FINANCIAL REPORT

FAY-PENN ECONOMIC DEVELOPMENT COUNCIL

YEARS ENDED DECEMBER 31, 2020 AND 2019

FAY-PENN ECONOMIC DEVELOPMENT COUNCIL
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Business Solutions, Family Approach

INDEPENDENT AUDITORS' REPORT

April 22, 2021

To the Board of Directors
Fay-Penn Economic Development Council
Uniontown, Pennsylvania

We have audited the accompanying financial statements of Fay-Penn Economic Development Council (a nonprofit organization) which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fay-Penn Economic Development Council as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Fay-Penn Economic Development Council's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining schedules of divisions' financial position and activities on pages 24 - 25 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

H2R CPA

H2R CPA
Pittsburgh, Pennsylvania

FAY-PENN ECONOMIC DEVELOPMENT COUNCIL
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

ASSETS

	2020	2019
Cash and cash equivalents	$ 2,262,699	$ 2,763,540
Accounts receivable, net of allowance for doubtful accounts of $8,800 for 2020 and 2019 (Note 6)	40,869	79,863
Investments (Note 7)	10,048,178	11,088,903
Other assets, net of accumulated amortization of $141,120 and $123,480 as of 2020 and 2019, respectively (Note 12)	436,073	207,995
Revolving loan fund:		
Cash and cash equivalents	2,197,029	2,381,251
Loans receivable - capital loans, net of allowance for doubtful accounts of $440,805 and $340,805 as of 2020 and 2019, respectively (Note 14)	2,894,230	3,454,973
Property and equipment, net of accumulated depreciation of $13,683,791 and $12,396,857 as of 2020 and 2019, respectively (Note 13)	33,642,803	29,400,851
TOTAL ASSETS	$ 51,521,881	$ 49,377,376

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	$ 631,492	$ 177,656
Accrued expenses	47,233	38,312
Security deposits	151,169	143,668
Deferred revenue (Note 21)	347,608	413,237
Debt obligations (Note 16)	5,230,150	4,228,106
TOTAL LIABILITIES	6,407,652	5,000,979
NET ASSETS (Note 11)		
Net Assets Without Donor Restrictions:		
Revolving loan fund	14,607,067	14,717,391
Operating fund	30,507,162	29,659,006
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	45,114,229	44,376,397
TOTAL LIABILITIES AND NET ASSETS	$ 51,521,881	$ 49,377,376

The accompanying notes are an integral part of the financial statements

FAY-PENN ECONOMIC DEVELOPMENT COUNCIL
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2019		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Net assets - beginning	$ 44,297,335	$ -	$ 44,297,335
Change in net assets	79,062	-	79,062
Net assets - ending	$ 44,376,397	$ -	$ 44,376,397

	2020		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Net assets - beginning	$ 44,376,397	$ -	$ 44,376,397
Change in net assets	737,832	-	737,832
Net assets - ending	$ 45,114,229	$ -	$ 45,114,229

The accompanying notes are an integral
part of the financial statements

FAY-PENN ECONOMIC DEVELOPMENT COUNCIL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
SUPPORT				
Grants - Commonwealth of Pennsylvania	$ 770,565	$ -	$ 770,565	$ 49,371
Grants - Federal				
Department of Agriculture	33,039	-	33,039	5,188
Grant - Paycheck Protection Program	170,700	-	170,700	-
Grants - other	25,000	-	25,000	19,902
Contributions from foundations, corporations and individuals	14,955	-	14,955	15,541
Contributions from members	51,325	-	51,325	47,675
TOTAL SUPPORT	1,065,584	-	1,065,584	137,677
OPERATING REVENUES				
Administrative fees	17,478	-	17,478	36,039
Building rental	2,630,004	-	2,630,004	2,529,584
Oil and gas lease signing bonus	64,880	-	64,880	74,880
Oil and gas lease production royalties	16,576	-	16,576	41,958
Investment income - net	54,078	-	54,078	57,519
Interest income - Loans (Revolving Loan Fund)	188,165	-	188,165	254,868
Interest income - Investments (Operating Fund)	101,587	-	101,587	148,245
Annual dinner	500	-	500	29,580
Unrealized gain on investments	352,696	-	352,696	451,130
Realized gain on sale of investments	42,412	-	42,412	37,537
Realized loss on disposal of property	(21,443)	-	(21,443)	(169,680)
Other	4,100	-	4,100	155,909
TOTAL OPERATING REVENUES	3,451,033	-	3,451,033	3,647,569
TOTAL SUPPORT AND OPERATING REVENUES	4,516,617	-	4,516,617	3,785,246
FUNCTIONAL EXPENSES				
Program	3,142,329	-	3,142,329	3,085,400
Management and general	628,268	-	628,268	583,292
Fund raising	8,188	-	8,188	37,492
TOTAL FUNCTIONAL EXPENSES	3,778,785	-	3,778,785	3,706,184
CHANGE IN NET ASSETS	$ 737,832	$ -	$ 737,832	$ 79,062

The accompanying notes are an integral
part of the financial statements

FAY-PENN ECONOMIC DEVELOPMENT COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018

	Program	Management and General	Fund Raising	2020 Total	2019 Total
FUNCTIONAL EXPENSES					
Salaries	$ 533,682	$ 177,700	$ 8,188	$ 719,570	$ 657,728
Fringe benefits	108,186	69,077	-	177,263	172,573
Amortization	-	17,640	-	17,640	17,640
Annual dinner and report	-	-	-	-	28,736
Bad debts	100,000	-	-	100,000	64,748
Communication	-	1,045	-	1,045	3,271
Depreciation	1,322,131	16,721	-	1,338,852	1,244,030
Dues and subscriptions	-	7,737	-	7,737	15,153
Educational initiatives	1,605	738	-	2,343	7,265
Insurance	55,342	36,278	-	91,620	110,440
Interest	119,395	-	-	119,395	166,416
Marketing	25,330	9,389	-	34,719	19,774
Office supplies	(795)	42,134	-	41,339	34,182
Other expenses	40	2,010	-	2,050	1,330
Payroll taxes	46,006	13,557	-	59,563	57,626
Professional fees	80,033	145,331	-	225,364	169,200
Real estate taxes	137,928	10,357	-	148,285	146,192
Repairs and maintenance	582,478	43,795	-	626,273	678,216
Training	1,280	6,989	-	8,269	31,503
Travel and meals	538	1,515	-	2,053	12,108
Utilities	29,150	26,255	-	55,405	68,053
TOTAL FUNCTIONAL EXPENSES	$ 3,142,329	$ 628,268	$ 8,188	$ 3,778,785	$ 3,706,184

The accompanying notes are an integral
part of the financial statements

FAY-PENN ECONOMIC DEVELOPMENT COUNCIL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	$ 737,832	$ 79,062
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Amortization	17,640	17,640
Depreciation	1,338,852	1,244,030
Amortization of incentive lease payments against rent revenue	28,365	-
Noncash contribution of investment	(9,955)	-
Net unrealized loss (gain) on investments	(352,696)	(451,130)
Investment fees paid from investment account	16,417	15,118
Loss on disposal of property	21,443	169,680
Gain on sale of investments	(42,412)	(37,537)
Provision for bad debts, net of bad debts recovered	100,000	64,748
Expenses from Construction In Progress	-	200
CHANGES IN ASSETS AND LIABILITIES:		
Other assets	(274,083)	(93,235)
Receivables	38,994	(472)
Accounts payable	453,836	(30,651)
Accrued expenses	8,921	(2,305)
Security deposits	7,501	(3,539)
Deferred revenue	(65,629)	(307,732)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,025,026	663,877
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of certificates of deposit	(252,105)	-
Proceeds from redemption of certificates of deposit	1,750,000	-
Purchases of investments	(68,524)	(72,244)
Proceeds from loan repayments	603,357	595,669
Loans made to borrowers	(142,612)	(550,000)
Proceeds from sale of property	-	1,392,808
Purchases of real property and equipment	(3,096,483)	(1,052,590)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(1,206,367)	313,643
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on long-term debt	1,056,471	137,300
Principal payments on long-term debt	(2,560,193)	(1,070,039)
NET CASH USED BY FINANCING ACTIVITIES	(1,503,722)	(932,739)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(685,063)	44,781
CASH AND CASH EQUIVALENTS - BEGINNING	5,144,791	5,100,010
CASH AND CASH EQUIVALENTS - ENDING	$ 4,459,728	$ 5,144,791
SUPPLEMENTAL DISCLOSURES		
Interest paid - net of capitalized interest of $5,199 and $0 respectively	$ 119,395	$ 166,416
NONCASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of property by assuming debt	$ 2,505,766	$ -

The accompanying notes are an integral
part of the financial statements

FAY-PENN ECONOMIC DEVELOPMENT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Organization

Fay-Penn Economic Development Council (Fay-Penn) is a private, nonprofit, community-based corporation chartered in Pennsylvania in 1991. Fay-Penn's mission is to maintain and increase employment opportunities in Fayette County in an effort to improve the quality of life for its residents. This mission is met through a comprehensive strategy of specific economic development objectives. The organization primarily focuses on the manufacturing sector with an additional concentration on tourism and infrastructure development.

As a membership-based organization, funding is provided by grants from the Commonwealth of Pennsylvania and the federal government for specific programs, and contributions from various individuals and local businesses. Fay-Penn is governed by a fifty-three member board mostly composed of representatives from local businesses. Approximately 58% and 67% of total support and operating revenue is derived from rent revenue for the years ended December 31, 2020 and 2019, respectively.

Fay-Penn maintains its records by two funds; the Operating Fund and the Revolving Loan Fund (RLF). As further discussed in Notes 10 and 14, Fay-Penn maintains a separate accounting of RLF transactions as required by agreement with third party funding sources. Under this system, the RLF maintains an accounting of all the assets, liabilities, income and expenses incurred in connection with loans awarded under the RLF program. Occasionally, the RLF program provides loans to projects sponsored by Fay-Penn itself, in lieu of financing those projects with funds obtained from financial institutions. Inter-fund transactions of this nature are recorded on the books and records of both funds for internal reporting purposes. For external financial reporting purposes, such as these general-purpose financial statements, all inter-fund loans receivable and payable, and interest income and expense are eliminated.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting: The financial statements are presented using the accrual basis of accounting. Accordingly, revenues and support are recognized when earned, and expenses are recognized when incurred. Grants on a cost reimbursement basis are considered to be conditional contributions, and are recognized as contributions when eligible expenditures have been incurred or services performed. Contributions are recognized as with or without donor restrictions depending upon the existence of a donor-imposed restrictions. Administrative service fees are recognized as revenue as services required under the agreements are performed.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents: Cash and cash equivalents include all highly liquid investments with a maturity of three months or less when acquired. Fay-Penn maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. It is the opinion of management that the solvency of the related financial institutions is not of particular concern.

Fair Value Measurements: Assets valued using level 1 inputs are based on quoted market prices within active markets, whereas assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Assets valued using level 3 inputs are based on inputs that reflect Fay-Penn management's assumptions about the factors that market participants would use in pricing the asset based on the best information available in the circumstances.

Note 2 – Summary of Significant Accounting Policies (continued)

Investments: The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Advertising: The Organization uses advertising to promote its programs among the population it serves. Advertising costs are expensed as incurred. During 2020 and 2019, advertising expense amounted to $34,719 and $19,774, respectively.

Land development costs: Costs that clearly relate to land development projects are capitalized. Costs are allocated to project components by the specific identification method whenever possible. Interest costs from financial institutions (not internally funded) are capitalized while development is in progress.

Loans Receivable: Fay-Penn provides loans to businesses that relocate or expand their business activities in Fayette County. The loans are provided to businesses under terms and conditions that generally are more favorable or otherwise unavailable to businesses from traditional financial institutions. Consequently, it is anticipated that credit losses may occur, and losses may exceed those experienced by conventional lenders. Past due status is determined based on contractual terms. Fay-Penn has adopted the allowance method to estimate anticipated loan losses. Under this method, Fay-Penn specifically identifies nonperforming loans for potential loss impairment, with historical loan loss analysis applied to the performing loans. Estimated losses are recorded as bad debt expense and presented as such in the Statement of Activities in the year that it is anticipated the loan will not be repaid in its entirety. A corresponding allowance for the estimated uncollectible portion is established and is presented as a reduction to the loan receivable on the Statement of Financial Position. Recovery of bad debts is recorded as income in the Statement of Activities in the year payments are received on receivables previously considered impaired and written off. Interest income is recognized on the loan portfolio as it is earned. Uncollected interest income is subject to the allowance method for recognizing bad debts.

Loans are placed on nonaccrual status when management believes, after considering economic conditions, business conditions, and collection efforts that the loans are impaired or collection of interest is doubtful. Uncollected interest previously accrued is charged off or an allowance is established. Interest income on nonaccrual loans is recognized only to the extent cash payments are received.

Property and Equipment: Property and equipment are stated at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from 3 to 40 years. Fay-Penn follows the practice of capitalizing all expenditures for property and equipment in excess of $5,000 including capitalizing project costs during pre-acquisition, acquisition, development and construction, including construction period interest from financial institutions.

Functional Allocation of Expenses: The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes: The Organization is exempt from federal and state income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in these financial statements. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). Fay-Penn's tax returns are subject to examination by taxing authorities for the prior three years.

Note 2 – Summary of Significant Accounting Policies (continued)

The Organization may recognize the tax benefit from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBTI). The Organization has analyzed its tax positions taken for filings with the Internal Revenue Service and the state of Pennsylvania. The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on Fay-Penn's financial condition, results of operations, or cash flows.

Reserved Cash: The United States Department of Agriculture Rural Microentrepreneur Assistance Program requires that Fay-Penn use the USDA loan proceeds to capitalize a rural microloan revolving fund to be held in a separate interest-bearing bank account. Additionally, Fay-Penn is required to establish a Loan Loss Reserve Fund so that the amount in the fund is greater than or equal to 5% of the loans payable to the USDA.

Comparative financial statements: The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

New Accounting Pronouncements: Effective January 1, 2019, the Organization retrospectively changed its accounting methods for revenue recognition as a result of implementing the requirements in the Financial Accounting Standard Board's Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers. The new revenue recognition guidance requires the recognition of revenue when services are transferred to clients in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those services. Fay-Penn adopted the requirements of the new revenue recognition guidance as of January 1, 2019, utilizing the full retrospective transition method. Management has analyzed the provisions of the FASB's ASC Topic 606, Revenue from Contracts with Customers, and have concluded that no changes were necessary to conform to the new standard.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 958). ASU 2016-02 is intended to improve financial reporting about leasing transactions by requiring organizations that lease assets (lessee) to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. The amendments will require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The Organization will be required to adopt the guidance in ASU 2016-02 for the year beginning after December 15, 2021. The Organization is assessing the impact this standard will have on its financial statements.

In November 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. The new guidance is intended to improve the diversity in practice of classifying in the statement of cash flows the changes in restricted cash. ASU 2016-18 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. ASU 2016-18 is to be applied retroactively with transition provisions. ASU 2016-18 had no effect on the statement of cash flows for the current and prior year.

Note 2 – Summary of Significant Accounting Policies (continued)

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. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. ASU 2018-08 is effective for fiscal years beginning after December 15, 2018 for contributions received and December 15, 2019 for contributions made, with early adoption permitted. The change in accounting principle was adopted in the prior year. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of the beginning of the prior year.

During the year ended December 31, 2020, the Organization received a loan related to the payroll protection program, a stimulus program that was introduced by the United States Government in response to COVID-19. Fay-Penn elected to account for the loan under the FASB ASC 470 Debt Model. Accordingly, during 2020, the Organization received notification from the Small Business Administration that their loan was forgiven. As a result, the Fay-Penn recognized $170,700 as grant income in the accompanying statement of activities in conjunction with the loan forgiveness.

Note 3 – Revenue Recognition

Management has analyzed the provisions of the FASB's ASC Topic 606, Revenue from Contracts with Customers, and have concluded that no changes are necessary to conform with the new standard. Revenue from building rental, including common area maintenance (CAM) charges, is recognized in the month the tenant occupies the facility. Oil and gas signing bonuses and production royalties are recognized over the term of agreement.

The timing of revenue recognition, billings, and cash collections results in billed accounts receivable, and tenant advances and deposits (contract liabilities) on the Statement of Financial Position. Rent and CAM charges are billed monthly in accordance with lease agreements, and are due the first day of the month. Fay-Penn sometimes receives advances or deposits from the tenants before revenue is recognized, resulting in contract liabilities (deferred revenue). These deposits are liquidated when revenue is recognized.

The beginning and ending contract balances are as follows:

	2020	2019
Receivables, net of allowance of $8,800	$ 40,869	$ 79,863
Prepaid rent and miscellaneous items	$ 109,264	$ 106,838

Revenue recognized in 2020 and 2019 that was included in the beginning of the year contract liability balance amounted to $106,838 and $92,443, respectively.

Note 4 – Cash and Cash Equivalents

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased. Cash held in investment accounts is included as investments in the statement of financial position.

Note 4 – Cash and Cash Equivalents (continued)

The following table provides a reconciliation of cash reported in the statements of financial position to the amount reported in the statements of cash flows.

	2020	2019
Cash – Operating Fund	$ 2,262,699	$ 2,763,540
Cash – Revolving Loan Fund	2,197,029	2,381,251
Total cash	$ 4,459,728	$ 5,144,791

The Organization has cash balances in banks in excess of amounts federally insured. The uninsured balances totaled $4,132,249 and $4,580,750 at December 31, 2020 and 2019, respectively. Fay-Penn maintains its cash with high quality financial institutions which the Organization believes limits these risks.

Note 5 – Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	2020	2019
Financial assets – end of year	$ 17,443,005	$ 19,768,530
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Cash and certificates of deposit for the Revolving Loan Fund	(4,449,140)	(5,631,257)
Loans receivable for the Revolving Loan Fund	(2,894,230)	(3,454,973)
Board designations:		
Investments and certificates of deposit set aside for long-term investment	(7,796,067)	(7,838,897)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,303,568	$ 2,843,403

The Organization is substantially supported by rent revenue, program service revenue, government grants, and contributions. Cash, certificates of deposit, and loans receivable of the Revolving Loan Fund are not available for general expenditure within one year. 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. The Organization invests cash in excess of daily requirements in certificates of deposit.

Note 6 – Accounts Receivable

Accounts receivable as of December 31, 2020 and 2019 are as follows:

	2020	2019
Accounts Receivable	$ 49,669	$ 88,663
Less allowance for doubtful accounts	(8,800)	(8,800)
Accounts receivable, net	$ 40,869	$ 79,863

Note 6 – Accounts Receivable (continued)

Accounts receivable consists of amounts due from governmental agencies, and tenants for rent, utilities, and common area maintenance charges. Management has established an allowance for doubtful accounts of $8,800 for each of the years ended December 31, 2020 and 2019, respectively. Finance charges are not assessed on outstanding accounts receivable.

Note 7 – Investments

Investments consist of cash held in investment accounts for long-term investment, certificates of deposit with maturities longer than three months, and marketable securities, and are stated at fair value based on quoted prices in active markets (all Level 1 measurements) and are summarized as of December 31, 2020 and 2019 as follows:

2020	Fair Value	Cost	Unrealized Gain
Cash held for long-term investment	$ 67,075	$ 67,075	$ -
Certificates of deposit	6,259,456	6,259,456	-
Alternative investments	19,976	20,062	(86)
Equity investments	2,658,789	1,918,285	740,504
Fixed income investments	1,042,882	980,864	62,018
Total	$ 10,048,178	$ 9,245,742	$ 802,436

2019	Fair Value	Cost	Unrealized Gain (Loss)
Cash held for long-term investment	$ 51,548	$ 51,548	$ -
Certificates of deposit	7,757,350	7,757,350	-
Equity investments	2,282,849	1,871,044	411,805
Fixed income investments	997,156	969,175	27,981
Total	$ 11,088,903	$ 10,649,117	$ 439,786

Investments in certificates of deposit are with various banks, in which some exceed the insured limit of $250,000.

Investment income is composed of the following for the years ended December 31, 2020 and 2019:

	2020	2019
Interest and dividends	$ 155,665	$ 205,764
Unrealized gains	352,696	451,130
Realized gains	42,412	37,537
Net investment income	$ 550,773	$ 694,431

Investment fees of $14,446 and $14,725 were incurred for the years ended December 31, 2020 and 2019, respectively.

Note 8 – Fair Value Measurements

Fair values of assets measured as of December 31, 2020 and 2019 are as follows:

2020		Fair Value Measurements at the End of the Reporting Period Using		
Recurring fair value measurements	Total	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	$ 10,048,178	$ 10,048,178	$ -	$ -
Nonrecurring fair value measurements				
Land and buildings	$ 28,942,072	$ -	$ -	$ 28,942,072

2019		Fair Value Measurements at the End of the Reporting Period Using		
Recurring fair value measurements	Total	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	$ 11,088,903	$ 11,088,903	$ -	$ -
Nonrecurring fair value measurements				
Land and buildings	$ 28,703,928	$ -	$ -	$ 28,703,928

The fair values for land and buildings are determined using the net book value for buildings and the market approach for land based primarily on current appraised values and recent sales of similar properties.

The Organization determined that the carrying amount of its land exceeded the fair value estimated using current appraised values. Accordingly, Fay Penn concluded that a land impairment loss was probable and recognized an estimated loss of $340,700 in 2017.

The table below presents information about fair value measurements that use significant unobservable inputs (Level 3):

Balance of land and buildings – January 1, 2019	$ 30,982,176
Purchases of land and buildings and transfer from construction in progress	505,215
Net book value of buildings sold	(1,593,104)
Depreciation on buildings	(1,190,359)
Balance of land and buildings – December 31, 2019	$ 28,703,928

Note 8 – Fair Value Measurements (continued)

Balance of land and buildings – January 1, 2020	$ 28,703,928
Purchases of land and buildings and transfer from construction in progress	1,577,131
Net book value of buildings sold	(21,443)
Depreciation on buildings	(1,317,544)
Balance of land and buildings – December 31, 2020	$ 28,942,072

Note 9 – Fair Value of Financial Instruments

GAAP requires disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, accounts receivable, marketable equity securities, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Note 10 – Revolving Loan Fund

Fay-Penn established an internally designated Revolving Loan Fund (RLF) to monitor the financial activity associated with the loans it provides to businesses that relocate or expand their operations in Fayette County. (See Notes 1 and 14). The Fund's activity substantially consists of making loans to businesses, receiving loan repayments from businesses, investing excess funds in certificate of deposits, and repayment of loans payable to USDA. The Board has elected to transfer interest earnings from the RLF to the Operating Fund to assist in the funding of its operations. During the years 2020 and 2019 the Board approved an earnings transfer from the RLF to the Operating fund of $205,519 and $264,502, respectively.

The Revolving Loan Fund net asset balance decreased by $118,230 and $86,688 for the years ended December 31, 2020 and 2019, respectively, after interdivisional eliminations.

Note 11 – Net Assets with Donor Restrictions

Net assets with donor restrictions were released by incurring expenses satisfying the purpose restriction specified by donors as follows:

	2020	2019
East End Community Center	$ -	$ 6,400

Note 12 – Other Assets

Other assets as of December 31, 2020 and 2019 consist of the following:

	2020	2019
Prepaid expenses	$ 162,079	$ 26,154
Lease incentive payment – net	238,714	128,921
Oil and gas rights	176,400	176,400
	577,193	331,475
Accumulated amortization	(141,120)	(123,480)
Total other assets	$ 436,073	$ 207,995

Note 12 – Other Assets (continued)

The lease incentive payment will reduce rent revenue over the remaining term of the leases, including the renewal option periods. Oil and gas rights are being amortized on a straight-line basis over ten years. Amortization expense for the years ended December 31, 2020 and 2019 amounted to $17,640 each year.

Estimated amortization expense for the following two years is as follows:

2021	$	17,640
2022	$	17,640

Note 13 – Property and Equipment

Property and equipment consist of the following as of December 31, 2020 and 2019:

	2020	2019
Land	$ 13,208,933	$ 13,091,704
Buildings and improvements	29,173,633	27,767,076
Construction in progress	4,699,941	674,823
Office furniture and equipment	244,087	264,105
	47,326,594	41,797,708
Accumulated depreciation	(13,683,791)	(12,396,857)
Property and equipment, net	$ 33,642,803	$ 29,400,851

Management's intent is to acquire land for the purpose of fostering economic development in Fayette County through the development and resale of land to businesses that are interested in relocating or expanding their operations in the area. Occasionally it has been discovered that the land contains valuable natural resources such as certain minerals, oil and gas, or timber in commercially viable quantities. In such cases Fay-Penn may lease the rights of those assets to third-parties in exchange for compensation in the form of bonus payments or royalties. No charge is recorded for the estimated depletion of the natural resources consumed during the leasing process.

Depreciation of property and equipment is provided using the straight-line method for financial reporting purposes at rates based on the following estimated useful lives:

Buildings and Improvements	7 - 40 years
Equipment and Furniture	3 - 5 years

Leasehold improvements are depreciated over the remaining term of the lease agreement with the tenant. Tenant improvements are depreciated over lease terms ranging from one to seven years.

Interest expense capitalized amounted to $5,199 and $0 for the years ended December 31, 2020 and 2019, respectively.

Note 14 – Revolving Loan Fund - Loans Receivable

The Revolving Loan Fund (RLF) was established in 1993, and consists of the Fayette Capital Loan Fund, Enterprise Zone Loan Fund, Tourism Revolving Loan Fund, Workforce Development Loan Fund, Downtown Revitalization Loan Fund, Rural Microenterprise Assistance Program, and the Small Business Loan Fund. The RLF is designed to assist business growth and job creation in Fayette County by making below market rate loans for capital expansion projects or providing needed collateral. To date, 209 projects have been financed with these loans and have resulted in the creation and/or retention of 5,015 jobs. The original loan amount for the loans outstanding as of December 31, 2020 was $5,998,895. The fund is increased by revolving loan repayments from borrowers, and decreased by bad debts and interest transferred to the Operating Fund.

As of December 31, 2020 and 2019, the total recorded investment in impaired loans amounted to $338,702 and $342,752, respectively. The allowance for loan losses related to impaired loans totaled $325,693 and $325,805 as of December 31, 2020 and 2019, respectively.

At December 31, 2020 and 2019, the total recorded investment in loans on nonaccrual status amounted to approximately $286,606 and $33,894, respectively. The total recorded investment in loans past due ninety days or more and still accruing interest amounted to approximately $52,096 and $308,858, respectively.

Loans receivable of the Revolving Loan Fund, net of any inter-fund loans to the Operating Fund as described in Note 1, are summarized as follows by interest rate as of December 31, 2020 and 2019:

December 31, 2020

Number of Loans:	Interest Rate	Principal Outstanding
4	3.00 - 3.50%	$ 1,463,176
15	4.00 - 4.50%	812,498
12	5.00 - 5.50%	486,606
4	6.00 – 7.0%	572,755
35		3,335,035
	Less Allowance for bad debts	(440,805)
		$ 2,894,230

December 31, 2019

Number of Loans:	Interest Rate	Principal Outstanding
4	3.00 - 3.50%	$ 1,609,125
16	4.00 - 4.50%	940,390
15	5.00 - 5.50%	639,594
4	6.00 – 7.0%	606,669
39		3,795,778
	Less Allowance for bad debts	(340,805)
		$ 3,454,973

Note 14 – Revolving Loan Fund - Loans Receivable (continued)

Estimated annual maturities of the loans receivable, net of any inter-fund loans to the Operating Fund as described in Note 1, are summarized as follows as of December 31, 2020:

2021	$ 578,265
2022	447,405
2023	409,532
2024	333,446
2025	302,285
Thereafter	1,264,102
	3,335,035
Less Allowance for Loan Losses	(440,805)
	$ 2,894,230

The loans are secured by subordinated and/or shared collateral positions in the property/business assets acquired by the borrower, and by personal guarantees.

Note 15 – Building and Land Leases

Fay-Penn owns eleven buildings which are leased to businesses located in the Fayette County area, including building #7 that it occupies. The Organization leases office space to tenants under non-cancelable operating leases with terms of one to ten years.

Future minimum rentals to be received under non-cancelable leases as of December 31, 2020 are summarized as follows:

Building #	2021	2022	2023	2024	2025	Thereafter
1	$ 767,197	$ 778,319	$ 789,697	$ 801,336	$ 813,243	$ 2,513,944
2	153,430	92,612	70,950	-	-	-
3	129,454	68,794	6,000	500	-	-
4	258,258	118,420	84,283	76,058	70,183	251,489
7	54,275	48,750	30,600	2,550	-	-
8	242,407	-	-	-	-	-
10	350,400	350,400	350,400	350,400	146,000	-
12	121,979	57,316	55,460	55,910	38,360	40,641
13	92,664	92,664	77,220	-	-	-
15	-	-	-	-	-	-
18	40,950	40,950	40,950	23,888	-	-
Total	$ 2,211,014	$ 1,648,225	$ 1,505,560	$ 1,310,642	$ 1,067,786	$ 2,806,074

The schedule above does not include lease renewal options or lease buyouts. Building 15 was vacant during 2020. Fay-Penn also has one land lease located in Fayette County that is on a month-to-month basis.

Note 16 – Debt Obligations

Debt obligations as of December 31, 2020 and 2019 consist of the following:

Building	Creditor	Interest Rate	Monthly Installment	2020 Balance	2019 Balance	Maturity
1	Bank	Prime	$ -	$ -	$ 306,943	Paid in full 2020
1	PIDA	2.00%	$ 8,847	1,221,288	1,275,377	2033
7	Bank	4.35%	$ -	-	1,067,430	Paid in full 2020
8	PIDA	3.00%	$ -	-	50,490	Paid in full 2020
10	Bank	4.87%	$ -	-	732,326	Paid in full 2020
N/A	Bank	CD rate + 1.50%	Line of credit	2,366,766	-	Open-Ended
N/A	Bank	Variable	Line of credit	139,000	-	2021
N/A	PA DCED	2.00%	Deferred	1,056,472	-	2040
13	Bank	4.43%	$ -	-	305,254	2026
N/A	USDA	2.00%	$ 2,827	304,080	331,627	2030
N/A	USDA	2.00%	$ 1,591	142,544	158,659	2029
		Total		$ 5,230,150	$ 4,228,106	

Building #1 –PIDA holds a first construction mortgage on the building located at 100 Laurel View Drive, Smithfield. This loan is secured by property with a net book value of approximately $3,111,100.

Fay-Penn has a $3,000,000 line of credit primarily available for costs incurred in the construction of the spec building at Fayette Business Park. Interest on the line of credit advances is payable at the rate of the bank's certificates of deposit held as collateral plus 1.50%. The line of credit is secured by the certificates of deposit held at the bank, plus all of Fay-Penn's assets. The line of credit does not expire until all principal and interest have been paid in full. The balance of the line of credit as of December 31, 2020 amounted to $2,366,766.

Fay-Penn has a $1,000,000 line of credit primarily available for the expansion of an existing facility. Interest on the line of credit advances is payable at the daily Libor rate plus 175 basis points. The line of credit is secured by securities held in the bank's investment account. The line of credit expires on October 9, 2021. The balance of the line of credit as of December 31, 2020 amounted to $139,000.

PA Department of Community & Economic Development – this loan provided Fay-Penn with financing of the site development costs for the spec building at Fayette Business Park. The total amount of the loan available is $1,849,770, of which $1,056,472 has been borrowed as of December 31, 2020. The loan has an interest rate of 2.00%, with principal and interest payments deferred until the first of the following to occur: (1) a sale of all or a portion of the Project Premises; (2) lease of all or a portion of the Project Premises; (3) fifth anniversary of the effective date of the note. Upon the first of the events to occur, monthly payments of principal and interest are due to the maturity date of December 9, 2040. The loan is secured by a mortgage lien on the land acquired by Fay-Penn as a joint mortgage lien in favor of The Pennsylvania Industrial Development Authority.

United State Department of Agriculture (USDA) – Fay-Penn secured these loans through the US Department of Agriculture's Rural Microentrepeneur Assistance Program (RMAP). This funding enabled Fay-Penn to stimulate small business development by providing financing to small rural businesses and start-ups that would not otherwise have access to these resources. The USDA holds a first lien position on the Rural Microentrepeneur Revolving Fund bank account, Loan Loss Reserve bank account, and loans receivable from microloans. Fay-Penn has pledged loans receivable with a carrying amount of $2,894,230 and $3,454,973 at December 31, 2020 and 2019, respectively, as collateral for the loans.

Note 16 – Debt Obligations (continued)

Debt issuance costs are not significant, and are recorded as construction-in-progress, which is included in property and equipment.

For the years ended December 31, 2020 and 2019, Fay-Penn incurred interest expense of $119,395 and $166,416, respectively.

Estimated maturities of long-term debt are as follows:

2021	$ 2,633,144
2022	129,949
2023	132,573
2024	135,248
2025	137,978
Thereafter	2,061,258
	$ 5,230,150

Note 17 – Employee Benefit Plan

Fay-Penn has a noncontributory simplified employees' retirement plan (SEP) which covers all employees who have completed one year of service. Fay-Penn is required to contribute an amount equal to eight percent of participants' compensation to the plan. Fay-Penn's pension expense for the years ended December 31, 2020 and 2019 amounted to $55,347 and $46,353, respectively.

Note 18 – Related Party Transactions

Fay-Penn has entered into loan agreements with businesses whose officers are members of the Board of Directors of Fay-Penn. The balance of the loans receivable as of December 31, 2020 and 2019 amounted to $1,888,562 and $2,027,353, respectively.

The Organization has mortgages payable to a local financial institution whose Treasurer is also the Treasurer of Fay-Penn. The amount of the mortgages payable to this financial institution as of December 31, 2020 and 2019 amounted to $-0- and $1,067,430, respectively.

Fay-Penn also has mortgages payable with a local financial institution whose management personnel is also a board member of the Organization. The amount due on the mortgages as of December 31, 2020 and 2019 amounted to $-0- and $1,344,523, respectively.

Fay-Penn has a line of credit with a bank whose Vice-President is a board member of the Organization. The amount due on the line of credit as of December 31, 2020 and 2019 amounted to $2,366,766 and $-0-, respectively.

Through the normal course of business, Fay-Penn utilizes the products or services of companies whose management is represented on Fay-Penn's Board of Directors. At all times, proper procedures regarding ethical guidelines were followed by requiring abstention from voting on related transactions. Construction labor and materials, electrical contracting, and repair and maintenance services between the Organization and its Board members amounted to $4,654,845 and $381,862 for the years ended December 31, 2020 and 2019, respectively.

Note 19 - Contingencies

Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

Note 20 – Land and Building under Long-term Lease

Fay-Penn owns land with a building that is leased under a long-term agreement. The lease provides for the tenant to pay the real estate taxes and insurance in lieu of rent. The lease agreement expires in year 2033. The deed to the property has certain restrictions placed on the property as well.

Note 21 – Deferred Revenue

Deferred revenue consist of the following as of December 31, 2020 and 2019:

Reference	Source	2020	2019
A	Oil and gas production signing bonus	$ 37,324	$ 55,986
B	Oil and gas production signing bonus	78,654	104,872
C	Oil and gas production signing bonus	86,666	106,666
D	Prepaid membership	35,700	38,875
E	Prepaid rent and miscellaneous items	109,264	106,838
		$ 347,608	$ 413,237

A. For financial reporting purposes, signing bonus revenue is recorded on a prorated basis over the one hundred and twenty month fixed base term of the agreement commencing in January 2013, the month that the agreement became effective. See Note 22 for further information on oil and gas production signing bonus.

B. For financial reporting purposes, signing bonus revenue is recorded on a prorated basis over the one hundred and twenty month fixed base term of the agreement commencing in January 2014, the month that the agreement became effective. See Note 22 for further information on oil and gas production signing bonus.

C. For financial reporting purposes, signing bonus revenue is recorded on a prorated basis over the one hundred and twenty month fixed base term of the agreement commencing in May 2015, the month that the agreement became effective. See Note 22 for further information on oil and gas production signing bonus.

D. The Organization received an advance payment for membership. The membership recognized as deferred revenue until recognized in the period earned.

E. Rent received in advance of the period earned, and other miscellaneous items, to be recognized in revenue in 2021.

Note 22 – Agreement to Provide Oil and Gas Drilling Rights

In 2013, Fay-Penn negotiated a conditional agreement that awarded an entity the right to drill for oil and gas on certain parcels of land of which Fay-Penn had a 49% interest. The agreement is for a term of one hundred twenty (120) months, expiring January 2023, and is not subject to extension at expiration. Under the terms of the agreement, the lessee agreed to pay Fay-Penn a one-time, nonrefundable signing bonus of $186,621. Additional fees for production royalties and constructed well sites are receivable in the future.

In 2014, Fay-Penn negotiated a conditional agreement that awarded an entity the right to drill for oil and gas on certain parcels of land owned by Fay-Penn. The agreement is for a term of one hundred twenty months, expiring January 2024, and is not subject to extension at expiration. The lessee agreed to pay Fay-Penn a one-time, nonrefundable signing bonus of $262,180. Additional fees for production royalties and constructed well sites are receivable in the future as well.

In 2015, Fay-Penn negotiated a conditional agreement that awarded an entity the right to drill for oil and gas on certain parcels of land owned by Fay-Penn. The agreement is for a term of one hundred twenty months and is not subject to extension at expiration. The lessee agreed to pay Fay-Penn a one-time, nonrefundable signing bonus of $200,000. Additional fees for production royalties and constructed well sites are receivable in the future as well.

Signing bonus revenue recognized for all agreements amounted to $64,880 and $74,880 for the years ended December 31, 2020 and 2019, respectively, and is presented as "Oil and gas lease signing bonus" income on the Statement of Activities.

Revenue from royalties, constructed well sites, and other forms of compensation will be recognized on the accrual basis when the oil and gas is produced, the well site completed, or when the earnings process is complete. Oil and gas production began in December 2009. Revenue earned from the production of oil and gas activities for 2020 and 2019 amounted to $16,576 and $41,958, respectively, and is presented as "Oil and gas lease production royalties" income on the Statement of Activities.

Note 23 – Concentrations of Credit Risk

Credit risk for loans receivable is concentrated because substantially all of the receivables are due from businesses located within Fayette County. The Organization performs ongoing credit evaluations of the financial condition of the businesses and requires collateral from them. The collateral typically consists of a security interest in equipment, subordinated mortgage on the business premises, and personal guarantees by the business owners.

Three borrowers comprise 53% of the loans receivable as of December 31, 2020, and 49% of the outstanding loans as of December 31, 2019.

Rent revenue is a concentrated risk since all rental facilities are located in Fayette County. A significant portion of the rent revenue is derived from two lessees. In 2020 and 2019, two lessees accounted for 44% and 42% of rent revenue, respectively.

Note 24 – Real Estate Sales and Write Offs

Realized gains and losses on the sale and write off of land and buildings are as follows for the years ended December 31, 2020 and 2019:

Description of Property	2020	2019
Write off building improvements	$ (21,443)	$ -
Loss on sale of building #19	-	(457,511)
Gain on sale of building #14	-	287,831
Total loss on sale and write-off of assets	$ (21,443)	$ (169,680)

Note 25 – Functional Expenses

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. The expenses that are allocated include occupancy costs, which are allocated on a square footage basis; depreciation, which is allocated based on whether the asset (building and equipment) is used by the Organization or its tenants; as well as salaries, benefits, payroll taxes, professional and contractual services, supplies, insurance, and other expenses, which are allocated on the basis of estimates of time and effort.

Note 26 – Operating Leases

The Organization leases office equipment under noncancelable operating leases with terms of five years, and expire in April 2022 and October 2022. Lease expense for the years ended December 31, 2020 and 2019 amounted to $3,709 each year.

The following is a schedule by years of future minimum rentals under the leases as of December 31, 2020:

2021	$ 3,709
2022	$ 1,639

Note 27 – Risks and Uncertainties

In March 2020, the World Health Organization declared the outbreak of a novel strain of coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. The Organization cannot reasonably estimate the length or severity of this pandemic, but this matter could negatively impact our business, results of operations, and financial position. The financial impact cannot be reasonably estimated at this time.

Note 28 – Subsequent Events

Management has evaluated subsequent events through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

In January 2021, the Organization received approval for a $2,050,153, 15 year term loan, with a fixed rate of 1.75% to renovate an existing facility in the University Business Park from the Pennsylvania Industrial Development Authority.

SUPPLEMENTARY DATA

FAY-PENN ECONOMIC DEVELOPMENT COUNCIL
SCHEDULE I
COMBINING SCHEDULE OF DIVISIONS' FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

	Operating Fund Division	Revolving Loan Fund Division	Inter-Division Eliminations Debit	Inter-Division Eliminations Credit	Combined Total
Cash and cash equivalents	$ 2,262,699	$ -	$ -	$ -	$ 2,262,699
Accounts receivable, net of allowance for doubtful accounts of $8,800	40,869	-	-	-	40,869
Investments	7,796,067	2,252,111	-	-	10,048,178
Interdivision interest receivable/payable	17,541	(17,541)	-	-	-
Other assets, net of amortization of $141,120	436,073	-	-	-	436,073
Revolving loan fund:					
Cash and cash equivalents	-	2,197,029	-	-	2,197,029
Loans receivable - capital loans, net of allowance for doubtful accounts of $440,805	-	10,832,441	-	7,938,211	2,894,230
Property and equipment, net of accumulated depreciation of $13,683,791	33,853,152	-	105,852	316,201	33,642,803
TOTAL ASSETS	$ 44,406,401	$ 15,264,040	$ 105,852	$ 8,254,412	$ 51,521,881

LIABILITIES AND NET ASSETS

LIABILITIES					
Accounts payable	$ 631,492	$ -	$ -	$ -	$ 631,492
Accrued expenses	47,233	-	-	-	47,233
Security deposits	151,169	-	-	-	151,169
Deferred revenue	347,608	-	-	-	347,608
Debt obligations	12,721,737	446,624	7,938,211	-	5,230,150
TOTAL LIABILITIES	13,899,239	446,624	7,938,211	-	6,407,652
NET ASSETS					
Net Assets Without Donor Restrictions:					
Revolving loan fund	-	14,817,416	245,359	35,010	14,607,067
Operating fund	30,507,162	-	-	-	30,507,162
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	30,507,162	14,817,416	245,359	35,010	45,114,229
TOTAL LIABILITIES AND NET ASSETS	$ 44,406,401	$ 15,264,040	$ 8,183,570	$ 35,010	$ 51,521,881

Inter-Division entries eliminate transactions conducted solely between the Divisions

FAY-PENN ECONOMIC DEVELOPMENT COUNCIL
SCHEDULE II
COMBINING SCHEDULE OF DIVISIONS' ACTIVITIES
DECEMBER 31, 2020

	Operating Fund Division	Revolving Loan Fund Division	Inter-Division Eliminations Debit	Inter-Division Eliminations Credit	Combined Total
SUPPORT					
Grants - Commonwealth of Pennsylvania	$ 770,565	$ -	$ -	$ -	$ 770,565
Grants - Federal					
Department of Agriculture	33,039	-	-	-	33,039
Grant - Paycheck Protection Program	170,700	-	-	-	170,700
Grants - other	25,000	-	-	-	25,000
Contributions from foundations, corporations and individuals	14,955	-	-	-	14,955
Contributions from members	51,325	-	-	-	51,325
TOTAL SUPPORT	1,065,584	-	-	-	1,065,584
OPERATING REVENUES					
Administrative fees	17,478	-	-	-	17,478
Building rental	2,630,004	-	-	-	2,630,004
Oil and gas lease signing bonus	64,880	-	-	-	64,880
Oil and gas lease production royalties	16,576	-	-	-	16,576
Investment income - net	54,078	-	-	-	54,078
Interest income - Revolving Loan Fund	-	215,269	27,104	-	188,165
Interest income - Operating Fund	101,587	-	-	-	101,587
Annual dinner	500	-	-	-	500
Unrealized gain on investments	352,696	-	-	-	352,696
Realized gain on sale of investments	42,412	-	-	-	42,412
Realized loss on disposal of property	(21,443)	-	-	-	(21,443)
Other	4,034	66	-	-	4,100
TOTAL OPERATING REVENUES	3,262,802	215,335	27,104	-	3,451,033
TOTAL SUPPORT AND OPERATING REVENUES	4,328,386	215,335	27,104	-	4,516,617
EXPENSES					
Program	3,049,293	128,046	-	35,010	3,142,329
Management and general	628,268	-	-	-	628,268
Fund Raising	8,188	-	-	-	8,188
TOTAL EXPENSES	3,685,749	128,046	-	35,010	3,778,785
EXCESS OF SUPPORT AND REVENUE OVER EXPENSES BEFORE NET ASSETS TRANSFERRED BETWEEN DIVISIONS	642,637	87,289	27,104	35,010	737,832
NET ASSETS TRANSFERRED BETWEEN DIVISIONS	205,519	(205,519)	-	-	-
CHANGE IN NET ASSETS	848,156	(118,230)	27,104	35,010	737,832
BEGINNING NET ASSETS	29,659,006	14,935,646	218,255	-	44,376,397
ENDING NET ASSETS	$ 30,507,162	$ 14,817,416	$ 245,359	$ 35,010	$ 45,114,229

Inter-Division entries eliminate transactions conducted solely between the Divisions