

**TEAM PENNSYLVANIA FOUNDATION**

**FINANCIAL REPORT**

**JUNE 30, 2021**

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## **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 statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, cash flows and functional expenses for the years 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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in black ink and is centered on the page.

Camp Hill, Pennsylvania  
January 4, 2022

## TEAM PENNSYLVANIA FOUNDATION

### STATEMENTS OF FINANCIAL POSITION June 30, 2021 and 2020

<b>ASSETS</b>	<b>2021</b>	<b>2020</b>
Current Assets		
Cash and cash equivalents	\$ 2,971,532	\$ 2,751,613
Restricted cash	2,763,065	3,477,184
Grants receivable	35,942	-
Employee Retention Tax Credit receivable	153,734	-
Other receivables	-	14,225
Prepaid expenses	24,868	35,720
Pledges receivable, current portion	178,500	202,500
Agency investment in Orchestra BioMed	710,121	710,121
<b>Total current assets</b>	<b>6,837,762</b>	<b>7,191,363</b>
Leasehold improvements and equipment, net	<b>18,249</b>	<b>34,210</b>
Other Assets		
Pledges receivable, net of current portion	101,044	64,057
Security deposit	4,978	4,978
Sustainability fund investments		
Marketable securities	7,032,337	5,837,524
ASTH, LLC	-	100,000
<b>Total other assets</b>	<b>7,138,359</b>	<b>6,006,559</b>
<b>Total assets</b>	<b>\$ 13,994,370</b>	<b>\$ 13,232,132</b>

See Notes to Financial Statements.

<b>LIABILITIES AND NET ASSETS</b>	<b>2021</b>	<b>2020</b>
<b>Current Liabilities</b>		
Accounts payable	\$ 318,822	\$ 142,923
Accrued payroll and taxes	68,018	62,595
Deferred revenue	305,997	510,937
Paycheck Protection Program loan	-	123,005
Due to the Commonwealth of Pennsylvania	2,282,467	2,617,026
Due to fiduciary parties	884,722	1,059,342
<b>Total current liabilities</b>	<b>3,860,026</b>	<b>4,515,828</b>
<b>Net Assets</b>		
Without donor restrictions		
Designated as sustainability fund	7,032,337	5,937,524
Designated for programs	487,859	470,889
Designated for Governor's Residence preservation	50,000	50,000
Designated for Early Learning Investment Commission	76,640	-
Designated for Agrigulture program	32,445	-
Undesignated	786,899	752,830
With donor restrictions	1,668,164	1,505,061
<b>Total net assets</b>	<b>10,134,344</b>	<b>8,716,304</b>
<b>Total liabilities and net assets</b>	<b>\$ 13,994,370</b>	<b>\$ 13,232,132</b>

**TEAM PENNSYLVANIA FOUNDATION**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Gains</b>			
Department of Community and Economic Development (DCED) grants	\$ 334,559	\$ -	\$ 334,559
PA Department of Agriculture grants	32,096	-	32,096
New American Development Fund (NADF)	204,610	-	204,610
Program fees, events and sponsorships	23,598	4,050	27,648
Contributions	291,747	658,595	950,342
Bank interest	14,263	523	14,786
Employee retention tax credit	153,734	-	153,734
Forgiveness of Paycheck Protection Program loan	123,005	-	123,005
Other	5,644	5,051	10,695
Net assets released from restrictions	505,116	(505,116)	-
<b>Total revenues</b>	<b>1,688,372</b>	<b>163,103</b>	<b>1,851,475</b>
Investment income, net - sustainability fund	1,320,252	-	1,320,252
Gain on investment in Draper Triangle Ventures, L.P.	23,624	-	23,624
<b>Total revenues and gains</b>	<b>3,032,248</b>	<b>163,103</b>	<b>3,195,351</b>
<b>Expenses</b>			
Program services	1,298,594	-	1,298,594
Management and general	370,005	-	370,005
Fundraising	108,712	-	108,712
<b>Total expenses</b>	<b>1,777,311</b>	<b>-</b>	<b>1,777,311</b>
<b>Changes in net assets</b>	<b>1,254,937</b>	<b>163,103</b>	<b>1,418,040</b>
Net Assets - July 1, 2020	7,211,243	1,505,061	8,716,304
Net Assets - June 30, 2021	<b>\$ 8,466,180</b>	<b>\$ 1,668,164</b>	<b>\$ 10,134,344</b>

See Notes to Financial Statements.

**TEAM PENNSYLVANIA FOUNDATION**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Gains</b>			
Department of Community and Economic Development (DCED) grants	\$ 2,878,974	\$ -	\$ 2,878,974
New American Development Fund (NADF)	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)	-
<b>Total revenues</b>	<b>4,353,889</b>	<b>(103,837)</b>	<b>4,250,052</b>
Investment income, net - sustainability fund	73,491	-	73,491
Loss on investment in Draper Triangle Ventures, L.P.	(1,581)	-	(1,581)
<b>Total revenues and gains</b>	<b>4,425,799</b>	<b>(103,837)</b>	<b>4,321,962</b>
<b>Expenses</b>			
Program services	4,194,545	-	4,194,545
Management and general	400,498	-	400,498
Fundraising	95,666	-	95,666
<b>Total expenses</b>	<b>4,690,709</b>	<b>-</b>	<b>4,690,709</b>
<b>Changes in net assets</b>	<b>(264,910)</b>	<b>(103,837)</b>	<b>(368,747)</b>
Net Assets - July 1, 2019	7,476,153	1,608,898	9,085,051
Net Assets - June 30, 2020	<u>\$ 7,211,243</u>	<u>\$ 1,505,061</u>	<u>\$ 8,716,304</u>

See Notes to Financial Statements.

**TEAM PENNSYLVANIA FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2021**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Functional Expenses				
Salaries	\$ 449,683	\$ 176,843	\$ 83,584	\$ 710,110
Payroll taxes	31,073	12,758	6,070	49,901
Insurance	-	10,168	-	10,168
Office rent and parking	48,044	17,489	9,611	75,144
Professional fees	1,442	19,908	-	21,350
Consulting fees	496,679	45,975	-	542,654
Voice/data/mail	6,143	6,160	1,364	13,667
Office supplies	838	1,811	-	2,649
Travel	487	106	-	593
Marketing and communication	68,777	1,718	-	70,495
Conferences and meetings	383	372	-	755
Special events	49,193	475	-	49,668
Sponsorships	2,500	1,000	-	3,500
Membership/subscriptions	6,059	2,027	-	8,086
Office software and equipment	99,153	6,441	7,106	112,700
Training	40	2,000	-	2,040
Opportunity fund	20,000	-	-	20,000
Depreciation	11,661	3,323	977	15,961
Bad debt expense	-	54,000	-	54,000
Miscellaneous	6,439	7,431	-	13,870
<b>Total expenses</b>	<b>\$ 1,298,594</b>	<b>\$ 370,005</b>	<b>\$ 108,712</b>	<b>\$ 1,777,311</b>

See Notes to Financial Statements.

**TEAM PENNSYLVANIA FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2020**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
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
<b>Total expenses</b>	<b>\$ 4,194,545</b>	<b>\$ 400,498</b>	<b>\$ 95,666</b>	<b>\$ 4,690,709</b>

See Notes to Financial Statements.

**TEAM PENNSYLVANIA FOUNDATION**

**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
Cash Flows From Operating Activities		
Changes in net assets	\$ 1,418,040	\$ (368,747)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
(Gain) loss on investment in:		
Draper Triangle Ventures, L.P.	(23,624)	1,581
Gain on sustainability fund investments - net	(1,320,252)	(73,491)
Depreciation	15,961	16,070
Bad debt	54,000	33,250
Forgiveness of Paycheck Protection Program loan	(123,005)	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Grants receivable	(35,942)	19,166
Employee Retention Tax Credit receivable	(153,734)	-
Other receivables	14,225	(11,654)
Prepaid expenses	10,852	(18,767)
Pledges receivable	(66,987)	69,502
(Decrease) increase in:		
Accounts payable	175,899	31,556
Accrued payroll and taxes	5,423	16,634
Deferred revenue	(204,940)	(276,107)
Due to the Commonwealth of Pennsylvania	(334,559)	(2,878,974)
Due to fiduciary parties	(174,620)	185,727
<b>Net cash used in operating activities</b>	<b>(743,263)</b>	<b>(3,254,254)</b>
Cash Flows From Investing Activities		
Proceeds from Draper Triangle Ventures, L.P.	23,624	-
Amounts received from board designated sustainability fund	225,439	470,191
Investment in ASTH, LLC	-	(250,000)
<b>Net cash provided by investing activities</b>	<b>249,063</b>	<b>220,191</b>

(Continued)

**TEAM PENNSYLVANIA FOUNDATION**

**STATEMENTS OF CASH FLOWS (Continued)**  
**Years Ended June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
Cash Flows From Financing Activities		
Proceeds from Paycheck Protection Program loan	-	123,005
<b>Net change in cash, cash equivalents and restricted cash</b>	<b>(494,200)</b>	<b>(2,911,058)</b>
Cash, Cash Equivalents and Restricted Cash:		
Beginning	<b>6,228,797</b>	9,139,855
Ending	<b>\$ 5,734,597</b>	<b>\$ 6,228,797</b>
Supplemental Schedule of Noncash Financing Activities:		
Forgiveness of Paycheck Protection Program loan	<b>\$ (123,005)</b>	<b>\$ -</b>
Supplemental Disclosure of Cash Flow Information		
During the years ended June 30, 2021 and 2020, the Foundation has the following non-cash transactions:		
Investments in Orchestra BioMed	\$ -	\$ (710,121)
Increase in due to fiduciary parties	-	710,121
Cash paid	<b>\$ -</b>	<b>\$ -</b>

See Notes to Financial Statements.

## TEAM PENNSYLVANIA FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### 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, contracts 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).

## TEAM PENNSYLVANIA FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### 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, 2021 and 2020.

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.

## TEAM PENNSYLVANIA FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### 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 investment has 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 statements of financial position under the line item Due to the Commonwealth of Pennsylvania. The Foundation expects to fully spend the funds by June 30, 2022.

## TEAM PENNSYLVANIA FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### **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: In 2021, the Foundation adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. We have implemented Topic 606 and have adjusted the presentation in these financial statements accordingly. The amendments have been applied under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation.

Recent Accounting Pronouncements: In February 2016, FASB issued Accounting Standards Update (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 accounting principles generally accepted in the United States of America. 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, 2020. Early adoption is permitted. Management is currently evaluating the effects that this standard will have on the Foundation's financial statements.

## TEAM PENNSYLVANIA FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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

Recent Accounting Pronouncements (Continued): In September 2020, FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets, which will require not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Also, this ASU will require disclosure of a disaggregation of the amount of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets, as well as additional information around valuation and usage of the contributed nonfinancial assets. The amendments in this standard should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. The Foundation is currently evaluating the impact of this new standard on its financial statements.

Subsequent Events: In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through January 4, 2022, the date the financial statements were available to be issued.

#### 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, 2021 and 2020, cash exceeding FDIC limits totaled \$5,166,471 and \$5,662,791, 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:

	2021	2020
Cash and cash equivalents	\$ 2,971,532	\$ 2,751,613
Restricted cash	2,763,065	3,477,184
Total cash, cash equivalents and restricted cash shown on the Statements of Cash Flows	<u>\$ 5,734,597</u>	<u>\$ 6,228,797</u>

## TEAM PENNSYLVANIA FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### Note 4. Availability and Liquidity

The following table reflects the Foundation's financial assets as of June 30, 2021 and 2020, 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.

	2021	2020
Financial assets at year-end		
Cash and cash equivalents	\$ 2,971,532	\$ 2,751,613
Pledges receivable	279,544	266,557
Grants and other receivables	35,942	14,225
Sustainability fund investments - marketable securities	7,032,337	5,837,524
	<hr/>	<hr/>
Total financial assets	10,319,355	8,869,919
Less amounts not available to be used within one year:		
Net assets with donor restrictions subject to purpose restriction	1,388,620	1,238,504
Net assets with donor restrictions subject to passage of time	279,544	266,557
Net assets with Board designations	7,679,281	6,458,413
Less board authorized spending for next year	(228,275)	(225,439)
	<hr/>	<hr/>
	9,119,170	7,738,035
Financial assets available to meet general expenditures over the next 12 months	<hr/> <hr/>	<hr/> <hr/>
	\$ 1,200,185	\$ 1,131,884

The Foundation's general goal is to maintain financial assets to meet 180 days of operating expenses (approximately \$750,000). As of June 30, 2021, the Foundation's management is evaluating strategic options for investing excess liquidity.

#### Note 5. Employee Retention Tax Credit

The Employee Retention Tax Credit under the CARES Act encourages businesses to keep employees on their payroll. For 2020, the refundable tax credit for the year is 50% of up to \$10,000 in wages paid by an eligible employer whose business has been financially impacted by COVID-19. For 2021, the refundable tax credit per quarter is 70% of up to \$10,000 in wages paid by an eligible employer whose business has been financially impacted by COVID-19. During the year ended June 30, 2021, the Foundation was eligible for a payroll tax credit in the amount of \$153,734, under this provision of the CARES Act. The tax credit is recognized as Employee Retention Tax Credit receivable on the Foundation's Statements of financial position at June 30, 2021.

## TEAM PENNSYLVANIA FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### Note 6. Pledges Receivable

Pledges receivable are as follows as of June 30:

	2021	2020
Total gross pledges	\$ 307,500	\$ 295,500
Allowances for uncollectible pledges	(19,000)	(25,000)
Unamortized present value at 1.33% and 1.16%, respectively	(8,956)	(3,943)
Net pledges receivable	<u>\$ 279,544</u>	<u>\$ 266,557</u>
Amounts due in:		
Less than one year	\$ 178,500	\$ 202,500
One to two years	101,044	64,057
	<u>\$ 279,544</u>	<u>\$ 266,557</u>

#### Note 7. Leasehold Improvements and Equipment

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

	2021	2020
Furniture	\$ 18,160	\$ 18,160
Equipment	84,901	84,901
Total fixed assets	<u>103,061</u>	<u>103,061</u>
Less accumulated depreciation	(84,812)	(68,851)
Total leasehold improvements and equipment, net	<u>\$ 18,249</u>	<u>\$ 34,210</u>

#### Note 8. Investments and Fair Value Measurements

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

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 118,810	\$ 118,810	\$ 96,121	\$ 96,121
Equity mutual funds	3,213,732	4,777,484	3,558,228	3,853,639
Fixed income mutual funds	2,169,882	2,136,043	1,865,000	1,887,764
	<u>\$ 5,502,424</u>	<u>\$ 7,032,337</u>	<u>\$ 5,519,349</u>	<u>\$ 5,837,524</u>

## TEAM PENNSYLVANIA FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### Note 8. 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: <ul style="list-style-type: none"><li>• Quoted prices for similar assets or liabilities in active markets</li><li>• Quoted prices for identical or similar assets or liabilities in inactive markets</li><li>• Inputs other than quoted prices that are observable for the asset or liability</li><li>• Inputs that are derived principally from or corroborated by observable market data by correlation or other means</li></ul> <p>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.</p>
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 are descriptions of valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

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.

## TEAM PENNSYLVANIA FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### Note 8. 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, 2021:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 118,810	\$ -	\$ -	\$ 118,810
Equity mutual funds				
Exchange traded funds	4,777,484	-	-	4,777,484
Fixed income mutual funds				
Intermediate core bond funds	2,136,043	-	-	2,136,043
Agency investment in				
Orchestra BioMed	-	-	710,121	710,121
Total financial assets at fair value	<u>\$ 7,032,337</u>	<u>\$ -</u>	<u>\$ 710,121</u>	<u>\$ 7,742,458</u>

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
Agency investment in				
Orchestra BioMed	-	-	710,121	710,121
Total financial assets at fair value	<u>\$ 5,837,524</u>	<u>\$ -</u>	<u>\$ 810,121</u>	<u>\$ 6,647,645</u>

**TEAM PENNSYLVANIA FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**Note 8. 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, 2021:

	Orchestra		Total
	BioMed	ASTH, LLC	
Beginning balance	\$ 710,121	\$ 100,000	\$ 810,121
Total income (losses) (realized)	-	(100,000)	(100,000)
Ending balance	<u>\$ 710,121</u>	<u>\$ -</u>	<u>\$ 710,121</u>
Amount of total losses for the period included in earnings attributable to the change in fair value	<u>\$ -</u>	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>

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	Draper Triangle	ASTH, LLC	Total
	BioMed	Ventures, L.P.		
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	<u>\$ 710,121</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 810,121</u>
Amount of total losses for the period included in earnings attributable to the change in fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (150,000)</u>	<u>\$ (150,000)</u>

## TEAM PENNSYLVANIA FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 9. 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 five years or upon transfer of the sale proceeds to CFA, whichever comes first.

As of June 30, 2021, 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, 2021 and 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 Statements of Financial Position.

#### **Note 10. Paycheck Protection Program Loan**

On April 27, 2020, the Foundation received loan proceeds in the amount of \$123,005, under the Paycheck Protection Program ("PPP"). Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provided for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintained its payroll levels and used the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount would have been reduced if the borrower terminated employees or reduced salaries during the covered period. Any unforgiven portion of a PPP loan would have been payable over two or five years at an interest rate of 1%, with a deferral of payments for ten months after the end of the covered period.

The Foundation initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released. The Foundation recognized \$123,005 of loan forgiveness income for the year ended June 30, 2021.

## TEAM PENNSYLVANIA FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### Note 11. Due to Fiduciary Parties

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

	2021	2020
Due to PA Data Summit	\$ -	\$ 124,116
Due to PA Council of the Arts	17,592	17,589
Due to Next Generation - Ascendium	107,208	207,137
Due to Next Generation - IP Academy	3,313	-
Due to Next Generation - Discretionary	46,131	-
Due to Commonwealth Financing Authority - Orchestra BioMed	710,121	710,121
Due to L&I Forum	357	379
	<u>\$ 884,722</u>	<u>\$ 1,059,342</u>

#### Note 12. Board Designated Net Assets

##### Amounts Designated for Agriculture Program and Early Learning Investment Commission

During the year ended June 30, 2021, the Board of Directors designated the proportionate expenses used to determine PPP forgiveness and related to the Employee Retention Tax Credit to the Agriculture program and ELIC.

##### 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, 2021, the Board designated the gain on investment in Draper Triangle Ventures, L.P. 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.

Total Board designated net assets for programs as of June 30, 2021 and 2020, were \$487,859 and \$470,889, respectively.

## TEAM PENNSYLVANIA FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 12. Board Designated Net Assets (Continued)**

##### Amounts Designated as Sustainability Fund

The Sustainability Fund consists of 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, 2021 and 2020, 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.

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.

During the year ended June 30, 2021, the Foundation wrote off the remaining value of the investment by \$100,000, 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.

## TEAM PENNSYLVANIA FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### Note 12. Board Designated Net Assets (Continued)

The Foundation's sustainability fund investments are recorded at fair value. At June 30, 2021 and 2020, the Foundation's marketable securities, managed by and held by PNC, were invested in the following:

	2021	2020
Cash and cash equivalents	\$ 118,810	\$ 96,121
Equity mutual funds	4,777,484	3,853,639
Fixed income mutual funds	2,136,043	1,887,764
Investment in ASTH, LLC	-	100,000
	<u>\$ 7,032,337</u>	<u>\$ 5,937,524</u>

The gain on sustainability fund investments for the years ended June 30, 2021 and 2020, is comprised of the following:

	2021	2020
Investment income	\$ 110,912	\$ 186,040
Realized gains (losses)	120,640	(146,389)
Unrealized gains	1,111,737	78,068
Management fees	(23,037)	(44,228)
	<u>\$ 1,320,252</u>	<u>\$ 73,491</u>

Changes in the sustainability fund net asset for the years ended June 30, 2021 and 2020:

	2021	2020
Beginning balance	\$ 5,937,524	\$ 6,084,224
Investment return		
Change in value	1,111,737	78,068
Investment income	208,515	(4,577)
Distributions	(225,439)	(220,191)
Ending balance	<u>\$ 7,032,337</u>	<u>\$ 5,937,524</u>

## TEAM PENNSYLVANIA FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### Note 13. Net Assets with Donor Restrictions

The Foundation's net assets with donor restrictions at June 30, 2021 and 2020, are comprised of the following:

	2021	2020
Subject to the passage of time:		
Pledges receivable	\$ 279,544	\$ 266,557
Subject to expenditure for specified purpose:		
Governor's Residence Preservation Fund	509,923	489,814
Early Learning Investment Commission	332,225	248,704
Keynet Alliance	149,959	149,682
International Business Development	137,009	137,982
Adult Education and Workforce Gap Reduction Strategies	122,376	83,603
Agriculture Promotion	87,463	79,642
AT&T Young Professionals	13,701	13,698
Heinz Policy and Data Impact Lab	9,596	10,096
Pennsylvania Commission for Women	9,670	9,467
Next Generation Sector Partnership Program	6,580	6,580
Statewide Young Professionals	4,896	4,896
VisitPA Tourism Initiative	4,480	3,598
School Dropout Prevention (Opening Doors)	443	443
Latino Affairs	299	299
	<u>\$ 1,668,164</u>	<u>\$ 1,505,061</u>

## TEAM PENNSYLVANIA FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### Note 13. Net Assets with Donor Restrictions (Continued)

2021 and 2020 net assets were released from donor restrictions by incurring expenses satisfying restricted purposes or by realization of events specified by donors as follows:

	2021	2020
Expiration of time restrictions:		
Pledges receivable	\$ 216,013	\$ 112,000
Satisfaction of purpose restrictions		
Early Learning Investment Commission	276,403	211,164
Next Generation Sectors Partnership Program	11,228	35,026
International Business Development	972	-
Heinz Policy and Data Impact Lab	500	14,904
Agriculture Promotion	-	92,453
Adult Education and Workforce Gap Reduction Strategies	-	16,396
Governor's Advisory Commission of Latino Affairs	-	3,008
Pennsylvania Commission for Women	-	1,519
Keystone Innovation Zone Conference	-	1,085
VisitPA Tourism Initiative	-	835
AT&T Young Professionals	-	747
	<u>\$ 505,116</u>	<u>\$ 489,137</u>

## TEAM PENNSYLVANIA FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### Note 14. Program Services

The Foundation provides support for the following programs and initiatives:

	2021	2020
<i>DCED Collaborative Initiative:</i>		
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.	\$ 154,319	\$ 244,425
<i>Tourism and Economic Development Promotion:</i>		
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.	334,559	2,885,026
<i>Team Pennsylvania Foundation Partnerships and Initiatives:</i>		
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.	285,651	336,342
<i>Next Generation Sector Partnership Project:</i>		
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

## TEAM PENNSYLVANIA FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### Note 14. Program Services (Continued)

	2021	2020
<i>Early Learning Investment Commission:</i> 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.	283,710	242,492
<i>Agriculture Promotion:</i> 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.	187,359	203,883
<i>International Business Support and Initiatives:</i> Team PA supports DCED's Office of International Business Development (OIBD) in their efforts to increase Pennsylvania exports and secure foreign direct investment.	1,000	26,420
<i>Governor's Action Team (GAT):</i> 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.	40,768	4,398
<i>Pennsylvania Apprenticeship Summit:</i> The Apprenticeship Summit is a conference jointly sponsored by Team PA and the Pennsylvania Department of Labor & Industry. 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

**TEAM PENNSYLVANIA FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 14. Program Services (Continued)**

	2021	2020
<hr/>		
<i>Governor's Advisory Commission on Latino Affairs:</i>		
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
 <i>Adult Education &amp; Workforce Gap Reduction Strategies:</i>		
This program is funded by the Educate4Opportunity Grant from the National Governors Association. 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.	11,228	16,396
 <i>Heinz Policy &amp; Data Impact Lab:</i>		
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
	<u>\$ 1,298,594</u>	<u>\$ 4,194,545</u>

## TEAM PENNSYLVANIA FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### Note 15. 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:

<u>Year</u>	<u>Amount</u>
2022	\$ 72,623
2023	74,439
2024	50,446
	<u>\$ 197,508</u>

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, 2021 and 2020, were \$75,144 and \$99,289, respectively.

#### Note 16. Uncertainties

Developments arising from the coronavirus pandemic and efforts to mitigate the disease's effects continue to disrupt the global economy. Until the pandemic is brought under control in the view of the public, and in the view of the governmental entities restricting the operations of businesses, the impact on the financial well-being of the Foundation remains unknown. Therefore, the ultimate effects of this crisis on the financial position, results of operations and cash flows of the Foundation are indeterminable because the duration of the crisis is also indeterminable; however, management continues to monitor developments.