

TEAM PENNSYLVANIA FOUNDATION

FINANCIAL REPORT

JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Team Pennsylvania Foundation
Harrisburg, Pennsylvania

Opinion

We have audited the financial statements of Team Pennsylvania Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2025 and 2024, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Team Pennsylvania Foundation, as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, which raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

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 2, 2026

TEAM PENNSYLVANIA FOUNDATION

STATEMENTS OF FINANCIAL POSITION June 30, 2025 and 2024

ASSETS	2025	2024
Current Assets		
Cash and cash equivalents	\$ 67,417	\$ 348,487
Restricted cash	1,224,183	1,325,714
Grants receivable	302,333	575,629
Miscellaneous receivable	20,500	12,508
Prepaid expenses	9,855	9,402
Pledges receivable, current portion	283,550	270,416
Agency investment in Orchestra BioMed	72,518	220,531
Agency investment in Moonstone Nutrition	64,836	-
Total current assets	2,045,192	2,762,687
Other Assets		
Property and equipment, net accumulated depreciation	34,800	-
Pledges receivable, net of current portion	153,125	13,319
Security deposit	15,678	4,978
Operating lease right-of-use asset	580,978	18,840
Sustainability fund investments		
Marketable securities	7,410,228	7,537,212
Total other assets	8,194,809	7,574,349
Total assets	\$ 10,240,001	\$ 10,337,036

See Notes to Financial Statements.

LIABILITIES AND NET ASSETS	2025	2024
Current Liabilities		
Accounts payable	\$ 37,851	\$ 284,441
Accrued payroll and taxes	99,798	132,328
Current portion of operating lease liability	108,550	18,840
Deferred revenue	312,814	492,218
Due to the Commonwealth of Pennsylvania	2,506	141,408
Due to fiduciary parties	1,046,217	912,619
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Total current liabilities	1,607,736	1,981,854
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Long-Term operating lease liability, net of current portion	490,055	-
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Net Assets		
Without donor restrictions		
Designated as sustainability fund	7,410,228	7,537,212
Designated for programs	31,645	31,645
Undesignated	64,414	67,711
With donor restrictions	635,923	718,614
Total net assets	8,142,210	8,355,182
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Total liabilities and net assets	\$ 10,240,001	\$ 10,337,036
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TEAM PENNSYLVANIA FOUNDATION

STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Gains			
Department of Community and Economic Development (DCED) grants	\$ 1,292,137	\$ -	\$ 1,292,137
Federal grants	132,471	-	132,471
PA Department of Agriculture grant	63,868	-	63,868
PA Council on the Arts grant	28,890	-	28,890
Program fees, events and sponsorships	656	4,000	4,656
Contributions			
General	511,251	564,958	1,076,209
Foundation	-	101,500	101,500
In-kind	15,000	-	15,000
Bank interest	27,476	-	27,476
Other	191,825	-	191,825
Net assets released from restrictions	753,149	(753,149)	-
Total revenues	3,016,722	(82,691)	2,934,031
Investment Income, Net - Sustainability Fund	773,016	-	773,016
Total revenues and gains	3,789,738	(82,691)	3,707,047
Expenses			
Program services	3,396,276	-	3,396,276
Management and general	297,736	-	297,736
Fundraising	226,007	-	226,007
Total expenses	3,920,019	-	3,920,019
Changes in net assets	(130,281)	(82,691)	(212,972)
Net Assets - July 1, 2024	7,636,568	718,614	8,355,182
Net Assets - June 30, 2025	<u>\$ 7,506,287</u>	<u>\$ 635,923</u>	<u>\$ 8,142,210</u>

See Notes to Financial Statements.

TEAM PENNSYLVANIA FOUNDATION

STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Gains			
Department of Community and Economic Development (DCED) grants	\$ 905,629	\$ -	\$ 905,629
Federal grants	481,908	-	481,908
Contributions	531,661	448,684	980,345
Bank interest	92,404	-	92,404
Other	83,802	-	83,802
Net assets released from restrictions	686,652	(686,652)	-
Total revenues	2,782,056	(237,968)	2,544,088
Investment Income, Net - Sustainability Fund	878,301	-	878,301
Total revenues and gains	3,660,357	(237,968)	3,422,389
Expenses			
Program services	2,427,379	-	2,427,379
Management and general	944,840	-	944,840
Fundraising	131,443	-	131,443
Total expenses	3,503,662	-	3,503,662
Changes in net assets	156,695	(237,968)	(81,273)
Net Assets - July 1, 2023	7,479,873	956,582	8,436,455
Net Assets - June 30, 2024	<u>\$ 7,636,568</u>	<u>\$ 718,614</u>	<u>\$ 8,355,182</u>

See Notes to Financial Statements.

TEAM PENNSYLVANIA FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2025

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Functional Expenses				
Salaries and benefits	\$ 1,081,562	\$ 105,690	\$ 176,472	\$ 1,363,724
Payroll taxes	74,520	7,060	12,853	94,433
Insurance	-	16,953	-	16,953
Office rent and parking	122,472	44,252	28,399	195,123
Professional fees	22,160	38,516	-	60,676
Consulting fees	1,766,086	46,809	-	1,812,895
Voice/data/mail	7,669	1,667	1,778	11,114
Office supplies	3,156	687	733	4,576
Travel	49,729	1,430	-	51,159
Marketing and communication	108,502	14,727	-	123,229
Conferences and meetings	26,852	-	-	26,852
Special events	11,348	-	-	11,348
Sponsorships	14,359	-	-	14,359
Membership/subscriptions	2,579	-	-	2,579
Office software and equipment	31,654	2,219	5,752	39,625
Training	8,454	-	-	8,454
Investor and board development	2,031	15,405	20	17,456
Depreciation	3,694	2,321	-	6,015
Miscellaneous	59,449	-	-	59,449
Total expenses	\$ 3,396,276	\$ 297,736	\$ 226,007	\$ 3,920,019

See Notes to Financial Statements.

TEAM PENNSYLVANIA FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Functional Expenses				
Salaries and benefits	\$ 904,601	\$ 331,015	\$ 104,787	\$ 1,340,403
Payroll taxes	64,493	23,235	6,928	94,656
Insurance	-	17,394	-	17,394
Office rent and parking	1,338	95,511	8,905	105,754
Professional fees	23,003	34,099	501	57,603
Consulting fees	1,173,552	251,169	-	1,424,721
Voice/data/mail	-	14,644	1,766	16,410
Office supplies	842	5,852	-	6,694
Travel	47,227	9,945	-	57,172
Marketing and communication	34,606	108,757	-	143,363
Conferences and meetings	9,867	2,012	-	11,879
Special events	76,552	2,232	-	78,784
Sponsorships	10,600	-	-	10,600
Membership/subscriptions	2,236	1,350	-	3,586
Office software and equipment	69,897	29,040	8,288	107,225
Training	933	11,661	268	12,862
Investor and board development	109	1,569	-	1,678
Miscellaneous	7,523	5,355	-	12,878
Total expenses	\$ 2,427,379	\$ 944,840	\$ 131,443	\$ 3,503,662

See Notes to Financial Statements.

TEAM PENNSYLVANIA FOUNDATION

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Changes in net assets	\$ (212,972)	\$ (81,273)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Gain on sustainability fund investments - net	(773,016)	(878,301)
Depreciation	6,014	-
Non-cash lease change	17,627	(492)
Changes in assets and liabilities:		
(Increase) decrease in:		
Grants receivable	273,296	(521,523)
Security deposit	(10,700)	-
Miscellaneous receivable	(7,992)	2,750
Prepaid expenses	(453)	5,641
Pledges receivable	(152,940)	15,280
(Decrease) increase in:		
Accounts payable	(246,590)	206,771
Accrued payroll and taxes	(32,530)	77,807
Deferred revenue	(179,404)	492,218
Due to the Commonwealth of Pennsylvania	(138,902)	(247,848)
Due to fiduciary parties	216,775	(389,305)
Net cash used in operating activities	(1,241,787)	(1,318,275)
Cash Flows From Investing Activities		
Proceeds from the sale of investments	150,000	-
Purchase of property and equipment	(40,814)	-
Cash received from investment fund distribution	750,000	-
Net cash provided by investing activities	859,186	-
Net change in cash, cash equivalents and restricted cash	(382,601)	(1,318,275)
Cash, Cash Equivalents and Restricted Cash:		
Beginning	1,674,201	2,992,476
Ending	\$ 1,291,600	\$ 1,674,201
Non-cash Operating Activities		
Net change in Investments in Orchestra BioMed	\$ 148,013	\$ (31,118)
Net change in Investments in Moonstone Nutrition	\$ (64,836)	\$ -
Net change in due to fiduciary parties	\$ (83,177)	\$ 31,118

See Notes to Financial Statements.

TEAM PENNSYLVANIA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

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

Nature of Activities: Team Pennsylvania Foundation (Foundation or Team Pennsylvania), 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

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, 2025 and 2024.

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.

Grants Receivable: Grants consist of amounts due for costs incurred under various grant agreements. Grants receivables are presented net of an allowance for credit losses, when necessary, based on historical experience, an assessment of current and expected economic conditions, and a review of subsequent collections. Grants receivables are written-off when deemed uncollectible. At June 30, 2025 and 2024, the allowance for credit losses was \$-0- and \$-0-, respectively.

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 without donor restrictions.

Investments and Fair Value: The Foundation follows the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (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

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 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 a 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. During the fiscal year ended June 30, 2025, the Foundation acquired shares of Moonstone Nutrition, which is being classified as a Level 3 for fair value measurement.

Leases: The Foundation leases office space under long-term lease agreements (Note 13). At the lease commencement date, the Foundation classifies its leases as either finance or operating based on the lease agreement terms. A lease is classified as a finance lease if certain criteria are met. If none of the lease classification criteria are met, the lease is classified as an operating lease. Leases with initial terms of 12 months or more are accounted for on the Foundation's balance sheet as a financial liability with a corresponding right-of-use asset (ROU). Improvements to leased property are capitalized as assets and are amortized over the shorter of (1) the economic useful life of the asset or (2) the lease term including reasonably assured renewal periods. Leasehold improvements to property under related party arrangements are amortized over the economic useful life of the leasehold improvement.

The initial measurement of the lease liability, regardless of the lease's classification, is comprised of the discounted lease payments over the lease term, using the discount rate at the lease commencement date. The initial measurement of the ROU asset, regardless of the lease's classification, is comprised of the lease liability adjusted for prepayments, initial direct costs incurred by the lessee, and any lease incentive received from the lessor before commencement of the lease. Subsequently, the lease liability, regardless of the lease's classification, is amortized over the lease term using the discount rate used to initially measure the lease liability. For finance leases, the ROU asset is amortized on the straight-line basis over the lease term. For operating leases, amortization of the ROU asset is equal to the amortization of the lease liability. Periodic lease expense for financing leases is comprised of the amortization of the ROU asset and the accretion of the lease liability. Periodic lease expense for operating leases is based on amortizing the remaining lease costs over the remaining lease term on a straight-line basis. Executory costs, such as insurance, taxes, maintenance, and repairs, are charged to expense as incurred.

TEAM PENNSYLVANIA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

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

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: At Team Pennsylvania's May 2, 2024 Resource Allocation Committee meeting, remaining funds from previous economic development activities were reallocated to support current economic development activities at DCED. These activities include tax consultancy and research services, site selector and business attraction activities, and implementation of the Governor Shapiro's 10-year Economic Development Strategy.

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.

Subsequent Events: In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through January 2, 2026, 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, 2025 and 2024, cash exceeding FDIC limits totaled \$1,041,600 and \$1,424,201, respectively.

TEAM PENNSYLVANIA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

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:

	2025	2024
Cash and cash equivalents	\$ 67,417	\$ 348,487
Restricted cash	1,224,183	1,325,714
Total cash, cash equivalents and restricted cash shown on the Statements of Cash Flows	<u>\$ 1,291,600</u>	<u>\$ 1,674,201</u>

Note 4. Liquidity and Availability

The following table reflects the Foundation's financial assets as of June 30, 2025 and 2024, 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.

	2025	2024
Financial assets at year-end		
Cash and cash equivalents	\$ 67,417	\$ 348,487
Pledges receivable	436,675	283,735
Grants and other receivables	302,333	575,629
Miscellaneous receivable	20,500	12,508
Sustainability fund investments - marketable securities	7,410,228	7,537,212
Total financial assets	<u>8,237,153</u>	<u>8,757,571</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions subject to purpose restriction	199,248	434,879
Net assets with donor restrictions subject to passage of time	436,675	283,735
Net assets with Board designations	7,441,873	7,568,857
	<u>8,077,796</u>	<u>8,287,471</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 159,357</u>	<u>\$ 470,100</u>

TEAM PENNSYLVANIA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 5. Pledges Receivable

Pledges receivable are as follows as of June 30:

	2025	2024
Total gross pledges	\$ 453,550	\$ 285,416
Unamortized present value at 4.60% and 5.14%, respectively	(16,875)	(1,681)
Net pledges receivable	<u>\$ 436,675</u>	<u>\$ 283,735</u>
Amounts due in:		
Less than one year	\$ 283,550	\$ 270,416
One to two years	153,125	13,319
	<u>\$ 436,675</u>	<u>\$ 283,735</u>

Note 6. Leasehold Improvements and Equipment

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

	2025	2024
Furniture	\$ 22,472	\$ 18,160
Equipment	121,404	84,902
Total fixed assets	143,876	103,062
Less accumulated depreciation	(109,076)	(103,062)
Total leasehold improvements and equipment, net	<u>\$ 34,800</u>	<u>\$ -</u>

TEAM PENNSYLVANIA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 7. Investments and Fair Value Measurements

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

	2025		2024	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 52,919	\$ 52,919	\$ 248,882	\$ 248,882
Equity mutual funds	3,667,077	5,181,327	4,173,386	5,295,716
Fixed income mutual funds	2,226,492	2,175,982	2,238,619	1,992,614
	<u>\$ 5,946,488</u>	<u>\$ 7,410,228</u>	<u>\$ 6,660,887</u>	<u>\$ 7,537,212</u>

FASB ASC 820, *Fair Value Measurements* establishes 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 markets
 - 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.

TEAM PENNSYLVANIA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 7. Investments and Fair Value Measurements (Continued)

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.

The 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, 2025 and 2024.

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.

The following table set forth, by level within the fair value hierarchy, the assets and liabilities at fair value as of June 30, 2025:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 52,919	\$ -	\$ -	\$ 52,919
Equity mutual funds				
Exchange traded funds	5,181,327	-	-	5,181,327
Fixed income mutual funds				
Intermediate core bond funds	2,175,982	-	-	2,175,982
Agency investment in				
Orchestra BioMed	72,518	-	-	72,518
Moonstone Nutrition	-	-	64,836	64,836
Total financial assets at fair value	<u>\$ 7,482,746</u>	<u>\$ -</u>	<u>\$ 64,836</u>	<u>\$ 7,547,582</u>

The following table set forth, by level within the fair value hierarchy, the assets and liabilities at fair value as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 248,882	\$ -	\$ -	\$ 248,882
Equity mutual funds				
Exchange traded funds	5,295,716	-	-	5,295,716
Fixed income mutual funds				
Intermediate core bond funds	1,992,614	-	-	1,992,614
Agency investment in				
Orchestra BioMed	220,531	-	-	220,531
Total financial assets at fair value	<u>\$ 7,757,743</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,757,743</u>

TEAM PENNSYLVANIA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

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, 2025:

	Moonstone Nutrition
Beginning balance	\$ -
Investment in Moonstone	64,836
Total gains (unrealized)	-
Ending balance	<u>\$ 64,836</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, 2024:

	Orchestra BioMed
Beginning balance	\$ 189,413
Total losses (unrealized)	31,118
Transfer to Level 1	(220,531)
Ending balance	<u>\$ -</u>

Note 8. Agency Investments

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. During the year ended June 30, 2024, the Foundation's shares of the agency-based investment in Orchestra BioMed went public.

As of June 30, 2025, the liquidity event has not occurred, and the Foundation was holding 27,059 shares of the now-publicly traded entity. Total value of the shares reported as of June 30, 2025 and 2024, was \$72,518 and \$220,531, respectively. 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.

TEAM PENNSYLVANIA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 8. Agency Investments (Continued)

Moonstone Nutrition: In August 2024, the Foundation entered into an agreement with CFA by which CFA requested the Foundation to hold shares of Moonstone Nutrition of which were previously owned by a Partnership that terminated. 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 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, 2025, a liquidity event had not occurred, and the foundation holds 65,491 shares of Moonstone Nutrition. Total value of the shares reported as of June 30, 2025 was \$64,836. 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 9. Due to Fiduciary Parties

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

	2025	2024
Due to Governor's Residence Preservation Fund	\$ 775,237	\$ 33,999
Due to Commonwealth Financing Authority - Orchestra BioMed	72,518	220,531
Due to Commonwealth Financing Authority - Moonstone Nutrition Services	64,836	-
Due to PA Council of the Arts	17,595	17,595
Due to Governor's Advisory Commission on Latino Affairs	1,371	1,321
Due to PA Commission on Women	6,048	5,525
Due to PA Growth Partnership	81,456	605,574
Due to Community Arts and Culture at The Residence	10,000	16,246
Due to Governor's Advisory Commission on LBGTQ Affairs	5,129	2,709
Due to Governor's Advisory Commission on Asian Pacific American Affairs	2,346	298
Due to Governor's Advisory Commission on African American Affairs	678	969
Due to Governor's Advisory Commission on Next Generation Engagement	4,128	3,074
Due to First Lady's Initiatives and Priorities	4,875	4,778
	<u>\$ 1,046,217</u>	<u>\$ 912,619</u>

TEAM PENNSYLVANIA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 10. Board Designated Net Assets

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, 2025 and 2024, no additional funds were designated by the Board for program purposes. Any decreases were a result of program expenses.

Total Board designated net assets for programs were \$31,645 as of June 30, 2025 and 2024.

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, 2025 and 2024, 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.

TEAM PENNSYLVANIA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 10. Board Designated Net Assets (Continued)

Amounts Designated as Sustainability Fund (Continued): The Foundation's sustainability fund investments are recorded at fair value. At June 30, 2025 and 2024, the Foundation's marketable securities, managed by and held by PNC, were invested in the following:

	2025	2024
Cash and cash equivalents	\$ 52,919	\$ 248,882
Equity mutual funds	5,181,327	5,295,716
Fixed income mutual funds	2,175,982	1,992,614
	<u>\$ 7,410,228</u>	<u>\$ 7,537,212</u>

The gain on sustainability fund investments for the years ended June 30, 2025 and 2024, is comprised of the following:

	2025	2024
Investment income	\$ 198,296	\$ 192,170
Realized gains	16,207	16,916
Unrealized gains	592,888	701,616
Management fees	(34,375)	(32,401)
	<u>\$ 773,016</u>	<u>\$ 878,301</u>

Changes in the sustainability fund net asset for the years ended June 30, 2025 and 2024:

	2025	2024
Beginning balance	\$ 7,537,212	\$ 6,658,911
Investment return		
Change in value	592,888	701,616
Investment income	180,128	176,685
Distributions	(750,000)	-
Cash designated at year end for operations	(150,000)	-
Ending balance	<u>\$ 7,410,228</u>	<u>\$ 7,537,212</u>

TEAM PENNSYLVANIA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 11. Net Assets with Donor Restrictions

The Foundation's net assets with donor restrictions at June 30, 2025 and 2024, are comprised of the following:

	2025	2024
Subject to the passage of time:		
Pledges receivable	\$ 436,675	\$ 283,735
Subject to expenditure for specified purpose:		
Early Learning Investment Commission	64,619	238,994
Robotics and Technology Deployment	95,208	141,899
International Business Development	34,078	35,463
AT&T Young Professionals	-	5,012
AT&T Digital Literacy	-	4,222
Statewide Young Professionals	-	3,946
Visit PA Tourism Initiative	5,343	5,343
	<u>\$ 635,923</u>	<u>\$ 718,614</u>

2025 and 2024 net assets were released from donor restrictions by incurring expenses satisfying restricted purposes or by realization of events specified by donors as follows:

	2025	2024
Expiration of time restrictions:		
Pledges receivable	\$ 249,060	\$ 196,680
Satisfaction of purpose restrictions		
International Business Development	1,382	78,974
AT&T Digital Literacy	4,222	-
AT&T Young Professionals	5,012	5,500
Robotics and Technology Deployment	46,692	3,044
Pennsylvania Young Professionals	3,946	-
Early Learning Investment Commission	442,834	402,454
	<u>\$ 753,149</u>	<u>\$ 686,652</u>

TEAM PENNSYLVANIA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 12. Program Services

The Foundation provides support for the following programs and initiatives:

	2025	2024
<i>Economic Competitiveness:</i>		
In partnership with DCED, Team Pennsylvania supports strategic sponsorships, events, and other economic development activities.	\$ 138,902	\$ 247,848
<i>Impact and Innovation Initiatives:</i>		
The Impact and Innovation Initiatives are Team Pennsylvania's independent, core portfolio of work. We are the state's trusted neutral broker and convener, and we combine collaboration with strategic investment of public and private funds to accelerate Pennsylvania's economy. A core focus of our work is the convening of Cross-Sector Collaboratives in agriculture, energy, manufacturing, and robotics/technology . Each collaborative includes policy makers and business leaders from across the commonwealth, as well as leaders of labor, academia and nonprofits. Their main purpose is to create the conditions for innovative, technological, and market-driven solutions that position Pennsylvania as a leader among states and a competitor among nations, maximizing impact for the commonwealth while creating equity and economic opportunity for all Pennsylvanians.	1,362,321	1,176,902
<i>Economic Development Grant:</i>		
Team Pennsylvania both staffs and contracts with consulting support to carry out economic development activities in partnership with DCED, including but not limited to the following: strengthening the manufacturing sector, supporting the buildout of cross-sector collaboratives, promoting innovation, and ensuring that Pennsylvania is competitive through site readiness.	1,001,760	-
<i>EDA Statewide Economic Development Planning Grant:</i>		
Using funds from a federal EDA Statewide Planning Grant, Team Pennsylvania is focused on developing Pennsylvania's Comprehensive Economic Development Strategy.	-	442,869
<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 public-private strategies dedicated to supporting and advancing Pennsylvania's early learning and economic development through selected projects.	442,834	403,604

TEAM PENNSYLVANIA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 12. Program Services (Continued)

	2025	2024
<i>International Business Support:</i>		
Team Pennsylvania supports DCED's Office of International Business Development (OIBD) in their efforts to increase Pennsylvania exports and secure foreign direct investment.	1,382	78,974
<i>Digital Literacy:</i>		
Team Pennsylvania provides support for digital literacy activities.	4,222	-
<i>Accelerating Technology Adoption to Enhance Manufacturing Competitiveness:</i>		
Team Pennsylvania was awarded a grant of nearly \$380,000 from The Appalachian Regional Commission (ARC) for its Pennsylvania Manufacturing Competitiveness Collaborative. The grant will be supplemented by state and private funding that will result in a total investment of \$750,000 in this work, enabling the public-private network of partners to make manufacturing in the commonwealth more competitive.	254,160	77,182
<i>Economic Impact of Agricultural Activity in Pennsylvania:</i>		
Using funds from a Pennsylvania Department of Agriculture grant, Team Pennsylvania issued a statewide economic analysis that measured the economic impact of agriculture activity in the state from 2012 to 2022.	63,868	-
<i>Agriculture 10-Year Economic Development Strategy:</i>		
Agriculture is one of five sectors identified by Governor Shapiro's 10-year economic development strategy released in January 2024. This project focuses specifically on Pennsylvania agriculture and provides analysis, research, ideas, and initiatives to help inform a state-wide long-term road map for food and agriculture in the commonwealth.	51,245	-
<i>Robotics and Technology Cross-Sector Collaborative:</i>		
Using funds that had been originally restricted for building broadband infrastructure but released through the Orphans Court in 2022 so that they could be used more broadly toward Team Pennsylvania's mission-align activities, a Robotics and Technology Cross-Sector Collaborative was launched in February 2024.	46,692	-
<i>Administrative Support for PA Council on the Arts:</i>		
Using funds awarded in a grant from the Pennsylvania Council on the Arts (the Council), Team Pennsylvania provided administrative support towards the Council's development and project management efforts, including distributing grant awards to selected applicants.	28,890	-
	<u>\$ 3,396,276</u>	<u>\$ 2,427,379</u>

TEAM PENNSYLVANIA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 13. 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.

On November 20, 2023, the Foundation entered into a lease that extended through February 28, 2025.

In July 2024, the Foundation entered into a 36-month lease with Strawberry Square Associates for office space. The Foundation was liable for monthly lease payments upon taking occupancy, which occurred October 1, 2024. Additionally, the lease contains a renewal option for a term of two years.

Operating lease cost is recognized on a straight-line basis over the lease term. Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term. The components of lease expense are as follows for the years ended June 30, 2025 and 2024:

	2025	2024
Operating lease expense	\$ 111,122	\$ 75,177
Total lease cost	\$ 111,122	\$ 75,177

Supplemental cash flow information related to leases is as follows:

Other Information	2025	2024
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash out-flows from operating leases	\$ 93,495	\$ 75,669
ROU assets obtained in exchange for new operating leases	665,098	43,601
Weighted-average remaining lease term in years for operating leases	4.25	0.25
Weighted-average discount rate for operating leases	3.51%	4.94%

TEAM PENNSYLVANIA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 13. Commitments and Contingencies (Continued)

Operating Leases (Continued): Future minimum lease payments for the Foundations operating lease as of June 30, 2025, are as follows:

Year	Amount
2026	\$ 127,465
2027	131,289
2028	165,063
2029	178,625
2030	44,875
Total lease payments	647,317
Less: present value discount	(48,712)
	<u>\$ 598,605</u>

Note 14. In-Kind Contributions

During the year ended June 30, 2025, the Foundation received contributed legal services from professional attorneys. These services were recognized in the financial statements at their estimated fair market value on the date of service. The contributed legal services totaled \$15,000 and were primarily used to support the Foundation's program-related legal needs.