
(Increase) decrease in:		
Prepaid expenses	**(18,767)**	(8,443)
Pledges receivable	**69,502**	(57,396)
Other receivables	**(11,654)**	(2,571)
Grants receivable	**19,166**	96,198
(Decrease) increase in:		
Accounts payable	**31,556**	(23,370)
Accrued payroll and taxes	**16,634**	(8,926)
Deferred revenue	**(276,107)**	(442,398)
Due to the Commonwealth of Pennsylvania	**(2,878,974)**	(4,504,000)
Due to fiduciary parties	**185,727**	60,233
Net cash used in operating activities	**(3,254,254)**	(5,061,764)
Cash Flows From Investing Activities		
Amounts received from board designated sustainability fund	**470,191**	215,567
Investment in ASTH, LLC	**(250,000)**	-
Capital distributed from Novitas Capital, L.P.	**-**	160,132
Purchase of fixed assets	**-**	(3,927)
Net cash provided by investing activities	**220,191**	371,772

(Continued)

TEAM PENNSYLVANIA FOUNDATION

STATEMENTS OF CASH FLOWS (Continued)
Years Ended June 30, 2020 and 2019

		2020		2019
Cash Flows From Financing Activities				
Proceeds from Paycheck Protection Program loan		**123,005**		-
Net change in cash, cash equivalents and restricted cash		**(2,911,058)**		(4,689,992)
Cash, Cash Equivalents and Restricted Cash:				
Beginning		**9,139,855**		13,829,847
Ending	**$**	**6,228,797**	$	9,139,855
Supplemental Disclosure of Cash Flow Information				
During the years ended June 30, 2020 and 2019, the Foundation has the following non-cash transactions:				
Investments in Orchestra BioMed	**$**	**(710,121)**	$	(129,112)
Increase in due to fiduciary parties		**710,121**		129,112
Decrease in the asset value of Penn Venture Partners, L.P.		**-**		(129,112)
Decrease in the loan liability of Penn Venture Partners, L.P.		**-**		129,112
Cash paid	**$**	**-**	$	-

See Notes to Financial Statements.

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities: Team Pennsylvania Foundation (Foundation or Team PA), is a nonprofit Foundation formed to promote business and job growth in the Commonwealth of Pennsylvania (Commonwealth or Pennsylvania). Funding is provided by donations from the Commonwealth, gifts and grants from foundations, and corporate gifts.

Basis of Accounting: The Foundation's financial statements have been prepared using the accrual basis of accounting. The accrual basis of accounting is in accordance with accounting principles generally accepted in the United States of America and provides that revenue be recognized when earned and expenses are recorded when the corresponding liability is incurred.

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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

As further discussed above under Investments, the general partners or a valuation committee of the limited partnerships use specific criteria to determine the fair values of their investment portfolios. In many instances, there are no readily ascertainable fair values for certain investments. In these instances, the general partners or valuation committee estimate fair value using current financial information and operating information available, as described above.

Basis of Presentation: The Foundation's financial statements are prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require reporting information regarding its financial position and activities according to the following net asset classifications:

> Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and its Board of Directors.
>
> Net assets with donor restrictions: Net assets that are subject to either temporary or perpetual stipulations imposed by donors and grantors. Temporary restrictions will be met by the Foundation's actions or by the passage of time. Perpetual restrictions are designed to ensure that assets are maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When restrictions expire, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions. The Foundation reports support that is restricted by the donor as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

Income Tax Status: The Foundation is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state regulations. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as a Foundation other than a private foundation under Section 509(a)(2).

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Income Tax Status (Continued): Management has assessed the Foundation's exposure to income taxes at the entity level as a result of uncertain tax positions taken in current and previously filed tax returns. Examples of uncertain tax positions taken at the entity level include the continuing validity of the Foundation's exempt status and the prospect of being subject to the filing requirement for unrelated business income. Presently, management believes that it is more likely than not that the Foundation's tax position will be sustained upon examination, including any appeals and litigation, such that the Foundation has no exposure to income tax liabilities arising from uncertain tax positions. The Foundation is subject to routine audits by taxing jurisdictions; however, no audits for any tax periods are currently in progress.

The Foundation may be subject to tax on unrelated business income. There were no income taxes due for unrelated business income for the years ended June 30, 2020 and 2019.

Cash and Cash Equivalents: All liquid investments with a maturity of three months or less when purchased are considered cash equivalents for the purpose of the Statements of Cash Flows.

Pledges Receivable: Unconditional promises to give are recorded as pledges receivable once the Foundation receives written notification from a donor of the intent to give. These receivables are not collateralized.

Fixed Assets: Fixed assets greater than $2,500 are capitalized and stated at cost or fair value, if donated, less accumulated depreciation. Depreciation is computed using the straight-line method of accounting over the estimated useful lives of the assets. The cost of maintenance and repairs is charged to expenses as incurred. Significant renewals and betterments are capitalized. The costs and accumulated depreciation of the assets are removed from the accounts when sold or retired and any resulting gain or loss is included on the Statements of Activities for the period of disposal.

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as without donor restrictions.

Investments and Fair Value: The Foundation follows the provisions of Financial Accounting Standards Board Statement ASC 820, Fair Value Measurements for fair value measurements of financial assets and financial liabilities and for fair value measurements of non-financial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. This Standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Standard also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Investments and Fair Value (Continued): Portfolio investments - the valuation of nonpublic investments may require significant general partner judgment due to the absence of quoted observable prices, inherent lack of liquidity, reliance on unobservable inputs, and the long-term nature of such investments. The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment. The ASTH, LLC and Draper Triangle Ventures, L.P., investments have been classified within Level 3 as they have unobservable inputs and trade infrequently or not all. The selection of appropriate valuation techniques may be affected by the availability and reliability of relevant inputs. The inputs considered by the general partner in estimating fair value of Level 3 venture capital investments include the original transaction price; recent transactions in the same or similar instruments; completed or pending third party transactions in the underlying investment; specific rights or terms associated with the investment (e.g., conversion features, liquidation preferences or restrictions); expected exit timing and strategy; market values for guideline public companies and relevant merger and acquisition transactions; changes in economic conditions, financing markets and legal or regulatory markets; recapitalizations or other transactions undertaken by the issuer and changes in the investment's operations and/or financial performance. The fair value of Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the general partner in the absence of market information. Assumptions used by the general partner due to the lack of observable inputs may significantly affect fair value and, therefore, the Foundation's results of operations.

Deferred Revenue: Deferred revenue represents advance funding from grant contracts and other exchange transactions. Deferred revenue is recognized as revenue as appropriate expenses are incurred.

Due to Commonwealth: During the year ended June 30, 2015, the Foundation entered into a grant agreement, in the amount of $10,250,000, with the Commonwealth's Department of Community and Economic Development (DCED). $10,000,000 of the funding was to be used to establish a Joint Opportunity Business Partnership Fund and $250,000 was to be used to cover the Foundation's program administrative expenses. At June 30, 2016, the Foundation reported $10,222,559 of unexpended grant funds as a refundable advance.

At June 30, 2017, the grant expired. At that time, the Foundation was holding $10,000,000 in unexpended funds, comprised entirely of $10,000,000 in core grant funds that were never utilized. By June 30, 2017, the Foundation had expended its full $250,000 allocation for program administrative expenses due in part to the grantor's decision to allow the Foundation to apply costs related to economic development initiatives against this portion of the grant. As of June 30, 2018, the Foundation reported $10,000,000 as due to Commonwealth. In September 2018, $4,504,000 was returned to the Commonwealth. On November 8, 2019, the Foundation entered into an agreement with DCED that released the Foundation from the terms and conditions of the original grant, on the condition that it properly expend the remaining $5,496,000 of remaining funds in accordance with the new agreement.

Under the agreement with DCED dated November 8, 2019, the Foundation must spend the remaining funds by November 8, 2024, on activities specifically designated by DCED, and furthermore, it must comply with other terms and conditions established in the agreement. Unspent balances are shown as a current liability on the statement of financial position under the line item Due to the Commonwealth of Pennsylvania. The Foundation expects to fully spend the funds by June 30, 2021.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Due to Fiduciary Parties: Due to fiduciary parties represents cash and investments the Foundation holds as an agent for other entities.

Contributions: Contributions are recognized as revenue in the period received. All other donor-imposed contributions are reported as net assets with donor restrictions. When a restriction expires, that is, when the conditions on which the restriction depends are substantially met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the Statements of Activities as net assets released from restrictions. Conditional promises-to-give; that is, those with a measurable performance or other barrier, and a right of return; are not recognized until the conditions on which they depend have been substantially met.

Functional Allocation of Expenses: Expenses directly related to a specific program are charged to that program. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses related to more than one function are charged to programs and supporting services based on either employee time or the ratio of a function's direct costs to total organizational direct costs.

Adoption of New FASB Accounting Standards: For the year ended June 30, 2020, the Foundation adopted FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Foundation implemented the provisions of ASU 2018-08 according to the modified-prospective basis. Adoption did not materially impact net assets without donor restrictions.

For the year ended June 30, 2020, the Foundation adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update 2016-18, Statement of Cash Flows (Topic 230) - *Restricted Cash* which changes presentation and disclosure requirements for restricted cash. The amendments in the Update require that a statement of cash flows explain the changes during the period in the total cash, which includes cash equivalents and restricted cash. The ASU also requires disclosure of the amounts that comprise total cash reported in the Statements of Cash Flows and information about the nature of the restrictions on cash. There has been no effect to the net assets in connection with our implementation of ASU 2016-18.

Recent Accounting Pronouncements: In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606),* requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP, including industry-specific guidance. More judgement and estimates may be required in the revenue recognition process when compared to existing U.S. GAAP, including identifying performance obligations in the contract, estimating variable consideration and allocating the transaction price to each performance obligation. ASU 2014-09, as deferred one year by ASU 2015-14, and again deferred by ASU 2020-05, is effective for annual reporting periods beginning after December 15, 2019, using either a full retrospective or retrospective with cumulative effect transition method. The Foundation has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements (Continued): In February 2016, FASB issued ASU 2016-02, Leases (Topic 842). The most significant change in the new lease guidance requires lessees to recognize right-of-use assets and lease liabilities for all leases other than those that meet the definition of short-term leases. For short-term leases, lessees may elect an accounting policy by class of underlying asset under which these assets and liabilities are not recorded, and lease payments are generally recognized over the lease term on a straight-line basis. This change will result in lessees recognizing right-of-use assets and lease liabilities for most leases currently accounted for as operating leases under legacy U.S. GAAP. For all entities other than public-business enterprises, this standard is effective for annual periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022. Early adoption is permitted. Management is currently evaluating the effects that this standard will have on the Foundation's financial statements.

Subsequent Events: In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through November 18, 2020, the date the financial statements were available to be issued. See Note 15.

Note 2. Concentration of Credit Risk

The Foundation maintains cash and cash equivalents at banks, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The Foundation's cash balance(s) with financial institutions, at times, may exceed FDIC insured limits. The Foundation has not experienced any losses and believes it has limited exposure to significant credit risk. Management regularly monitors the financial institutions, along with its cash balances, in an effort to keep potential risk to a minimum. At June 30, 2020 and 2019, cash exceeding FDIC limits totaled $5,662,791 and $8,564,950, respectively.

Note 3. Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of total cash and cash equivalents within the Statements of Financial Position to the same amount on the Statements of Cash Flows:

	2020	2019
Cash and cash equivalents	$ 3,262,550	$ 3,480,361
Restricted cash	2,966,247	5,659,494
Total cash, cash equivalents and restricted cash shown on the Statements of Cash Flows	$ 6,228,797	$ 9,139,855

Note 4. Availability and Liquidity

The following table reflects the Foundation's financial assets as of June 30, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the Statement of Financial Position date because of contractual restrictions or internal board designations. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

	2020	2019
Financial assets at year-end		
Cash and cash equivalents	$ 3,262,550	$ 3,480,361
Pledges receivable	266,557	369,309
Grants and other receivables	14,225	21,737
Sustainability fund investments - marketable securities	5,837,524	6,085,805
Total financial assets	9,380,856	9,957,212
Less amounts not available to be used within one year:		
Net assets with donor restrictions subject to purpose restriction	1,238,504	1,239,589
Net assets with donor restrictions subject to passage of time	266,557	369,309
Net assets with board designations - Sustainability fund	5,837,524	6,084,224
Less board authorized spending for next year	(225,439)	(221,191)
	7,117,146	7,471,931
Financial assets available to meet general expenditures over the next 12 months	$ 2,263,710	$ 2,485,281

The Foundation's general goal is to maintain financial assets to meet 180 days of operating expenses (approximately $1.1 million). As of June 30, 2020, the Foundation's management is evaluating strategic options for investing excess liquidity.

Note 5. Pledges Receivable

Pledges receivable are as follows as of June 30:

	2020	2019
Total gross pledges	$ 295,500	$ 388,000
Allowances for uncollectible pledges	(25,000)	(3,750)
Unamortized present value at 1.16% and 2.86%, respectively	(3,943)	(14,941)
Net pledges receivable	$ 266,557	$ 369,309
Amounts due in:		
Less than one year	$ 202,500	$ 242,664
One to two years	64,057	126,645
	$ 266,557	$ 369,309

Note 6. Leasehold Improvements and Equipment

Leasehold improvements and equipment are as follows as of June 30:

	2020	2019
Furniture	$ 18,160	$ 18,160
Equipment	84,901	84,901
Total fixed assets	103,061	103,061
Less accumulated depreciation	(68,851)	(52,781)
Total leasehold improvements and equipment, net	$ 34,210	$ 50,280

Note 7. Investments and Fair Value Measurements

The Foundation's sustainability fund investments in marketable securities consist of the following at June 30:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	$ 96,121	$ 96,121	$ 114,897	$ 115,060
Equity mutual funds	3,558,228	3,853,639	3,782,986	3,825,134
Fixed income mutual funds	1,865,000	1,887,764	2,130,472	2,144,030
	$ 5,519,349	$ 5,837,524	$ 6,028,355	$ 6,084,224

Note 7. Investments and Fair Value Measurements (Continued)

FASB ASC 820, Fair Value Measurements establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the standard are described below:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets the plan has the ability to access.

Level 2 — Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive market**s**
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

Level 1: The fair value of these investment securities was based on closing market prices for the respective security as reported in active markets.

Level 3: Unobservable inputs for the asset. In these situations, management develops inputs using the best information available in the circumstances.

Note 7. Investments and Fair Value Measurements (Continued)

The following table set forth, by level within the fair value hierarchy, the assets and liabilities at fair value as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 96,121	$ -	$ -	$ 96,121
Equity mutual funds				
Exchange traded funds	3,853,639	-	-	3,853,639
Fixed income mutual funds				
Intermediate core bond funds	1,887,764	-	-	1,887,764
Partnerships				
ASTH, LLC	-	-	100,000	100,000
Due to fiduciary parties				
Orchestra BioMed	-	-	710,121	710,121
Total financial assets at fair value	$ 5,837,524	$ -	$ 810,121	$ 6,647,645

The following table set forth, by level within the fair value hierarchy, the assets and liabilities at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 115,060	$ -	$ -	$ 115,060
Equity mutual funds				
Large Cap Growth	968,641	-	-	968,641
Small Cap Equity	129,426	-	-	129,426
International Equity	1,132,561	-	-	1,132,561
Emerging Markets	547,616	-	-	547,616
Real Estate	72,252	-	-	72,252
Fixed income mutual funds				
High Yield	467,405	-	-	467,405
Inflation Protected	433,011	-	-	433,011
U.S. Corporate Investment Grade	314,059	-	-	314,059
U.S. Government	266,669	-	-	266,669
Mortgage/Asset Backed	238,451	-	-	238,451
Short-Term ETFs	424,435	-	-	424,435
Limited Partnership				
Draper Triangle Ventures, L.P.	-	-	1,581	1,581
Total financial assets at fair value	$ 6,084,224	$ -	$ 1,581	$ 6,085,805

Note 7. Investments and Fair Value Measurements (Continued)

The following table sets forth a summary of changes in the fair value of the Foundation's Level 3 financial assets and liabilities for the year ended June 30, 2020:

	Orchestra BioMed	Draper Triangle Ventures, L.P.	ASTH, LLC	Total
Beginning balance	$ -	$ 1,581	$ -	$ 1,581
Purchases, issuances, settlements and other partnership adjustments, net	710,121	-	250,000	960,121
Total income (losses) (realized/unrealized)	-	(1,581)	(150,000)	(151,581)
Ending balance	$ 710,121	$ -	$ 100,000	$ 810,121
Amount of total losses for the period included in earnings attributable to the change in fair value relating to assets still held at June 30, 2020	$ -	$ -	$ (150,000)	$ (150,000)

The following table sets forth a summary of changes in the fair value of the Foundation's Level 3 financial assets and liabilities for the year ended June 30, 2019:

	Novitas Capital	Draper Triangle Ventures, L.P.	Penn Venture Partners	Total
Beginning balance	$ 159,150	$ 1,569	$ 129,112	$ 289,831
Purchases, issuances, settlements and other partnership adjustments, net	(160,132)	-	-	(160,132)
Total income (losses) (realized/unrealized)	982	12	(129,112)	(128,118)
Ending balance	$ -	$ 1,581	$ -	$ 1,581
Amount of total gains for the period included in earnings attributable to the change in fair value relating to assets still held at June 30, 2019	$ -	$ 12	$ -	$ 12

Note 8. Agency Investment in Orchestra BioMed

In June 2020, the Foundation entered into an agreement with the Commonwealth Financing Authority (CFA) by which CFA requested the Foundation to hold, until a liquidity event is achieved, shares in Orchestra BioMed, Inc. The Foundation's responsibility, per the agreement, is to hold the shares until they are liquidated. Upon a liquidity event, proceeds from the sale will be transferred to CFA in accordance with instructions provided to the Foundation. The Foundation is entitled to receive a fee to offset its costs to execute the transaction and administer the investment. The fee will be 1% of the gross proceeds from the sale or $50,000, whichever is less. The Foundation does not have the discretion to choose the beneficiaries of the transferred funds once the liquidity event is achieved. The agreement shall be in effect for a period of 5 years or upon transfer of the sale proceeds to CFA, whichever comes first.

As of June 30, 2020, the liquidity event has not occurred, and the Foundation was holding 36,045 Series A preferred shares; 3,901 Series B preferred shares; 3,901 Series C preferred shares; and 6,552 common warrants. Total value of the shares reported as of June 30, 2020, was $710,121. Since the Foundation has no legal rights to the shares, it has accounted for the transaction as an agency transaction, where the value of asset is fully offset by a liability in "Due to Fiduciary Parties" on the Statement of Financial Position.

Note 9. Paycheck Protection Program Loan

The Foundation applied for and received a Small Business Administration loan through the Paycheck Protection Program from First National Bank of Pennsylvania. The program allows for the loan to be forgiven for certain allowable costs incurred by the Foundation during the applicable covered period beginning on the date of the first disbursement of the loan. Loan proceeds were received on April 27, 2020, in the amount of $123,005 with an interest rate of 1%. The Foundation may apply to First National Bank of Pennsylvania for forgiveness of the amount due on this loan within ten months of the last day of the applicable covered period. The loan matures May 1, 2022. No payments are due on this loan until the forgiveness portion is determined by the bank. Interest accrued during the initial deferment period, not subject to loan forgiveness is due and payable after forgiveness is determined.

Note 10. Due to Fiduciary Parties

Due to fiduciary parties were as follows as of June 30:

	2020	2019
Due to PA Data Summit	$ 124,116	$ 121,222
Due to PA Council of the Arts	17,589	42,272
Due to Next Generation Sector Partnerships - Ascendium	207,137	-
Due to Commonwealth Financing Authority - Orchestra BioMed	710,121	-
Due to L&I Forum	379	-
	$ 1,059,342	$ 163,494

Note 11. Board Designated Net Assets

Amounts Designated for Governor's Residence Preservation

During the year ended June 30, 2020, the Foundation received an unrestricted contribution of $50,000, which the Board of Directors designated for the Governor's Residence preservation.

Amounts Designated for Programs

From time to time, the Foundation's Board will designate funds to be used for specific programs.

For the year ended June 30, 2020, there were no additional funds designated by the Board for program purposes. Any increases were related to interest earnings on previously designated funds and any decreases were a result of program expenses. During the year ended June 30, 2019, the Foundation received $160,132 in distributions from its Novitas Capital, L.P. The Board approved designating these funds so that they can only be used for programmatic purposes.

Total board designated net assets for programs as of June 30, 2020 and 2019, were $470,889 and $462,204, respectively.

Amounts Designated as Sustainability Fund

The Sustainability Fund consists of a investments in marketable securities and other investments as deemed appropriate by the Board of Directors.

During the year ended June 30, 2005, the Foundation's Board approved designating an initial amount of $1 million to function as an endowment. In the ensuing years, the Board has periodically acted to designate surplus cash flows - primarily from the maturity of its venture capital funds - as endowment. At June 30, 2020 and 2019, there were no donor-restricted endowment funds. All net assets associated with the Board designated endowment are reported as a separate component under net assets without donor restrictions.

The Board has adopted an investment policy that allows for annual and discretionary spending, although all spending in a given fiscal year must first be approved by the Board. To achieve a long-term rate-of-return that can allow for annual endowment appropriations without the erosion of endowment value, 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 that places a greater emphasis on equity-type investments to achieve its long-term return objectives within prudent risk constraints.

As noted immediately above, all spending must first be approved by the Board. Current authorized spending parameters are 3.75% of the prior 12 quarters' values through March 31 of the fiscal year-end preceding the fiscal year in which the distribution is planned. In establishing these parameters, the Foundation considered the expected long-term return on its endowment.

Note 11. Board Designated Net Assets (Continued)

Accordingly, over the long-term, the Foundation expects its endowment to grow at an annual rate of 3.75%. This is consistent with the Foundation's objective to maintain the long-term purchasing power of the endowment and to provide for additional real growth through new gifts, investment return, and other asset transfers.

On December 12, 2019, Team PA entered into an agreement to invest $250,000 of funds within its Board-designated Sustainability Fund in a private placement of 8,909.48 Class A Units of LLC Interests in ASTH, LLC. The Class A units' purpose was to fund early stage investment in plans to develop a natural gas storage and trading hub in the Kentucky, Ohio, Pennsylvania, and West Virginia region.

During the year ended June 30, 2020, the Foundation decreased the value of the investment by $150,000 based on information provided by ASTH, LLC management. This is reflected as unrealized loss which is included in the investment income, net - sustainability fund on the Statements of Activities.

The Foundation's sustainability fund investments are recorded at fair value. At June 30, 2020, the Foundation's marketable securities, managed by and held by PNC and at June 30, 2019, managed by Hirtle, Callaghan and Co., and held by Deutsche Asset and Wealth Management, was invested in the following:

	2020	2019
Cash and cash equivalents	$ 96,121	$ 115,060
Equity mutual funds	3,853,639	3,825,134
Fixed income mutual funds	1,887,764	2,144,030
Investment in ASTH, LLC	100,000	-
	$ 5,937,524	$ 6,084,224

The gain on sustainability fund investments for the years ended June 30, 2020 and 2019, is comprised of the following:

	2020	2019
Investment income	$ 186,040	$ 170,398
Realized (losses) gains	(146,389)	82,806
Unrealized gains	78,068	50,481
Management fees	(44,228)	(47,308)
	$ 73,491	$ 256,377

Changes in the sustainability fund net asset for the years ended June 30, 2020 and 2019:

	2020	2019
Beginning balance	$ 6,084,224	$ 6,043,414
Investment return		
Change in value	78,068	50,481
Investment income	(4,577)	205,896
Distributions	(220,191)	(215,567)
Ending balance	$ 5,937,524	$ 6,084,224

Note 12. Net Assets with Donor Restrictions

The Foundation's net assets with donor restrictions at June 30, 2020 and 2019, are comprised of the following:

	2020	2019
Subject to the passage of time:		
Pledges receivable	$ 266,557	$ 369,309
Subject to expenditure for specified purpose:		
Governor's Residence Preservation Fund	489,814	455,808
Early Learning Investment Commission	248,704	329,868
Keynet Alliance	149,682	148,056
International Business Development	137,982	137,562
Adult Education & Workforce Gap Reduction Strategies	83,603	-
Agriculture Promotion	79,642	87,095
AT&T Young Professionals	13,698	14,445
Heinz Policy & Data Impact Lab	10,096	-
Pennsylvania Commission for Women	9,467	10,986
Next Generation Sectors Partnership Program	6,580	41,606
Statewide Young Professionals	4,896	4,896
VisitPA Tourism Initiative	3,598	4,433
School Dropout Prevention (Opening Doors)	443	443
Latino Affairs	299	3,306
Keystone Innovation Zone Conference	-	1,085
	$ 1,505,061	$ 1,608,898

Note 12. Net Assets with Donor Restrictions (Continued)

2020 and 2019 net assets were released from donor restrictions by incurring expenses satisfying restricted purposes or by realization of events specified by donors as follows:

	2020	2019
Expiration of time restrictions:		
Pledges receivable	$ 112,000	$ 88,396
Satisfaction of purpose restrictions		
Early Learning Investment Commission	211,164	-
Agriculture Promotion	92,453	78,271
Next Generation Sectors Partnership Program	35,026	-
Adult Education & Workforce Gap Reduction Strategies	16,396	-
Heinz Policy & Data Impact Lab	14,904	-
Governor's Advisory Commission of Latino Affairs	3,008	-
Pennsylvania Commission for Women	1,519	-
Keystone Innovation Zone Conference	1,085	4,718
VisitPA Tourism Initiative	835	-
AT&T Young Professionals	747	765
International Business Development	-	67,774
Financial Education Literacy Fund	-	900
	$ 489,137	$ 240,824

Note 13. Program Services

The Foundation provides support for the following programs and initiatives:

		2020		2019
DCED Collaborative Initiative:				
In partnership with DCED, these programs provide support for marketing, technical assistance, consulting engagements, collateral material development, trade shows and other activities that advance DCED's community and economic development objectives.	$	244,425	$	394,596
Tourism and Economic Development Promotion:				
In collaboration with DCED, these programs include a creative production for a seasonal tourism campaign, a government-to-business campaign that includes a creative production focused on priority industries, a site selector program that includes strategic sponsorships and metro missions and general support of DCED Office of Tourism.		2,885,026		7,815
Team Pennsylvania Foundation Partnerships and Initiatives:				
To carry out our organizational mission, Team PA staff engage in diverse aspects of policy and programmatic development on all levels, both public and private. These initiatives are designed to have a lasting impact on improving Pennsylvania's economy and often do not require long-term organizational resource commitments.		336,342		295,844
Career Readiness Project:				
Team PA manages the Career Readiness Mini-Grant Project to provide school districts across Pennsylvania with flexible funding for their career readiness projects. School districts are required to ground their projects in regional labor market information and partner with local workforce development boards. The project was supported by a grant passed through the South Central Workforce Investment Board from the Pennsylvania Department of Labor & Industry as well as private funds.		-		264,064

Note 13. Program Services (Continued)

	2020	2019
Next Generation Sector Partnership Project:		
Team PA serves as the fiscal agent on a grant from JPMorgan Chase Next Generation Sector Partnerships, which supports the work of a national community of practice that includes Pennsylvania among many other states. Next Generation Sector Partnerships act as a shared table for business leaders to collaborate with a range of public partners and for public partners to work together to align programs to industry needs.	74,321	300,427
Early Learning Investment Commission:		
The Early Learning Investment Commission (ELIC) was created by Executive Order 2008-08 to build a partnership between the public sector and business community on the value of public investment in early learning, focusing on practices that are educationally, economically and scientifically sound. ELIC seeks to identify funding sources within the private sector that can be used to undertake and build sustainable capacity in support of Pennsylvania's early learning and economic development through selected projects.	242,492	320,162
Agriculture Promotion:		
This is a collaborative effort between Team PA and the Pennsylvania Department of Agriculture. Our goal is to build capacity in support of Pennsylvania's agriculture economic development efforts by deepening engagement from the private sector and creating opportunities for meaningful partnership around key areas of their strategic plan.	203,883	87,459
International Business Support and Initiatives:		
Team PA supports DCED's Office of International Business Development (OIBD) in their efforts to increase Pennsylvania exports and secure foreign direct investment.	26,420	115,859

Note 13. Program Services (Continued)

	2020	2019
Governor's Residence Preservation Fund:		
Working with the Office of the First Lady of the Commonwealth of Pennsylvania, Team PA sponsors maintenance and improvement projects that seek to preserve the historic features of the Governor's Residence.	-	5,037
Governor's Action Team (GAT):		
Comprised of high-level economic development professionals who report directly to the Governor, GAT works with domestic and international businesses, as well as professional site consultants, to facilitate projects that have job creation potential but require significant investment.	4,398	9,947
Pennsylvania Apprentice Summit:		
The Apprenticeship Summit is a conference jointly sponsored by Team PA and the Pennsylvania Department of Labor. The program convenes workforce professionals and apprenticeship experts from across the country, and focuses on current and potential programs from across the state.	120,706	-
Governor's Advisory Commission on Latino Affairs:		
This is a collaborative initiative between Team PA and the Governor's Advisory Commission on Latino Affairs (GACLA), whereby the two parties will seek to fund programs for the purpose of enhancing the Commonwealth as a place to live and work for its Latino citizens.	25,232	-
Adult Education & Workforce Gap Reduction Strategies:		
The strategy is focused on the 1.4 million adults in Pennsylvania with some postsecondary education but no degree (aka near/partial completers). Pennsylvania will create a statewide strategy to reduce the number of near/partial completers and in the process close existing workforce gaps. This initiative will create a written action plan, including a vision statement, outlining an innovative program to address this challenge.	16,396	-

Note 13. Program Services (Continued)

	2020	2019
Heinz Policy & Data Impact Lab:		
A grant from AT&T supports the Heinz Policy & Data Impact Lab, a partnership between Team Pennsylvania and the Heinz School of Public Policy at Carnegie Mellon University. Team Pennsylvania connects CMU's Heinz School's students, faculty and resources with the Commonwealth's public sector challenges – simultaneously providing technical assistance to the Commonwealth and creating a pipeline of policy leaders in state government.	14,904	-
	$ 4,194,545	$ 1,801,210

Note 14. Commitments and Contingencies

Grant Contracts

The Foundation receives grant contracts from various sources in its normal course of operations. Some of the grant contracts require separate audits that are submitted to DCED. The retention of the funds is contingent upon the approval of the audits by DCED.

Operating Leases

On July 29, 2015, the Foundation entered into a 40-month lease with St. John's Holdings, Inc., for office space in Harrisburg, Pennsylvania. The Foundation was liable for monthly lease payments upon taking occupancy, which occurred in November 2015, although in months one through five, the Foundation was not liable to pay any monthly rent. Additionally, the lease contains a renewal option for a term of five years. On November 2, 2018, the Foundation renewed the lease through February 29, 2024.

Future minimum lease payments under the lease with St. John's Holdings, Inc., are:

Year	Amount
2021	$ 70,852
2022	72,623
2023	74,439
2024	50,446
	$ 268,360

The Foundation leases a vehicle at a cost of $325 per-month and additional parking spaces under month-to-month leases. The total rent and parking expense for the years ended June 30, 2020 and 2019, were $99,289 and $92,878, respectively.

Note 15. Subsequent Events

Recent developments arising from COVID-19 and efforts to mitigate the disease's domestic and global impacts have disrupted operations of companies in many industries. Facility closings, labor and personnel layoffs, curtailments of supply lines and increased materials costs, contracted production, dislocations of product-delivery methods, and reduced markets enhance the Foundation's risk factors as the Foundation relies significantly on third-party revenue to fund operations. These factors adversely impact revenue recognition, cash flows and liquidity, contingencies, and in some instances, the going concern assumption. Presently, the ultimate effects of this crisis on financial position, changes in net assets without restrictions, and cash flows are indeterminable because the duration of the crisis is also indeterminable; however, management continues to monitor developments.