

**Lancaster County Community Foundation  
and Affiliate**

**Consolidated Financial Statements and  
Supplementary Information**

**December 31, 2018 and 2017**



# **Lancaster County Community Foundation and Affiliate**

---

## Table of Contents

December 31, 2018 and 2017

	<b>Page</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 and 2
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4 and 5
Consolidated Statement of Functional Expenses - by Natural Classification	6 and 7
Consolidated Statement of Cash Flows	8
Notes to Consolidated Financial Statements	9 to 24
<b>SUPPLEMENTARY INFORMATION</b>	
Consolidating Statement of Financial Position	25 and 26
Consolidating Statement of Activities	27 and 28



## Independent Auditor's Report

To the Board of Directors  
Lancaster County Community Foundation  
and Affiliate  
Lancaster, Pennsylvania

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Lancaster County Community Foundation and Affiliate, which comprise the consolidated statement of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities, functional expenses - by natural classification, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

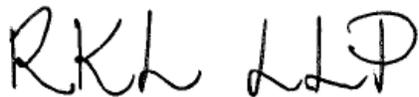
## **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Lancaster County Community Foundation and Affiliate as of December 31, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter**

### *Supplementary Information*

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

Handwritten signature in black ink that reads "RKL LLP". The letters are cursive and somewhat stylized.

July 17, 2019  
Lancaster, Pennsylvania

# Lancaster County Community Foundation and Affiliate

## Consolidated Statement of Financial Position

	December 31,	
	2018	2017
<b>Assets</b>		
Cash and cash equivalents	\$ 11,782,879	\$ 10,468,739
Investments	60,157,455	57,502,522
Prepaid expenses	67,390	49,621
Contributions receivable	142,203	123,070
Interest receivable	3,750	-
Notes receivable	500,000	-
Property and equipment, net	112,072	140,360
Perpetual trusts and split-interest agreements	39,947,245	44,762,320
<b>Total Assets</b>	<b>\$ 112,712,994</b>	<b>\$ 113,046,632</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 62,303	\$ 79,724
Grants payable	10,250,224	8,659,411
Accrued expenses	29,560	20,661
Charitable gift annuities	1,324,933	1,377,518
Liability to resource providers	3,480,617	3,793,738
<b>Total Liabilities</b>	<b>15,147,637</b>	<b>13,931,052</b>
<b>Net Assets</b>		
Without donor restrictions	57,618,112	54,353,260
With donor restrictions	39,947,245	44,762,320
<b>Total Net Assets</b>	<b>97,565,357</b>	<b>99,115,580</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 112,712,994</b>	<b>\$ 113,046,632</b>

# Lancaster County Community Foundation and Affiliate

## Consolidated Statement of Activities

	Year Ended December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains, and Other Support</b>			
Contributions	\$ 21,597,640	\$ -	\$ 21,597,640
Return on investments			
Distributions from perpetual trusts	2,094,518	-	2,094,518
Interest and dividends, net of fees	1,400,109	-	1,400,109
Net realized and unrealized losses	(5,306,504)	-	(5,306,504)
Other income	39,058	-	39,058
Net change in value of charitable gift annuities	(29,846)	-	(29,846)
Net change in value of perpetual trusts and split-interest agreements	-	(4,815,075)	(4,815,075)
	<u>19,794,975</u>	<u>(4,815,075)</u>	<u>14,979,900</u>
<b>Total Revenues, Gains, and Other Support</b>			
	<u>19,794,975</u>	<u>(4,815,075)</u>	<u>14,979,900</u>
<b>Expenses</b>			
Program and related services	15,900,226	-	15,900,226
Management and general	385,634	-	385,634
Fundraising	244,263	-	244,263
	<u>16,530,123</u>	<u>-</u>	<u>16,530,123</u>
<b>Total Expenses</b>			
	<u>16,530,123</u>	<u>-</u>	<u>16,530,123</u>
<b>Change in Net Assets</b>	3,264,852	(4,815,075)	(1,550,223)
<b>Net Assets at Beginning of Year</b>	<u>54,353,260</u>	<u>44,762,320</u>	<u>99,115,580</u>
<b>Net Assets at End of Year</b>	<u>\$ 57,618,112</u>	<u>\$ 39,947,245</u>	<u>\$ 97,565,357</u>

# Lancaster County Community Foundation and Affiliate

## Consolidated Statement of Activities (continued)

	Year Ended December 31, 2017		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains, and Other Support</b>			
Contributions	\$ 15,760,693	\$ 5,890	\$ 15,766,583
Return on investments			
Distributions from perpetual trusts	2,481,706	-	2,481,706
Interest and dividends, net of fees	1,333,158	-	1,333,158
Net realized and unrealized gains	4,707,794	-	4,707,794
Other income	105,049	-	105,049
Net change in value of charitable gift annuities	(50,783)	-	(50,783)
Net change in value of perpetual trusts and split-interest agreements	-	3,558,959	3,558,959
<b>Total Revenues, Gains, and Other Support</b>	<b>24,337,617</b>	<b>3,564,849</b>	<b>27,902,466</b>
<b>Expenses</b>			
Program and related services	14,517,022	-	14,517,022
Management and general	359,768	-	359,768
Fundraising	223,729	-	223,729
<b>Total Expenses</b>	<b>15,100,519</b>	<b>-</b>	<b>15,100,519</b>
<b>Change in Net Assets</b>	<b>9,237,098</b>	<b>3,564,849</b>	<b>12,801,947</b>
<b>Net Assets at Beginning of Year</b>	<b>45,116,162</b>	<b>41,197,471</b>	<b>86,313,633</b>
<b>Net Assets at End of Year</b>	<b>\$ 54,353,260</b>	<b>\$ 44,762,320</b>	<b>\$ 99,115,580</b>

## Lancaster County Community Foundation and Affiliate

Consolidated Statement of Functional Expenses - by Natural Classification

	Year Ended December 31, 2018			Totals
	Program and Related Services	Supporting Services		
		Management and General	Fundraising	
Grants and scholarships	\$ 14,104,697	\$ -	\$ -	\$ 14,104,697
Salaries	640,364	188,174	131,529	960,067
Special initiatives - Extraordinary Give	562,218	-	-	562,218
Insurance	113,188	33,260	23,249	169,697
Marketing	79,568	23,382	16,343	119,293
Conferences, meetings, and travel	71,832	17,727	12,391	101,950
Rent, utilities, and maintenance	55,127	16,199	11,323	82,649
Payroll taxes	44,057	12,946	9,049	66,052
Software license	39,335	11,560	8,079	58,974
Professional fees	24,031	25,060	1,650	50,741
Depreciation	27,188	7,989	5,584	40,761
Office supplies and expense	26,967	7,906	5,525	40,398
Travel	25,794	7,580	5,298	38,672
Retirement	25,590	7,520	5,256	38,366
Staff development	25,008	2,497	1,745	29,250
Dues and subscriptions	14,733	6,020	3,026	23,779
Telephone and internet	12,677	3,725	2,604	19,006
Scholarship administration fees	-	6,385	-	6,385
Equipment leases and expense	4,165	1,225	855	6,245
Bank and administrative fees	-	5,395	-	5,395
Postage and shipping	2,461	724	505	3,690
Miscellaneous	1,226	360	252	1,838
	<u>\$ 15,900,226</u>	<u>\$ 385,634</u>	<u>\$ 244,263</u>	<u>\$ 16,530,123</u>

## Lancaster County Community Foundation and Affiliate

Consolidated Statement of Functional Expenses - by Natural Classification (continued)

	Year Ended December 31, 2017			Totals
	Program and Related Services	Supporting Services		
		Management and General	Fundraising	
Grants and scholarships	\$ 12,857,026	\$ -	\$ -	\$ 12,857,026
Salaries	575,996	176,023	119,382	871,401
Special initiatives - Extraordinary Give	542,467	-	-	542,467
Insurance	81,995	25,058	16,994	124,047
Marketing	82,201	24,626	16,703	123,530
Conferences, meetings, and travel	77,710	18,111	12,283	108,104
Rent, utilities, and maintenance	54,256	16,580	11,245	82,081
Payroll taxes	40,323	12,324	8,357	61,004
Software license	37,301	11,399	7,731	56,431
Professional fees	32,727	27,274	4,967	64,968
Depreciation	27,800	8,495	5,762	42,057
Office supplies and expense	21,778	6,280	4,260	32,318
Travel	14,778	4,516	3,063	22,357
Retirement	22,721	6,943	4,709	34,373
Staff development	17,208	1,875	1,272	20,355
Dues and subscriptions	14,114	4,535	2,896	21,545
Telephone and internet	12,875	3,935	2,668	19,478
Scholarship administration fees	-	5,873	-	5,873
Equipment leases and expense	4,305	1,316	892	6,513
Bank and administrative fees	-	3,801	-	3,801
Postage and shipping	2,629	804	545	3,978
Miscellaneous	(3,188)	-	-	(3,188)
	<u>\$ 14,517,022</u>	<u>\$ 359,768</u>	<u>\$ 223,729</u>	<u>\$ 15,100,519</u>

# Lancaster County Community Foundation and Affiliate

## Consolidated Statement of Cash Flows

	Years Ended December 31,	
	2018	2017
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (1,550,223)	\$ 12,801,947
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	40,761	42,057
Net realized and unrealized (gains) losses on investments	5,306,504	(4,707,794)
In-kind contributions - investments	(159,051)	(877,160)
Restricted contribution - perpetual trusts and split-interest agreements	-	(5,890)
Net change in value of perpetual trusts and split-interest agreements	4,815,075	(3,558,959)
Net change in charitable gift annuities liability	(52,585)	25,315
Proceeds from sale of donated investments	159,051	877,160
Increase in assets		
Prepaid expenses	(17,769)	(17,799)
Contributions receivable	(19,133)	(2,820)
Interest receivable	(3,750)	-
Increase (decrease) in liabilities		
Accounts payable	(17,421)	24,603
Grants payable	1,590,813	1,422,601
Accrued expenses	8,899	8,475
Liability to resource providers	(313,121)	548,123
<b>Net Cash Provided by Operating Activities</b>	<b>9,788,050</b>	<b>6,579,859</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(23,633,683)	(22,847,032)
Proceeds from sale of investments	15,672,246	17,179,264
Cash paid for notes receivable	(500,000)	-
Purchase of property and equipment	(12,473)	(23,621)
<b>Net Cash Used in Investing Activities</b>	<b>(8,473,910)</b>	<b>(5,691,389)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>1,314,140</b>	<b>888,470</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>10,468,739</b>	<b>9,580,269</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 11,782,879</b>	<b>\$ 10,468,739</b>

## **Lancaster County Community Foundation and Affiliate**

---

### Notes to Consolidated Financial Statements

December 31, 2018 and 2017

#### **Note 1 - Nature of Operations**

The Lancaster County Community Foundation (Foundation) functions as a parallel organization to the Lancaster County Foundation (Trust), a Pennsylvania charitable trust. The Foundation functions as the primary operating entity for both organizations, and not only manages its own assets and fundraising, but also manages the various funds held by the Trust and administers distributions of the income from those funds. The consolidated entity of the Lancaster County Community Foundation and the Lancaster County Foundation will be referred to as the Organization.

The Organization engages in a variety of activities typically carried on by community foundations, including community outreach and leadership, educational events, speaking engagements, capacity building programs, investment management, development, and grant making. The Organization operates as a family of component funds established by donors' gifts, beginning in 1924. The Organization offers donors (individuals, families, businesses, foundations, other not-for-profit organizations) various means of emboldening our extraordinary community through designated funds, scholarships, field of interest funds, and donor advised funds, among others.

#### **Note 2 - Summary of Significant Accounting Policies**

A summary of significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

##### **Basis of Accounting**

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

##### **Use of Estimates**

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, if any, at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting audit. Accordingly, actual results could differ from those estimates.

##### **Principles of Consolidation**

The consolidated financial statements include the accounts of the Foundation and the Trust. All significant interrelated balances and transactions have been eliminated in consolidation.

##### **Cash and Cash Equivalents**

For purposes of the consolidated statement of cash flows, the Organization considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.

## **Lancaster County Community Foundation and Affiliate**

---

### Notes to Consolidated Financial Statements

December 31, 2018 and 2017

#### **Note 2 - Summary of Significant Accounting Policies (continued)**

##### **Property and Equipment**

Property and equipment is recorded at cost. Donated assets are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as contributions with donor restrictions. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets. Maintenance and repairs are charged to expense as incurred; major renewals and betterments greater than \$2,000 in cost are capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is included in the consolidated statement of activities.

##### **Notes Receivable**

Notes receivable are programmatic investments in local not-for-profit organizations working to create affordable housing and thriving-wage jobs in Lancaster. They are structured as five-year notes, with principal due in a balloon payment at the end of year five and interest (at below-market rates) due annually to the Organization. The Organization has assessed the likelihood of impairment as of December 31, 2018, and concluded that it expects to collect all contractually required principal and interest payments when due.

##### **Liability to Resource Providers**

Liability to resource providers consists of assets transferred from nonprofit organizations that specified themselves or an affiliate as the beneficiary of the fund. It is a reciprocal agreement between the nonprofit organization and the Foundation.

Assets are transferred permanently to an endowed fund at the Foundation. The assets are invested in an appropriate endowment portfolio allocation and an annual spending policy is applied to determine the maximum amount available to grant to the nonprofit resource provider during the year. An administrative fee is charged to each fund based on the fund balance.

These endowed funds provide a steady and reliable annual income stream to the nonprofit resource provider.

##### **Contributions and Restricted Resources**

The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as such. Donor-restricted contributions, grants, and investment income whose restrictions are met within the same year as received are reflected as contributions without donor restrictions or return on investments in the accompanying consolidated financial statements. The Organization reports receipts from trusts with donor stipulations as revenue without donor restrictions, with the corresponding disbursement to designated beneficiaries as restricted grants. Such amounts received, but not yet disbursed, are reported as grants payable.

## **Lancaster County Community Foundation and Affiliate**

---

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

### **Note 2 - Summary of Significant Accounting Policies (continued)**

#### **Contributions and Restricted Resources (continued)**

There are two classes of net assets - those with donor restrictions and those without donor restrictions:

Net assets with donor restrictions are net assets subject to donor-imposed stipulations that are either required to be maintained in perpetuity by the Organization or may or will be met by actions of the Organization and/or the passage of time.

Net assets without donor restrictions are net assets not subject to donor-imposed stipulations.

Any rent, specialized skill services, investments, and supplies received as donations are recorded and reflected in the accompanying consolidated financial statements at their fair value on the date of receipt.

#### **Income Taxes**

The Foundation and the Trust are not-for-profit entities as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from income taxes on related activities pursuant to Section 509(a) of the Code.

The Organization follows the standards for accounting for uncertainty in income taxes according to the principles of Accounting Standards Codification (ASC) 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for the consolidated financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization, including whether the entity is exempt from income taxes. Management evaluated the tax positions taken and concluded that the Organization had taken no uncertain tax positions that require recognition or disclosure in the consolidated financial statements. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. Federal, state, or local tax authorities for years before 2015.

#### **Functional Allocation of Expenses**

The costs of providing the various program and supporting services have been summarized on a functional basis in the consolidated statement of activities and the consolidated statement of functional expenses - by natural classification. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The consolidated financial statements report expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses, excluding grants and scholarships and special initiatives - Extraordinary Give, are allocated on the basis of estimates of time and effort.

#### **Advertising Expenses**

Advertising costs are charged to expense as incurred. Expense for the years ended December 31, 2018 and 2017 was \$219,674 and \$230,715, respectively.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Recent Accounting Pronouncements**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions”, and expands disclosures about the nature and amount of any donor restrictions. This guidance is effective for annual periods beginning after December 15, 2017. The Organization implemented this standard during the year ended December 31, 2018. The ASU has been applied retrospectively to all periods presented, which had no effect on net asset restrictions.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which provides a robust framework for addressing revenue recognition issues and, upon its effective date, replaces almost all existing revenue recognition guidance. This guidance is effective for annual reporting periods beginning after December 15, 2018. The Organization is currently evaluating the impact of the pending adoption of this standard on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The guidance is effective for fiscal years beginning after December 15, 2019. The Organization is currently evaluating the impact of the pending adoption of this standard on the consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and the accounting guidance for contributions. The update provides a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance. For contributions received, this guidance is effective for annual periods beginning after December 15, 2018, or annual periods beginning after June 15, 2018 for public business entities. For contributions made, this guidance is effective for annual periods beginning after December 15, 2019, or annual periods beginning after December 15, 2018 for public business entities. The Organization is currently evaluating the impact of the pending adoption of this standard on the consolidated financial statements.

# Lancaster County Community Foundation and Affiliate

## Notes to Consolidated Financial Statements

December 31, 2018 and 2017

### Note 3 - Cash and Investments

Cash and investments are presented in the consolidated financial statements at fair value. Cash and investments are composed of the following at December 31:

	<u>2018</u>	<u>2017</u>
<b>Cash and Cash Equivalents</b>	<b>\$ 11,782,879</b>	<b>\$ 10,468,739</b>
<b>Investments</b>		
Fixed income		
Corporate/taxable mutual funds	\$ 7,148,505	\$ 4,910,518
Corporate bonds		
Aa1	119,738	239,980
Aa2	-	64,283
Aa3	99,462	199,996
A1	770,414	768,791
A2	1,189,063	2,206,590
A3	723,063	1,181,967
Baa1	344,196	185,689
Baa2	56,866	77,948
Baa3	-	15,000
International	1,428,980	1,369,911
Government bonds		
Aaa	1,289,860	1,400,328
Treasury inflation-protected securities	548,894	620,101
High-yield debt	530,691	628,025
Certificates of deposit	93,132	38,062
	<u>14,342,864</u>	<u>13,907,189</u>
Equity securities		
Large cap	17,803,801	15,907,322
Mid cap	198,564	68,921
Small cap	1,432,989	1,507,988
International	13,741,641	11,661,605
	<u>33,176,995</u>	<u>29,145,836</u>
Alternative investments		
Absolute return	7,566,571	9,197,580
Private equity	1,959,802	1,977,525
Real estate	1,959,368	1,865,453
Commodities	1,151,855	1,408,939
	<u>12,637,596</u>	<u>14,449,497</u>
	<u>\$ 60,157,455</u>	<u>\$ 57,502,522</u>

## Lancaster County Community Foundation and Affiliate

### Notes to Consolidated Financial Statements

December 31, 2018 and 2017

#### Note 4 - Contributions Receivable

At December 31, 2018 and 2017, contributions receivable consist of distributions from trusts due to the Organization as beneficiary of the trust, amounts due to the Organization through wills or estate agreements, or unconditional promises to give. The entire amount of contributions receivable is due within one year. The Organization evaluates all contributions receivable for collectability. No reserves were considered necessary as of December 31, 2018 and 2017.

#### Note 5 - Notes Receivable

Notes receivable consist of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Community First Fund; February 14, 2018; original principal of \$250,000; bearing interest at 1.5%; interest only payments due annually; unpaid principal and interest due February 14, 2023	\$ 250,000	\$ -
Lancaster Housing Opportunity Partnership; March 1, 2018; original principal of \$250,000; bearing interest at 1.5%; interest only payments due annually; unpaid principal and interest due March 1, 2023	<u>250,000</u>	<u>-</u>
	<u>\$ 500,000</u>	<u>\$ -</u>

Interest income related to notes receivable amounted to \$6,411 for the year ended December 31, 2018.

#### Note 6 - Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2018</u>	<u>2017</u>	<u>Depreciable Lives</u>
Office equipment and software	\$ 384,985	\$ 372,512	3 to 11 years
Accumulated depreciation	<u>(272,913)</u>	<u>(232,152)</u>	
	<u>\$ 112,072</u>	<u>\$ 140,360</u>	

Depreciation expense amounted to \$40,761 and \$42,057 for the years ended December 31, 2018 and 2017, respectively.

## Lancaster County Community Foundation and Affiliate

### Notes to Consolidated Financial Statements

December 31, 2018 and 2017

#### Note 7 - Perpetual Trusts and Split-Interest Agreements

The Organization is the beneficiary of numerous perpetual trusts and split-interest agreements held by financial institutions. The trusts were established by persons, wills, living trust agreements, and court decrees with various restrictions and terms. Restrictions and terms placed on the income distributions are varied.

The Organization's interest in the perpetual trusts and split-interest agreements are valued at the present value of the future distributions of the trusts, which is calculated using the fair value of the underlying investments held in the trusts, or at the net present value of expected receipts from the trusts, using a discount rate of 6.00%.

The carrying value of perpetual trusts and split-interest agreements is as follows as of December 31:

	<u>2018</u>	<u>2017</u>
Perpetual trusts	\$ 33,485,301	\$ 37,552,838
Beneficial interest in perpetual trusts with multiple beneficiaries	5,133,237	5,726,125
Charitable remainder trusts	<u>1,328,707</u>	<u>1,483,357</u>
	<u>\$ 39,947,245</u>	<u>\$ 44,762,320</u>

Perpetual trusts are composed of the following as of December 31:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 1,430,946	\$ 1,411,261
Equities	20,442,600	23,805,468
Fixed income	9,311,560	9,874,848
Alternative investments	<u>2,300,195</u>	<u>2,461,261</u>
	<u>\$ 33,485,301</u>	<u>\$ 37,552,838</u>

Equities include stocks and equity-based mutual funds. Fixed income includes bonds, fixed income investments, and fixed income-based mutual funds. The underlying assets of each individual trust are not in control of the Organization.

The return on investments includes \$2,094,518 and \$2,481,706 in distributions from perpetual trusts during the years ended December 31, 2018 and 2017, respectively. As discussed in Note 11, the Trust's perpetual trusts are included as net assets with donor restriction and the distributions represent net investment earnings on those trusts, which are available to the Trust for grant making and administration of the Trust.

## **Lancaster County Community Foundation and Affiliate**

---

### Notes to Consolidated Financial Statements

December 31, 2018 and 2017

#### **Note 8 - Alternative Investments**

The Organization invests in alternative investments to further diversify its investment portfolio. Alternative investments include various investment funds that are not readily marketable. These funds hold certain investments, which may be valued by a single market maker. The estimated values may differ significantly from the values that would have been used had a ready market for the investment existed; they may have been affected by the decline in liquidity and prices of investments and real estate, or by the lack of observable transaction data and inputs in certain transactions. Actual results could differ from those estimates, and the difference could be material. Additionally, certain investments in limited partnerships, investments funds, and other debt instruments may be restricted as to resale or may require advance notice of redemption or withdrawal (see Note 10).

Risks arise from changes in the value of the transactions, contracts, and agreements and the potential inability of the funds to timely liquidate individual funds or real estate in the portfolio. There are numerous factors, which may significantly influence the market value of these contracts and agreements, including interest rate and currency volatility and future adverse political and economic developments involving investments in foreign companies. These factors were considered by the Organization prior to making these investments and it was determined the investment would be beneficial to leverage risk in other areas of the investment portfolio.

#### **Note 9 - Charitable Gift Annuities**

The charitable gift annuities provide for periodic payment of distributions to designated individuals (the annuitants) over a specified period of time. At the end of the specified term, the remaining assets will remain at the Organization to benefit the donor-specified charity, the Foundation, or the Foundation's programs.

Contributions received under charitable gift annuity agreements totaled \$100,000 and \$131,597 for the years ended December 31, 2018 and 2017, respectively. The value of the gift annuities received over the calculated liability is recognized as revenue without donor restrictions, which amounted to \$43,616 and \$54,721 for the years ended December 31, 2018 and 2017, respectively. Present value of future annuity payments is recognized as a liability on the consolidated statement of financial position. As of December 31, 2018 and 2017, the charitable gift annuities liabilities totaled \$1,324,933 and \$1,377,518, respectively. As of December 31, 2018 and 2017, the value of the associated investments amounted to \$2,010,017 and \$2,224,147, respectively.

## Lancaster County Community Foundation and Affiliate

---

### Notes to Consolidated Financial Statements

December 31, 2018 and 2017

#### Note 10 - Fair Value of Financial Instruments

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the 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 FASB ASC 820 are described as follows:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly; and
- Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

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 are required to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following valuation techniques were used to measure fair value of assets on a recurring basis:

Fixed income and equity securities - Fair value of fixed income and equity securities was based on quoted market prices for the identical securities.

Alternative investments - Fair value of marketable alternative investments, including real estate funds, absolute return funds, and commodities funds was based on quoted market prices for the identical mutual fund or direct investment and interest in underlying assets, and are classified as Level 1. Fair value of nonmarketable alternative investments, including private equity funds and absolute return funds, was based on estimated fair values using the net asset value provided by an independent administrator. Management reviews and evaluates the values and agrees with the valuation methods and assumptions used in determining the fair value of these funds.

Beneficial interest in perpetual trusts and split-interest agreements - The beneficial interest in perpetual trusts and split-interest agreements are valued at fair value based on the Organization's interest in the fair values of the underlying assets, which approximate the present value of estimated cash flows to be received from the trusts. The present value measured is utilized as the underlying assets of each individual trust are not in the control of the Organization.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

# Lancaster County Community Foundation and Affiliate

## Notes to Consolidated Financial Statements

December 31, 2018 and 2017

### Note 10 - Fair Value of Financial Instruments (continued)

The following tables summarize investments by ASC 820 levels as of December 31:

	2018			Total
	Level 1	Level 2	Level 3	
<b>Fixed Income</b>				
Corporate/taxable mutual funds	\$ 7,148,505	\$ -	\$ -	\$ 7,148,505
Corporate bonds				
Aa1	119,738	-	-	119,738
Aa3	99,462	-	-	99,462
A1	770,414	-	-	770,414
A2	1,189,063	-	-	1,189,063
A3	723,063	-	-	723,063
Baa1	344,196	-	-	344,196
Baa2	56,866	-	-	56,866
International	1,428,980	-	-	1,428,980
Government bonds				
Aaa	1,289,860	-	-	1,289,860
Treasury inflation-protected securities	548,894	-	-	548,894
High-yield debt	530,691	-	-	530,691
Certificates of deposit	93,132	-	-	93,132
<b>Equity Securities</b>				
Large cap	17,803,801	-	-	17,803,801
Mid cap	198,564	-	-	198,564
Small cap	1,432,989	-	-	1,432,989
International	13,741,641	-	-	13,741,641
<b>Alternative Investments</b>				
Absolute return	1,083,815	-	-	1,083,815
Real estate	1,959,368	-	-	1,959,368
Commodities	1,151,855	-	-	1,151,855
	<u>\$ 51,714,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>51,714,897</u>
<b>Alternative Investments (a)</b>				
Absolute return (b)				6,482,756
Private equity (c)				1,959,802
<b>Total Investments</b>				<u>\$ 60,157,455</u>
<b>Perpetual Trusts and Split-Interest Agreements</b>				
Perpetual trusts	\$ -	\$ -	\$ 33,485,301	\$ 33,485,301
Beneficial interest in perpetual trusts with multiple beneficiaries	-	-	5,133,237	5,133,237
Charitable remainder trusts	-	-	1,328,707	1,328,707
<b>Total Perpetual Trusts and Split-Interest Agreements</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,947,245</u>	<u>\$ 39,947,245</u>

# Lancaster County Community Foundation and Affiliate

## Notes to Consolidated Financial Statements

December 31, 2018 and 2017

### Note 10 - Fair Value of Financial Instruments (continued)

	2017			Total
	Level 1	Level 2	Level 3	
<b>Fixed Income</b>				
Corporate bonds				
Aa1	\$ 239,980	\$ -	\$ -	\$ 239,980
Aa2	64,283	-	-	64,283
Aa3	199,996	-	-	199,996
A1	768,791	-	-	768,791
A2	2,206,590	-	-	2,206,590
A3	1,181,967	-	-	1,181,967
Baa1	185,689	-	-	185,689
Baa2	77,948	-	-	77,948
Baa3	15,000	-	-	15,000
Corporate/taxable mutual funds	4,910,518	-	-	4,910,518
Government bonds				
Aaa	1,400,328	-	-	1,400,328
Treasury inflation-protected securities	620,101	-	-	620,101
International	1,369,911	-	-	1,369,911
High-yield debt	628,025	-	-	628,025
Certificates of deposit	38,062	-	-	38,062
<b>Equity Securities</b>				
Large cap	15,907,322	-	-	15,907,322
Mid cap	68,921	-	-	68,921
Small cap	1,507,988	-	-	1,507,988
International	11,661,605	-	-	11,661,605
<b>Alternative Investments</b>				
Absolute return	2,794,634	-	-	2,794,634
Real estate	1,865,453	-	-	1,865,453
Commodities	1,408,939	-	-	1,408,939
	<u>\$ 49,122,051</u>	<u>\$ -</u>	<u>\$ -</u>	<u>49,122,051</u>
<b>Alternative Investments (a)</b>				
Absolute return (b)				6,402,946
Private equity (c)				<u>1,977,525</u>
<b>Total Investments</b>				<u>\$ 57,502,522</u>
<b>Perpetual Trusts and Split-Interest Agreements</b>				
Perpetual trusts	\$ -	\$ -	\$ 37,552,838	\$ 37,552,838
Beneficial interest in perpetual trusts with multiple beneficiaries	-	-	5,726,125	5,726,125
Charitable remainder trusts	-	-	1,483,357	1,483,357
<b>Total Perpetual Trusts and Split-Interest Agreements</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,762,320</u>	<u>\$ 44,762,320</u>

## Lancaster County Community Foundation and Affiliate

### Notes to Consolidated Financial Statements

December 31, 2018 and 2017

#### Note 10 - Fair Value of Financial Instruments (continued)

- (a) This class represents investments not on active markets that are measured at fair value using the net asset value per share (or its equivalent) practical expedient and have, therefore, not been classified in the fair value hierarchy.
- (b) The Absolute Return class invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. It offers exposure to a wide range of geographies, and includes long/short equity, event-driven, fixed income arbitrage, global macro (systematic and discretionary), and long/short credit opportunities. The class has no unfunded commitments. As of December 31, 2018 and 2017, approximately 86% and 70%, respectively, of the class is subject to up to a one-year lockup with quarterly or semi-annual redemption with 65 to 90 days' notice.
- (c) The Private Equity class invests in relatively mid-life primary, secondary, and direct partnerships with vintage years beginning in 2016 and earlier. It also invests in restructured debt, stressed and distressed debt in the U.S. and globally. There are unfunded commitments totaling \$1,390,701 and \$1,540,701 as of December 31, 2018 and 2017, respectively. There are no stated redemption terms for the class.

#### Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

We evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended December 31, 2018 and 2017, there were no transfers in or out of Level 3.

The following tables summarize the changes in fair values associated with ASC 820 Level 3 assets:

	<u>Balance as of December 31, 2017</u>	<u>Net Contributions/ Purchases</u>	<u>Return on Split-Interest Agreements</u>	<u>Net Investment Activity</u>	<u>Balance as of December 31, 2018</u>
Perpetual trusts (d)	\$ 37,552,838	\$ -	\$ (4,282,082)	\$ 214,545	\$ 33,485,301
Beneficial interest in perpetual trusts with multiple beneficiaries (d)	5,726,125	-	(663,636)	70,748	5,133,237
Charitable remainder trusts (d)	<u>1,483,357</u>	<u>-</u>	<u>(154,650)</u>	<u>-</u>	<u>1,328,707</u>
<b>Total Perpetual Trusts and Split-Interest Agreements</b>	<u>\$ 44,762,320</u>	<u>\$ -</u>	<u>\$ (5,100,368)</u>	<u>\$ 285,293</u>	<u>\$ 39,947,245</u>

## Lancaster County Community Foundation and Affiliate

### Notes to Consolidated Financial Statements

December 31, 2018 and 2017

#### Note 10 - Fair Value of Financial Instruments (continued)

##### Changes in Fair Value Levels (continued)

	<u>Balance as of December 31, 2016</u>	<u>Net Contributions/ Purchases</u>	<u>Return on Split-Interest Agreements</u>	<u>Net Investment Activity</u>	<u>Balance as of December 31, 2017</u>
Perpetual trusts (d)	\$ 34,678,200	\$ -	\$ 3,337,898	\$ (463,260)	\$ 37,552,838
Beneficial interest in perpetual trusts with multiple beneficiaries (d)	5,187,901	-	520,953	17,271	5,726,125
Charitable remainder trusts (d)	<u>1,331,370</u>	<u>5,890</u>	<u>146,097</u>	<u>-</u>	<u>1,483,357</u>
<b>Total Perpetual Trusts and Split-Interest Agreements</b>	<u>\$ 41,197,471</u>	<u>\$ 5,890</u>	<u>\$ 4,004,948</u>	<u>\$ (445,989)</u>	<u>\$ 44,762,320</u>

(d) Certain of the Organization's perpetual trusts and beneficial interests in perpetual trusts were invested in assets whose fair value was determined using net asset value of the respective fund's investments. Although the investments in these investment funds are exclusively identified as Level 3 in accordance with ASC 820, the underlying holdings of the investment funds are comprised of a combination of Level 1, 2, and 3 securities. The investment fund reports the net asset value of the fund's investment to the fund on a periodic basis. This net asset value is not necessarily the fair value of the fund's investment. The fund's sub-investment advisor performs comprehensive due diligence procedures in order to analyze various factors that may cause the fair value to be above or below the net asset value reported by the investment fund. If management is unable to obtain confidence in the reported net asset values, management may determine and implement an alternative method of valuation.

Return on split interest agreements and net investment activity in the table above are reflected in the accompanying consolidated statement of activities as net change in value of perpetual trusts and split interest agreements. Net unrealized gains (losses) relate to those investments held by the Organization at year-end.

The carrying amounts of cash and cash equivalents, contributions receivable, prepaid expenses, accounts payable, grants payable, and accrued expenses in the accompanying consolidated statement of financial position approximate fair value given the short-term nature of these financial instruments.

#### Note 11 - Net Assets

At December 31, 2018 and 2017, net assets with donor restrictions consist of approximately \$39.9 million and \$44.8 million, respectively, of investments in perpetuity, which includes assets held in perpetual trusts and split-interest agreements. The income of these assets is expendable to support the Organization's mission.

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

## Lancaster County Community Foundation and Affiliate

### Notes to Consolidated Financial Statements

December 31, 2018 and 2017

#### Note 11 - Net Assets (continued)

The Organization's net assets without donor restrictions consist of undesignated and board-designated amounts for the following purposes as of December 31:

	<u>2018</u>	<u>2017</u>
Undesignated	\$ 171,277	\$ 271,909
Board-designated for endowment	<u>57,446,835</u>	<u>54,081,351</u>
	<u>\$ 57,618,112</u>	<u>\$ 54,353,260</u>

#### Note 12 - Operating Leases

The Organization signed a ten-year office lease agreement on January 30, 2012, whose term began September 1, 2012. The lease agreement includes varying monthly payments that increase on an annual basis.

The amount of payments under the lease agreements, including common area maintenance expenses and a lease provision for parking spaces, for the years ended December 31, 2018 and 2017 was \$81,984 and \$80,377, respectively.

Future minimum annual lease payments, assuming no change in current terms, consist of the following for the remaining four years ending December 31:

2019	\$ 83,624
2020	85,297
2021	87,002
2022	58,770

The Organization also leases a copier through an operating lease. The lease agreement includes monthly payments of \$240. The amount of payments under the lease agreement for each of the years ended December 31, 2018 and 2017 was \$2,880.

Future minimum annual lease payments, assuming no change in current terms, consist of the following for the remaining four years ending December 31:

2019	\$ 2,880
2020	2,880
2021	2,880
2022	2,160

#### Note 13 - Concentrations of Credit Risk

The Organization maintains its cash in bank deposit accounts in several financial institutions. The accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to certain limits. At various times during the year, balances may exceed insured limits; however, the Organization does not anticipate any losses.

## Lancaster County Community Foundation and Affiliate

### Notes to Consolidated Financial Statements

December 31, 2018 and 2017

#### Note 14 - Grants and Grants Payable

The Organization receives requests for grants from public charities. The Board of Directors determines which grant requests to approve. The grant monies are payable to the public charity upon Board approval and after any performance conditions are met, and the organization is notified. Approved grants are valid for one year, but the public charity may request that the grant be extended.

During the years ended December 31, 2018 and 2017, grant expense was \$14,104,697 and \$12,857,026, respectively. Grants payable at December 31, 2018 and 2017 totaled \$10,250,224 and \$8,659,411, respectively.

#### Note 15 - Retirement Plan

The Organization sponsors a 401(k) defined contribution plan, which is available to all eligible employees. The Organization's matching contributions to the plan are at the discretion of the Board of Directors. Contributions made by the Organization for the years ended December 31, 2018 and 2017 totaled \$38,366 and \$34,373, respectively.

#### Note 16 - Liquidity and Availability

Financial assets available for general expenditures, that is, without donor restrictions or other designations limiting their use, within one year of the consolidated statement of financial position, comprise the following as of December 31, 2018:

Cash and cash equivalents	\$ 9,687,949
Contributions receivable	142,203
Interest receivable	3,750
Estimated endowment spending-rate distributions and appropriations	3,100,000
Estimated distributions from beneficial interest in perpetual trust	<u>2,100,000</u>
<b>Financial Assets Available to be Used for General Expenditures Within One Year</b>	<b><u>\$ 15,033,902</u></b>

The Organization's investments of \$60,157,455 are subject to an average annual spend rate of approximately 5.0%. Also, the Organization's perpetual trusts and split-interest agreements of \$39,947,245 are subject to average annual spend rates, as determined by the trustee, ranging from 4.0% to 5.0%. The calculated spendable amount from these investments and perpetual trusts and split-interest agreements will be made available for grant-making and administrative expense within the next twelve months. Although there is no intention to spend from the investments (beyond normal spending-rate distributions and appropriations), these amounts could be made available if necessary due to the variance power the Organization holds over its financial assets.

## **Lancaster County Community Foundation and Affiliate**

---

### Notes to Consolidated Financial Statements

December 31, 2018 and 2017

#### **Note 16 - Liquidity and Availability (continued)**

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Organization invests cash in excess of daily requirements in money market funds to maximize return.

#### **Note 17 - Extraordinary Give**

In 2012, the Foundation launched the Extraordinary Give. The event is a celebration of community philanthropy and gives individuals the opportunity to contribute through the Foundation's on-line giving portal to hundreds of qualified community benefit organizations that serve a wide array of needs in Lancaster County. The event occurs annually in November with grants paid to the various designated organizations in January of the following year.

During 2018 and 2017, the Extraordinary Give posted results totaling approximately \$10.2 million and \$8.6 million, respectively, on the event's leaderboard. These amounts included certain items, such as business matches, that were not recognized as contributions by the Foundation itself; thus, donations of \$9.9 million and \$8.6 million are recorded as contributions and held in cash and cash equivalents as of December 31, 2018 and 2017, respectively. Grants expense and grants payable are recognized for \$9.7 million and \$8.2 million (net of business matches and fees) as of December 31, 2018 and 2017, respectively, as such grants are approved, but not paid until January of the following year. The 2018 and 2017 grants included over \$700,000 and \$550,000, respectively, of stretch pool funds and prizes from the Foundation. Expenses related to the Extraordinary Give totaled \$562,218 and \$542,467 for the years ended December 31, 2018 and 2017, respectively. These expenses are classified as special initiatives expense in the consolidated statement of functional expenses - by natural classification.

#### **Note 18 - Reclassification**

Certain information in the 2017 consolidated financial statements and related footnotes contain reclassifications necessary to make that information comparable to information presented in the 2018 consolidated financial statements. There was no change to total changes in net assets or total net assets.

#### **Note 19 - Subsequent Events**

The Organization has evaluated subsequent events through July 17, 2019. This date is the date the consolidated financial statements were available to be issued. No material events subsequent to December 31, 2018 were noted.

# Lancaster County Community Foundation and Affiliate

## Consolidating Statement of Financial Position

	December 31, 2018		
	Lancaster County Community Foundation	Lancaster County Foundation	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 11,782,879	\$ -	\$ 11,782,879
Investments	60,157,455	-	60,157,455
Prepaid expenses	67,390	-	67,390
Contributions receivable	142,203	-	142,203
Interest receivable	3,750	-	3,750
Notes receivable	500,000	-	500,000
Property and equipment, net	112,072	-	112,072
Perpetual trusts and split-interest agreements	-	39,947,245	39,947,245
<b>Total Assets</b>	<b>\$ 72,765,749</b>	<b>\$ 39,947,245</b>	<b>\$ 112,712,994</b>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Accounts payable	\$ 62,303	\$ -	\$ 62,303
Grants payable	10,250,224	-	10,250,224
Accrued expenses	29,560	-	29,560
Charitable gift annuities	1,324,933	-	1,324,933
Liability to resource providers	3,480,617	-	3,480,617
<b>Total Liabilities</b>	<b>15,147,637</b>	<b>-</b>	<b>15,147,637</b>
<b>Net Assets</b>			
Without donor restrictions	57,618,112	-	57,618,112
With donor restrictions	-	39,947,245	39,947,245
<b>Total Net Assets</b>	<b>57,618,112</b>	<b>39,947,245</b>	<b>97,565,357</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 72,765,749</b>	<b>\$ 39,947,245</b>	<b>\$ 112,712,994</b>

# Lancaster County Community Foundation and Affiliate

Consolidating Statement of Financial Position (continued)

	December 31, 2017		
	Lancaster County Community Foundation	Lancaster County Foundation	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 10,468,739	\$ -	\$ 10,468,739
Investments	57,502,522	-	57,502,522
Prepaid expenses	49,621	-	49,621
Contributions receivable	123,070	-	123,070
Interest receivable	-	-	-
Notes receivable	-	-	-
Property and equipment, net	140,360	-	140,360
Perpetual trusts and split-interest agreements	-	44,762,320	44,762,320
<b>Total Assets</b>	<b>\$ 68,284,312</b>	<b>\$ 44,762,320</b>	<b>\$ 113,046,632</b>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Accounts payable	\$ 79,724	\$ -	\$ 79,724
Grants payable	8,659,411	-	8,659,411
Accrued expenses	20,661	-	20,661
Charitable gift annuities	1,377,518	-	1,377,518
Liability to resource providers	3,793,738	-	3,793,738
<b>Total Liabilities</b>	<b>13,931,052</b>	<b>-</b>	<b>13,931,052</b>
<b>Net Assets</b>			
Without donor restrictions	54,353,260	-	54,353,260
With donor restrictions	-	44,762,320	44,762,320
<b>Total Net Assets</b>	<b>54,353,260</b>	<b>44,762,320</b>	<b>99,115,580</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 68,284,312</b>	<b>\$ 44,762,320</b>	<b>\$ 113,046,632</b>

# Lancaster County Community Foundation and Affiliate

## Consolidating Statement of Activities

	Year Ended December 31, 2018		
	Lancaster County Community Foundation Without Donor Restrictions	Lancaster County Foundation With Donor Restrictions	Total
<b>Revenues, Gains, and Other Support</b>			
Contributions	\$ 21,597,640	\$ -	\$ 21,597,640
Return on investments			
Distributions from perpetual trusts	2,094,518	-	2,094,518
Interest and dividends, net of fees	1,400,109	-	1,400,109
Net realized and unrealized losses	(5,306,504)	-	(5,306,504)
Other income	39,058	-	39,058
Net change in value of charitable gift annuities	(29,846)	-	(29,846)
Net change in value of perpetual trusts and split-interest agreements	-	(4,815,075)	(4,815,075)
<b>Total Revenues, Gains, and Other Support</b>	<b>19,794,975</b>	<b>(4,815,075)</b>	<b>14,979,900</b>
<b>Expenses</b>			
Program and related services	15,900,226	-	15,900,226
Management and general	385,634	-	385,634
Fundraising	244,263	-	244,263
<b>Total Expenses</b>	<b>16,530,123</b>	<b>-</b>	<b>16,530,123</b>
<b>Change in Net Assets</b>	<b>3,264,852</b>	<b>(4,815,075)</b>	<b>(1,550,223)</b>
<b>Net Assets at Beginning of Year</b>	<b>54,353,260</b>	<b>44,762,320</b>	<b>99,115,580</b>
<b>Net Assets at End of Year</b>	<b>\$ 57,618,112</b>	<b>\$ 39,947,245</b>	<b>\$ 97,565,357</b>

## Lancaster County Community Foundation and Affiliate

Consolidating Statement of Activities (continued)

	Year Ended December 31, 2017		
	Lancaster County Community Foundation Without Donor Restrictions	Lancaster County Foundation With Donor Restrictions	Total
<b>Revenues, Gains, and Other Support</b>			
Contributions	\$ 15,760,693	\$ 5,890	\$ 15,766,583
Return on investments			
Distributions from perpetual trusts	2,481,706	-	2,481,706
Interest and dividends, net of fees	1,333,158	-	1,333,158
Net realized and unrealized gains	4,707,794	-	4,707,794
Other income	105,049	-	105,049
Net change in value of charitable gift annuities	(50,783)	-	(50,783)
Net change in value of perpetual trusts and split-interest agreements	-	3,558,959	3,558,959
	24,337,617	3,564,849	27,902,466
<b>Total Revenues, Gains, and Other Support</b>			
<b>Expenses</b>			
Program and related services	14,517,022	-	14,517,022
Management and general	359,768	-	359,768
Fundraising	223,729	-	223,729
	15,100,519	-	15,100,519
<b>Total Expenses</b>			
<b>Change in Net Assets</b>	9,237,098	3,564,849	12,801,947
<b>Net Assets at Beginning of Year</b>	45,116,162	41,197,471	86,313,633
<b>Net Assets at End of Year</b>	\$ 54,353,260	\$ 44,762,320	\$ 99,115,580