“We must begin thinking like a river if we are to leave a legacy of beauty and life for future generations.”

-David Brower
**LETTER FROM THE PRESIDENT/CHAIRMAN**

The year of 2012 was a very productive year for The Foundation for Enhancing Communities and our six Regional Foundations which include the Camp Hill Community Foundation, Dillsburg Area Foundation, Franklin County Foundation, The Greater Harrisburg Foundation, Mechanicsburg Area Foundation and the Perry County Community Foundation. We ended the year with a total of 44 new funds, management agreements and projects which is the largest number we have had for many years as well as an increase in new contributions of $6 million. This exciting growth continues to be a reflection of our expertise, personal attention, and exceptional flexible customer service that is provided to donors, potential donors, professional advisors and our regional foundations through the variety of philanthropic services.

We strive to help our friends, donors and potential donors to dream, create and sustain their philanthropic goals. We are pleased to report that we ended the year with $63,029,917 in total assets and paid out a total of $5,097,174 in grants.

We focused on grants in our five county region funded by our Regional Foundation’s Discretionary Funds which consist of both unrestricted and area of interest funds. The Unrestricted and Area of Interest Funds are challenging to raise in a world where many donors prefer to directly influence their individual grantmaking through Donor Advised Funds. To illustrate the need for unrestricted funds in our region, we were presented with 250 grant applications in our six regional foundations totaling $710,000 in requests and were able to only fund a total of $262,000. These numbers not only underscore the reality of the need and our lack of resources, but also confirm why we consistently ask donors, for gifts of unrestricted funds.

We appreciate and thank the volunteer members of the Investment Advisory Committee, chaired by Bob Dolan of Conrad Siegel Investment Advisors Inc., for their diligent work this year in managing the assets of TFEC. Bob Dolan reports, “The passive investment approach for our equity investments continues to work to the benefit of our fund donors. As evidence, note that Fund E outperformed its benchmark on each measured time period, 1-, 3-, 5- and 10-years plus the 17 year number since its first inception. Very few equity funds have produced such consistent positive returns. We plan to continue this very patient and profitable investment strategy, our goal is long term return, we never try to capture short-term market moves.”

**AVERAGE RETURNS VS. BENCHMARKS**

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<th>Average Annual Returns</th>
<th>Benchmark Indicies***</th>
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<td><strong>1 yr.</strong></td>
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<td><strong>10 yrs.</strong></td>
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<td>MODEL E</td>
<td>16.3% 10.5% 4.4% 8.5%</td>
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<tr>
<td>BENCHMARK</td>
<td>16.4% 9.8% 3.0% 3.0%</td>
<td>55% S&amp;P 500, 25% Russell 2000, 20% MSCI-EAFE</td>
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In addition to our investment services, we continue to provide the following:
- Project services to enable individuals and groups that are not official charitable organizations to function as a charity through our fiscal sponsorship services. We now administer in excess of 85 projects.
- Full accounting services to nonprofit organizations.
- Administrative management services to private, corporate and nonprofit foundations. The assets of those foundations remain in that foundation, and we are paid a fee to provide the administrative services according to the direction of the board of the foundation we are managing.
- Availability of our endowment (permanent) and nonpermanent funds of all types to donors at any time.

The Foundation for Enhancing Communities and its Regional Foundations now have over 825 funds. The regional foundations continue to play a key role in broadening our outreach throughout the region. All the regional foundations have active and

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“How lovely to think that no one need wait a moment, we can start now, start slowly changing the world.”

- Anne Frank
THE FOUNDATION FOR ENHANCING COMMUNITIES

MISSION STATEMENT

“To stimulate philanthropy and enhance the quality of life in the community through accumulating, managing and disbursing financial assets, and to serve as a catalyst and neutral convener to meet a wide range of community needs in the south central Pennsylvania counties of Cumberland, Dauphin, Franklin, Lebanon, and Perry, and also in the Dillsburg area.”

STATEMENT OF PHILOSOPHY

• Stimulates innovative projects and programs and encourages collaborative approaches that address emerging or unmet needs;
• Promotes solutions that confront the causes of problems, with special emphasis on empowering the disadvantaged and the underserved;
• Reflects the diversity of our community in The Foundation’s planning, decision-making and grantmaking;
• Respects individual concerns of citizens while striving for community solutions

Our Women’s Fund has been particularly active and successful this year. We offered two events: The Annual Breakfast in March and our Power of the Purse Event in October. Both events were sold out and yielded the Fund much growth in overall assets. Christine Cavanaugh, Ph.D., served as our chairwoman in 2012. Her leadership revitalized the group and helped it to become even more successful. Carolyn Dunaresq, Ed.D. will be our new chairwoman in 2013. We look forward to her leadership. Our inaugural Champion of Philanthropy event was held in October. Bill Leht, our former chairman of nine years, was chosen as the honoree. The event was held in Whitaker Center and was very successful with over 250 people in attendance. Our region is better for all the support he personally has provided to countless nonprofit groups both in leadership and contributions of resources. Congratulations, Bill!

None of our growth and accomplishments would be possible without the leadership of TFEC’s Board of Directors chaired by David M. Kleppinger, Esq. David’s two year term as Chairman ended in December, though he will remain on the board for another year. We sincerely thank him for his stellar leadership which enabled us to achieve our strategic plan goals and overall growth. We welcome David Schankweiler as our new Chairman for 2013. In 2012 Alan Kranser and Miles Gibbons finished their board terms. We thank them both for their dedication, expertise, personal generosity and years of service to TFEC. TFEC is stronger for their leadership. We sincerely thank Spencer G. Nauman, Jr., Esq. and Suzanne Friday, Esq. of the firm of Nauman, Smith, Shissler & Hall, for their exceptional legal advice and Connie Siegel of Conrad Siegel Actuaries, for his guidance and leadership.

Our staff consists of a strong, cohesive team of experts in their field, and whose contributions are critical to meeting the strategic goals and objectives of an ever-growing, flexible, ever-adapting organization. We welcomed Allison Moesta, our former intern, as our Program Associate for Educational Enhancement and Deborah Fulham-Winston as our new Asset Development Associate.

Our great success year after year is directly because of you. We could not affect the change in the region that we do without your involvement. We gratefully thank you for your dedication, commitment to making the region a better place to live, work and play through your leadership and generous sharing of resources. We look to you for suggestions and for your interest in and attention to our philanthropic services. We sincerely thank you for your consistent support. You continue to represent the seeds that were sowed years before that are presenting themselves now in the form of estates, bequests and new funds. We hope you will help TFEC to continue the journey of sowing the seeds of today that will be harvested tomorrow guaranteeing our legacy of service and relevance to the community in the future.

If you have questions or would like additional information about any of our services and products, please contact me at Janice@tfec.org, or at 717-256-3204. Visit our website at www.tfec.org for regular updates on general information about TFEC, grants, scholarships, our electronic newsletter, news and events. Remember to consider giving our Charitable Gift Certificates to your friends and loved ones at that special event in their lives.

Sincerely,

Janice Black
President & CEO

David Kleppinger
Chairman
DREAMING OF STARTING A FUND?

Since 1920, TFEC has been establishing charitable funds. Our dream is to improve the quality of life for everyone living in the neighborhoods, boroughs and cities in our communities.

Your dream may be the same and establishing a fund with TFEC can help you to achieve that dream easily with maximum tax advantage, professional investment management, public accountability, permanence and recognition. You may wish to support many charitable interests, which you can do through one fund at TFEC. Your philanthropic passions might change from year to year, and TFEC can provide flexibility in a fund to meet those goals. TFEC dreams with you and creates opportunities for you to achieve your charitable goals. We are your community foundation and we will be here to sustain your dreams for generations to come.

WAYS TO GIVE

Many people choose to give cash to establish a fund or contribute to an existing fund. However, there may be significant tax advantages to contributing other types of assets. TFEC accepts:

- Cash
- Marketable securities
- Closely held business stock
- Real estate
- Life insurance policies
- Mutual fund shares
- Non-traditional assets such as: tangible personal property such as collections, art, and antiques
- Qualified retirement plan assets (IRA, 401(k), 403(b), pensions)

"We have long understood the importance of a strong endowment fund. We spoke many times about how we should start one—tomorrow. There was really just one choice in deciding where to establish it. We were familiar with TFEC through its grant awards. We had been fortunate to have been the recipient of some of TFEC’s generosity, we knew from working with then that they are an effective organization with the expertise and the experience that we needed."

-Gretna Theatre Fund, Agency Fund

"Having been involved with the Capital Campaign Review Board and the ACES fund for many years I was very familiar with TFEC and what it did in our Community. After being involved in the United Way Tocqueville Society for some years it was apparent to us that we could do more and for a longer term by setting up a fund at TFEC. The options for investing through TFEC were straight forward and with enough choices to make us comfortable. We never considered any other foundations to provide this service."

-Ron and Kathie Drenevich, Donor advised, nonpermanent fund

"I am often asked to support a charity’s own endowment with a contribution. In some cases the investment policy is one which I think could be better. What I have done is to set up an agency fund for that endowment at TFEC. Then the annual distribution from the TFEC fund goes to the charity’s endowment with instructions to distribute it as they would other income."

-Gerald Vogel, Restricted Fund

Funds

A fund is a sum of money set aside for a particular purpose – in this case, it is a tool with which to meet your charitable goals.

- Funds can be created by individuals, families, corporations, small businesses, financial institutions, charitable organizations, probate courts, and private foundations.
- Funds are named by you and can serve almost any charitable purpose – in perpetuity.
- Funds often memorialize or honor a family member.

To make this easy for you, TFEC manages all aspects of a fund (accounting, auditing, reporting, investing, grants administration and evaluation, legal and tax compliance) at a significantly lower cost than the establishment of a private foundation. A fund can be permanent (only a portion of the income is granted and the principal grows in perpetuity), or nonpermanent (both principal and income can be granted). It could be a fund to benefit children or a scholarship for education.

TYPES OF FUNDS

Donor/Committee Advised Funds offer the greatest flexibility and are particularly advantageous if you have many charitable organizations you plan to support. Each year, you and/or your committee choose which organizations will receive a gift.

Restricted Funds provide ongoing, permanent support to one or more community benefit organizations of your choosing.

Scholarship Funds provide educational support for graduating seniors and those in college to achieve the dream of higher education. You can set up a scholarship that focuses on an area of particular interest to you or your family such as nursing, engineering, the skilled trades or teaching.

Agency Funds allow community benefit organizations to transfer some of their assets to TFEC to create an endowment fund. This kind of fund also accepts gifts from other donors. Earnings provide an ongoing source of unrestricted income to the organization. TFEC offers assistance with marketing/development of the fund through planned giving services.

Discretionary Funds are made up of:

- Area of Interest Funds which support a broad field of concern, such as the environment, arts and culture, or community development, and
- Unrestricted Funds that ensure that grants will be available, in perpetuity, for the most current community needs. Grants awarded from all of TFEC’s funds respond directly to community needs as defined by you and other residents of our area. We recognize that needs are ever-changing and that we do not know today what issues will be of prime importance in 2023, or 2033. As local needs evolve TFEC will be here to respond to new opportunities and challenges just as we have for almost 100 years.
INVEST IN WOMEN... CHANGE THE FUTURE
THE WOMEN’S FUND

Established in 2000, the Women’s Fund promotes awareness of/response to issues affecting women and girls through the power of collective philanthropy. This endowment fund is part of a nationwide movement, allowing women to fulfill their unique motivations to give back. Overall objectives are:
• educate on philanthropy and issues affecting women and girls, and
• raise money and award grants that address issues affecting women and girls,
• promote inclusiveness and cultural competency in giving and grantmaking, and
• empower all women to recognize themselves as philanthropists.

On March 30th, 2012 at the Annual Award & Recognition Breakfast, women celebrated the 2011 grant awards and heard inspiring remarks from prominent women.

On October 16, 2012, the Women’s Fund hosted “The Power of the Purse: A Woman’s Ability to Drive Philanthropy”. This special event included a silent auction of purses and a panel including Bridget Montgomery, Marion Alexander and Velma Redmond. These distinguished women spoke on the influence of philanthropy and community in their lives.

THE DREAM TEAM
Over 50 individuals were inducted into the Dream Team level of giving this year. This level of giving includes those that give $1,000.00 or more. Individuals are formally recognized at an event by receiving their Women’s Fund pin.

WOMEN IN PHILANTHROPY AWARD SERIES
This year we bestowed special recognition to 4 award winners — Velma Redmond, Verdina Showell, Louise Hepschmidt and Peggy Grove. Each was honored for their many years of providing time, talent, and treasure to causes supporting women and girls in our community.

MASTERMIND COMMITTEE
• Dr. Chris Cavanaugh, Past Chair
• Dr. Carolyn Dumaresq, Chair
• Suzanne Friday
• Norma Gotwalt
• Ellen Kyzer
• Dolly Lalvani
• Renee Lieux
• Elaine Nissley
• Jane Ransom
• Robin Scaer
• Karen Snyder
• Jill Troutman

Women Can Make A Difference! Our motto is DREAM, CREATE, and SUSTAIN! We are continuing to create a major impact in our community through the generous support of the Women’s Fund. Be a part of our growing family and see how you can make an impact in a Woman’s Life.

“TFEC’s Women’s Fund had a very successful 2012! Our primary focus was on increasing our fund raising and marketing efforts to build our endowment so we can provide more grants for worthy programs in our community. Two successful fundraising events (our March annual meeting and the October “Power of the Purse” event), recognized four outstanding “Women in Philanthropy” awardees, our winter appeal was a cozy virtual “tea party”, and we developed our first fund raising strategic plan. Our five year goal is to inspire over 1,000 women to provide $1,000 to the Women’s Fund thus building a permanent million dollar endowment to sponsor opportunities for the women and children in our community.”

2012 WOMEN’S FUND GRANTEE

WOMEN IN NEED

Located in Chambersburg, PA, Women In Need (WIN) serves victims of domestic violence and sexual assault in Franklin and Fulton Counties. Women In Need’s mission is to empower victims of violence and offer resources in which to help the victim make decisions that move them in the direction of independence. WIN offers many services including a 24-hour hotline, medical advocacy, legal advocacy, prevention education, individual and group counseling, and a shelter for safety for women and children. WIN’s objectives include providing a safe place for a victim and her children if needed while offering resources and options that will assist the victim in making decisions on her terms.

In 2012, Women In Need received a $3,000 grant from The Women’s Fund, a fund of The Foundation for Enhancing Communities for the “Moving Forward: Financial Empowerment” program. Beginning in 2013, the program will offer financial empowerment for women who are victims of domestic violence. Victims of domestic violence living in Franklin County will be able to participate in this as part of WIN’s comprehensive service program. The curriculum will help each participant understand the basics of banking, the importance of their credit score and how this impacts future decisions including housing, and encourage them to open a checking and/or savings account. The implementation of this project will continue to reinforce the understanding that women thinking of leaving domestic violence relationships often do not leave or eventually return due to the inability to support themselves and/or their family. In difficult economic times it has become even more vital for women in domestic violence relationships to be informed about issues related to financial stability.

Contributions to the Women’s Fund provide the critical funding for the grant awards made each year. Grant awards are targeted toward programs that provide opportunities to develop economic self-sufficiency, health and wellness, and education of women and girls. Over $46,000 has been granted since 2008 to agencies such as: Bridge of Hope Harrisburg Area, Carlisle CARES, Diocese Of Harrisburg - Lourdeshouse Maternity Home, Domestic Violence Services of Cumberland & Perry Counties, Shalom House and Women In Need Inc.
TFEC administers 81 scholarship funds to help applicants achieve their dreams of higher education. In 2012, over 325 students were awarded nearly $600,000 in scholarships. These funds relieve some of the financial burden that higher education can place on a student and their family, and may make higher education possible for those with few or no resources.

There are several types of scholarship funds that can be established; permanent or non-permanent, restricted or committee-advised. Scholarships can benefit students at the high school or college level. Financial need must be a factor in the criteria for scholarships, but all other criteria are determined by the donor (including class rank, GPA, leadership, etc.). Eligible donors may participate in the selection of the awardees or have a TFEC committee select recipients and manage the entire application and award process. Scholarships may only be used towards the cost of tuition, fees, and books.

TFEC is one of 37 partners with the ASES/PHEAA Partnership for Access to Higher Education (PATH) Program. TFEC scholarship recipients are eligible to have their awards matched on a dollar-for-dollar basis up to $2,500. The match provides last dollar support for tuition and fees. In 2012, 89 students received an astounding $136,370 in matched funds, which is more than is typically allocated to TFEC each year through this program.

NEW SCHOLARSHIP FUNDS
ESTABLISHED IN 2012

Tommy Sgrignoli Scholarship Fund (Established 06/20/12, Greater Harrisburg Foundation), awards a scholarship for graduating seniors of East Pennsboro High School. The scholarship memorializes Tommy Sgrignoli, a 1999 graduate of East Pennsboro, who was tragically killed in a motorcycle accident in 2005. Through this scholarship, Tommy’s life and story of will never be forgotten.

Baird and Mary Jane Collins Scholarship Fund (Established 12/31/12, Perry County Community Foundation), assists and encourages students living in the West Perry School District to pursue a college degree. This scholarship was established to honor Baird and Mary Jane Collins and to promote and support those things which they have encouraged their entire lives - education and faith.

Melissa Spruill Memorial Scholarship Fund (Established on 03/02/12, Greater Harrisburg Foundation), established in memory of Melissa who lost her battle with Cerebral Palsy. This scholarship creates a lasting tribute for Melissa to remember her strength and courage. This award is for students furthering their education in the health and science fields.

Dr. Francis J. Viozzi Memorial Educational Scholarship for Environmental Studies (Established 11/26/12, Greater Harrisburg Foundation), created in memory of Dr. Frank Viozzi to assist those interested in environmental studies. Frank was an avid outdoorsman and conservationist. This scholarship will assist students with a passion for conservation to pursue a degree and ultimately a career in this field, and to share their passion and experience with others.

Owen Cole Brezitski Memorial Scholarship Fund (Established 11/16/12, Greater Harrisburg Foundation), created in memory of Owen, who was killed by a distracted driver while walking in a crosswalk with his family in front of Bishop McDevitt High School. This scholarship is for a McDevitt graduate with a 3.0 cumulative GPA, attending a two- or four-year college, university, or trade school.

Skylar James Wenger Foundation Scholarship Fund (Established 08/16/12, Greater Harrisburg Foundation), was created in memory of Skylar who was a 14 year old freshman at Cedar Cliff High School. He was an all-star baseball and football player and a leader both on and off the field. This scholarship supports a Cedar Cliff High School athlete from a single parent household.

Pauline M. Whitekettle Scholarship Fund for St. Paul’s Lutheran Church (Established 10/11/12, Perry County Community Foundation), created through the estate of Pauline M. Whitekettle. The scholarship supports those in their 2nd-4th years of college who have been involved for at least 3 years at St. Paul’s Lutheran Church in Newport.

Bobby Wise Memorial Scholarship Fund (Established 12/18/12, Greater Harrisburg Foundation), created by his family in memory of Bobby, a member of the Class of 2012 at Central Mountain High School who died at age 18 in 2012. The fund supports a college student pursuing a health care career. To preserve Bobby’s memory and perpetuate his loving spirit, this scholarship recognizes a senior demonstrating good character, compassion, appreciation for life, and positive social and personal decision making.

Nick Breach’s “Never Give-Up” Charitable Foundation Scholarship Fund (Established 04/23/12, Greater Harrisburg Foundation), created in memory of Nicholas Breach who lost his battle with cancer in 2000. He was an organ donor and a very courageous young man. The scholarship, for Camp Hill High School graduates, can be used for college, trade school, or certified OVR trade school.

Lynn E. Poffenberger Memorial Scholarship Fund (Established 10/19/12, Greater Harrisburg Foundation) created by the Middle Paxton Lions Club to honor the memory of Lynn Poffenberger. The scholarship will be awarded to a graduate of Central Dauphin High School or Dauphin Vo-Tech School. The student must be a resident of either Middle Paxton Township or Dauphin Borough, exhibits financial need, and has been an active member of the community.

William W. Skerton Scholarship Fund (Established 12/21/12, Greater Harrisburg Foundation), created in memory of Bill Skerton, who taught geography at Sayre Area High School for 25 years. He served as Athletic Director, coached numerous teams, and started a golf program. Bill’s widow, Charlotte and his five children established the scholarship to honor him as a dedicated, loving husband, strong role model and memorable teacher; committed to teaching and coaching.

Wildcat Foundation/Mechanicsburg Club Scholarship Fund (Established 03/12/12, Mechanicsburg Area Foundation) a scholarship for Mechanicsburg Area High School seniors to be used for any accredited educational institution. The scholarship will be awarded based on academic achievement, community service, and financial need.

FEATURED SCHOLARSHIP FUND
DAVID M. KLEPPINGER FAMILY SCHOLARSHIP FUND

Joanne, Bret, Lisa and I wanted to create a permanent scholarship fund to reward students who followed similar paths to success that each of us was fortunate enough to have travelled. Joanne and I both graduated from Emmaus High School and Bret and Lisa both graduated from Hershey High School, so this $1,000 scholarship will be awarded to a student from each high school. Students will also attend the Pennsylvania State University, Main Campus or Florida Gulf Coast University in Fort Meyers, Florida as a full-time student and who plans to study political science, pre-law, finance, nursing, or general liberal arts.

OPPORTUNITY SCHOLARSHIP TAX CREDIT

In 2012, TFEC was approved to receive tax-deductible contributions for a new scholarship program. This State program accepts applications for tax credits and will be available until all of the State dollars are spent. You can reduce your company’s tax bill, while helping local students achieve their educational goals. The program provides state tax credits to eligible businesses contributing to an Opportunity Scholarship Organization, such as TFEC. The tax credits awarded to a business will be equal to 75% of the contribution, which can be increased to 90% if a two year commitment is made (total may not exceed $400,000 per taxable year). All funds donated to TFEC will remain in our service area of Cumberland, Dauphin, Franklin, Lebanon, Perry and the Dillsburg area of Northern York County. TFEC will use contributions to provide scholarships to eligible students residing within the boundaries of a low-achieving school to attend a public or private school outside of their district. Visit newpa.com for more information and apply today for the tax credit.
PLANNED GIVING

In addition to accepting direct contributions, TFEC assists donors in making planned gifts. These gifts typically are deferred based upon personal estate planning and the income needs of the donor. Even though they may be deferred, some gifts may have immediate tax benefits. Deferred gifts include bequests, charitable remainder trusts and real estate with retained life interest. Donors who make a planned gift or remember TFEC in their wills are invited to become members of our Legacy Society.

THE 1920 LEGACY SOCIETY

Marguerite H.* and Evan R. Bostdorf
Janice R. Black
William Banks
Sloan and Susan Auchincloss
Lydia Auchincloss*
John* and Julia* Krell
Mary Jane* and George Leader
Eric H. Lehr Jr.
Barbara Lock
Leon L. Lock
Carrie and George Lyter, Jr.
Frank Magee
Jerry Martin and Michael Knaub
L. Jeffrey & Sharon L. Mattern
Margaret B. Masters
James M. and Janet M. Maynard
Herold A.B. McInnes
James M. and Janet M. Maynard
Margaret D. Kooistra
Eric Krell
John* and Julia* Krell
Mary Jane* and George Leader
Jan and Rick Le Blanc
Emily H. Lehrjr.
William Lehr, Jr. and Beverlee Lehr
Barbara Lock
Leon L. Lock
Carrie and George Lyter, Jr.
Frank Magee
Jerry Martin and Michael Knaub
L. Jeffrey & Sharon L. Mattern
Margaret B. Masters
James M. and Janet M. Maynard
Harold A.B. McInnes
John and Shirley A. McKee
Wayne and Susan Mountz
Senator Harold and Phyllis Mowery
Sidney and Ellen Palmer
Harry W.* and Nancy Reist Preis
Leona Rapoport*
William BANKS
Sloan and Susan Auchincloss
Lydia Auchincloss*
John* and Julia* Krell
Mary Jane* and George Leader
Jan and Rick Le Blanc
Emily H. Lehrjr.
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Senator Harold and Phyllis Mowery
Sidney and Ellen Palmer
Harry W.* and Nancy Reist Preis
Leona Rapoport*

DEAN AND GAIL STEPHENS CHARITABLE REMAINDER UNITRUST

We are both Christians, and marvel at all that God has entrusted to our care throughout our lives. Therefore, we searched for a way to continue to support His work after we are gone. We view this as our last act of stewardship. The sum of our wealth which includes time, talents, abilities, skills, money, and resources is simply all that God has given us to manage.

We discovered The Foundation for Enhancing Communities while searching the internet, and found them to be a reputable organization with which to entrust our estate. The staff at TFEC have been very helpful, explaining our options and providing legal advice. They made it very easy to establish our Fund. We are pleased that they will invest and distribute earnings from our fund in perpetuity to organizations of our choice.

“We are thankful that through TFEC we now can be just as much a steward of what we leave as what we managed in this life,” remarked Dean.

The project closest to our hearts, on which we have labored for many years, is our Lake Heron Retreat near Liverpool. Our goal is to create a non-denominational ministry, to edify and proclaim the Gospel. We want to provide for children, youth, and families a quiet and secluded place to enjoy His beautiful creation. A portion of our Fund will continue to support its development and operation. Among others, we have also named charities which support Christian radio, Christian youth camps, Salvation Army, World Vision, The Gideon’s, missionary organizations, and several medical relief organizations.

“We are thankful that through TFEC we now can be just as much a steward of what we leave as what we managed in this life,” remarked Dean.

“Jan and I chose The Foundation for Enhancing Communities to administer our legacy gift to the community because of the integrity of the organization and its long standing reputation of making sound investment decisions. The wide array of community leaders who are involved with the management and distribution of the various funds inspire confidence that our bequest will be available in perpetuity to assist the organizations that meet our charitable giving interests. We particularly appreciate the generosity of the many donors whose gifts helped to establish and thereafter maintain the ongoing operation of The Foundation for Enhancing Communities.”

Jan and Rick Le Blanc

“Jan and I chose The Foundation for Enhancing Communities to administer our legacy gift to the community because of the integrity of the organization and its long standing reputation of making sound investment decisions. The wide array of community leaders who are involved with the management and distribution of the various funds inspire confidence that our bequest will be available in perpetuity to assist the organizations that meet our charitable giving interests. We particularly appreciate the generosity of the many donors whose gifts helped to establish and thereafter maintain the ongoing operation of The Foundation for Enhancing Communities.”

Jan and Rick Le Blanc
DAUPHIN COUNTY CAPITAL BEGINNINGS

Capital Beginnings is a dynamic early learning and school readiness initiative of The Foundation for Enhancing Communities (TFEC) serving children and families in the Capital Region. Our goal is to provide learning opportunities that improve school readiness by increasing the overall quality of early learning available to underserved children from birth to age five. This is vitally important because children who are not prepared for kindergarten, start behind, and stay behind throughout their entire school career.

The Capital Beginnings program was originally funded through a grant from the Office of Child Development and Early Learning of the Commonwealth of Pennsylvania. This grant program was eliminated in the 2012-13 budget. TFEC, however, remains committed to this program and is actively seeking grant support to sustain it.

In order for a child to succeed, there needs to be a strong relationship between the family, school, and the community. Studies have shown that for every $1.00 spent on high-quality early learning, $7.00 to $13.00 will be saved in future costs. Capital Beginnings partners with families, schools, and community organizations to help children develop to their fullest potential. Positive efforts in early learning result in:

• Higher probability that students will complete school and continue on to higher education
• Lower costs for providing remedial and special education services
• Higher incomes and tax payments from those who complete school
• Lower criminal justice and prison costs
• Better job preparedness and the ability to meet future labor-force demands.

Capital Beginnings reaches children and families not currently being served in an early childhood program; children on waiting lists for Head Start, families in shelters and using food pantries, stay at home families and families where one or both parents are incarcerated. Capital Beginnings promotes the importance of early literacy by providing:

• Programs in school readiness
• Programs on parent engagement and education
• Professional development for both preschool and kindergarten teachers
• Screenings for developmental and social/emotional needs.

Capital Beginnings uses early literacy as the keystone of its engagement and education activities. The foundation for literacy is laid long before the child enters school. Early language skills, the basis for reading ability and school readiness, are based primarily on language exposure, resulting from parents and others talking to young children. However, one in four children grows up not learning how to read. Capital Beginnings uses early literacy as the cornerstone of all activities and works with a number of community partners to bring literacy and readiness to families in Dauphin County.

This program has an immediate, and long-term, positive affect on the lives of children in our community.

NON-PROFIT CAPACITY BUILDING

TFEC envisions its role with the nonprofit community to extend beyond just the traditional funding relationship. Ours is a community and collaborative partnership with the agencies that provide direct services, with community leaders and stakeholders, as well as other funders. TFEC is invested not only in our funded programs, but also in the overall organizational capacity of the nonprofit sector in the region. To that end, we provide extensive ongoing technical assistance to nonprofit organizations and provide practical resources related to best practices, funding trends, emerging outcomes and evaluation methods. These are tools that are needed to help ensure the long-term sustainability and competitiveness of nonprofits in a challenging funding and economic environment.

In 2011 launched a brand new series of nonprofit capacity building sessions through an exciting new partnership with Temple University’s Nonprofit Evaluation Services and Training (NEST) and Millersville Universities Nonprofit Resource Network. 2012 continued this collaborative for the second year, at the request of the nonprofits. Session topics and presenters included fund raising and strategic planning (Skip Brown, Connect Synergy), social enterprises (Lancaster County Community Foundation), volunteerism (United Way of the Capital Region), nonprofit marketing and social media (Susan Marketing and Communications), filling out the 990 (PANO), financial capacity building (PNC Bank), governance (Bybel Rutledge LLC) and legal protective issues (Nauman, Smith, Shissler & Hall, LLC).

This successful collaborative program was requested to expand for 2013 in topic areas, geography and number. Nonprofits were asked what topics they would like to see for 2013 and they have identified the following: social media and marketing, board governance, outcomes development and management, collaboration and partnering, and development/fund raising. Sessions are already developed around these topics, ensuring we are meeting the nonprofits needs.

WHAT NON-PROFITS SAY ABOUT ECLS:

"In today’s economy nonprofits need to take advantage of every opportunity afforded them. The series offers nonprofits access to top professionals and current information in a relaxed, professional environment.” – Pamela Tricamo, Premier Grants

“These sessions have enabled me to gain knowledge and resources to take back and share with staff to help implement better strategies to provide services to our clients.” – Audrey Maule, Upper Dauphin Human Services Center Inc.

“The ECLS series has addressed common issues pertinent to nonprofits. Rather than developing a club of people who gather every few months, the sessions have appealed to a variety of specialists in such a way as to recognize that capacity building is a shared responsibility. While sessions do not create expertise, they begin a conversation and demonstrate that the issues are held in common by other nonprofits.” – Stephen Scalfone, Center for Independent Living of Central PA

“The World Affairs Council of Harrisburg has benefited from the programs in helping to ensure the continued success of our organization. The workshops have helped us to instill good governance and accountability in our operations.” – Joyce M. Davis, World Affairs Council of Harrisburg
TFEC is proud to facilitate community conversations and seek solutions to problems. Our experiences as a neutral convener enable us to bring together nonprofit agencies, community and faith-based organizations, government officials, corporations, and foundations, to define issues and generate solutions.

In 2012, TFEC began convening forums in the areas of (a) health disparities among older persons and (b) issues affecting local arts and cultural organizations. It is our hope that by starting these conversations, we all can search together for potential solutions and then effect change.

Health disparities among older persons: Participants from the local Area Agencies on Aging, hospital systems, local funders, health insurers, service providers and state departments converged twice to speak frankly about these inequalities in available care. Panels were designed to share perspectives on the challenges, needs and gaps in service for this population. Community volunteers and moderators Nancy Dering Mock and Bob Haigh guided the group through discussions of issues and possible solutions. The group formed a task force to begin searching for grants and funds to achieve next steps in the process.

Arts and Culture: In partnership with the Cultural Enrichment Fund and the Pennsylvania Council of the Arts, one convening focused on supporting arts and cultural organizations. Philip Horn, Executive Director of PA Council on the Arts spoke about the status of arts and cultural organizations in this tough economic time, specifically around audience development. Training on social media was used as a tool for audience development and was presented by Kim Isenhour, Marketing Director for the Harrisburg Symphony. The group is planning additional sessions for 2013.
In 2012, TFEC has granted almost $500,000.00 through these special funds and our discretionary grant programs.
CHAMPION OF PHILANTHROPY AWARD OF THE FOUNDATION FOR ENHANCING COMMUNITIES

Given to a person in the regional community, the person who exemplifies the following qualities:

- A clear understanding about the importance of the role nonprofit organizations play in the fabric of our region.
- Involvement in the region through extensive time and work with community nonprofits.
- A willingness to share professional and personal expertise with nonprofit organizations by demonstrating leadership and commitment to the nonprofit boards and programs with whom they serve.
- Leadership through personal financial support of the nonprofit organizations served.
- A consistency in the areas of integrity, trustworthiness, leadership, dedication and commitment in their personal lives and work in the community.

Bill Lehr was awarded the inaugural Champion of Philanthropy Award on October 9, 2012. The reception and award ceremony were held at Whitaker Center for Science and the Arts. Over 250 individuals were in attendance. Mike Greenwald served as the Master of Ceremonies. The program consisted of a video, performances by NGOZI, Danzante, Steve Rudolph, Theatre Harrisburg, and Central Pennsylvania Youth Ballet interspersed with brief remarks about Bill by Janice Black of The Foundation for Enhancing Communities, Connie Siegel of Conrad Siegel Actuaries, Inc., Clint Najarian, Retired Chairman of Capital Blue Cross, Bob Lynch of American for the Arts, and Lois Grass, Former Chair of The Foundation for Enhancing Communities who presented Bill’s award. Bill provided personal remarks and it was truly a joyous celebration.
Christian Recovery Aftercare Ministry, Inc. (CRAM) is a faith-based organization that provides pre-release and re-entry services to prisoners, ex-offenders and their families. They anticipate clients experiencing a successful return to their families and positive readjustment back into the community.

CRAM believes that empowering clients promotes a safer community, and reuniting them with their families creates an opportunity for a successful lifestyle.

All of CRAM’s services are provided under the Crime Prevention Project, an initiative to build a strong and safer community, empower clients to be self-sufficient, and lessen the burden of the community. CRAM has been providing program services since 2004, including employment, mentoring, HIV/AIDS testing and counseling, ex-offender workforce development, computer literacy, pre-release classes (for individuals while incarcerated), community service/internship opportunities, distribution of clothing and household items, substance abuse recovery, housing assistance, transportation assistance, family reunification, financial literacy/budgeting and pre-GED.

In 2012, Christian Recovery Aftercare Ministry, Inc. received a $5,000 grant for the Outcomes Database Project. CRAM serves an average of 200 clients each year; the nearly 2,000 clients served by CRAM since 2002 have been inputted into the new data tracking tool and the process of tracking client outcomes has begun. The database is able to generate statistical reports regarding recidivism. The new data tracking tool will help demonstrate which services offered by CRAM are most effective in reducing crime and recidivism, as well as what additional support services are necessary to prepare clients to experience successful outcomes.
DAUPHIN COUNTY CONSERVATION DISTRICT

The Dauphin County Conservation District (DCCD) administers and participates in a variety of programs to protect the county’s natural resources. Programs include storm water management, erosion and sedimentation control, stream monitoring, and West Nile Virus and Gypsy Moth Pest Management. DCCD also offers various agricultural programs including conservation and nutrient management plans, implementation of best management practices to reduce pollution, and farmland preservation. Many of DCCD’s programs are aimed at helping local landowners, developers, and farmers conserve Dauphin County’s natural resources. The Dauphin County Conservation District operates under the direction of the Conservation District Board of Directors and the Dauphin County Commissioners as a department of Dauphin County government.

Many of Dauphin County Conservation District’s programs are aimed at helping local landowners, developers, and farmers conserve Dauphin County’s natural resources.

In 2012, the Dauphin County Conservation District received a $1,500 grant for the Wiconisco Creek Water Monitoring and Education Project. The funding provides lab analysis for a year of DCCD’s long term nutrient sampling in the Little Wiconisco Creek, a tributary of the Wiconisco Creek that flows from north of Berrysburg to Millersburg. Sediment and nutrients are the main pollutants that affect the water quality in the Little Wiconisco Creek. As practices are established in the watershed to reduce pollution, it is important to collect water quality data to evaluate water quality trends, identify areas of concern, and plan future restoration projects to improve stream health. The data is available online through the Interactive Map on the DCCD website.

THE WHITAKER FOUNDATION REGIONAL MATH & SCIENCE PROGRAM

A MAJOR FUND OF THE GREATER HARRISBURG FOUNDATION

WHITAKER FOUNDATION REGIONAL MATH AND SCIENCE GRANTMAKING COMMITTEE
Miles Gibbons, Wells Foundation, Chair
Nancy Dering Mock, Nancy Dering, Inc., Chair
Marilynn Abrams, Community Volunteer
Jennifer N. Baar, Harrisburg Area Community College
Steve C. MacDonald, President emeritus Lebanon Valley College
Jonathan Vipond, III, Esq. Buchanan, Ingersoll & Rooney, P. C.
David Schankweiler, Journal Multimedia, ex officio

Audubon Pennsylvania is the state office of the National Audubon Society, an organization with more than 100 years of service in conservation and education. The Audubon’s mission is to conserve and restore natural ecosystems, focusing on birds, other wildlife and their habitats for the benefit of humanity and the earth’s biological diversity. Education is woven through all of their conservation goals and individual programs. Audubon Pennsylvania works in many communities throughout the state, engaging people in conservation at a local level. Recently, the Audubon greatly expanded their education efforts in Central Pennsylvania by providing teacher professional development workshops and working directly with students in schools surrounding Waggoner’s Gap near Carlisle.

The Audubon’s mission is to conserve and restore natural ecosystems, focusing on birds, other wildlife and their habitats for the benefit of humanity and the earth’s biological diversity.

In 2012, Audubon Pennsylvania received a $7,000 grant for the “Science and Environment Toolkit: Working with Teachers and Students” project. The multifaceted program provides direct instruction to students in Dauphin, Perry, and Cumberland counties; professional development workshops for teachers in those counties; and developing science curricula for use in the classroom and outdoors.
Since 1954, The Mechanicsburg Art Center has provided a full range of art-related activities for residents of all ages from the Mechanicsburg area and other Central Pennsylvania communities. Each term (four terms per year) The Art Center offers over 40 classes in subjects such as drawing, painting, sculpture, pottery, and glass blowing. During the summer term, The Art Center holds over 25 week-long youth art camps for aspiring artists aged two through teen. In addition to classes, The Art Center hosts a variety of exhibits and art-related special events throughout the year. All are open to the general public and most are free.

Currently, The Art Center has over 400 active members, over 1,000 individuals attend classes each year, and over 6,000 people take advantage of one or more of the Center’s programs each year.

In 2012, The Mechanicsburg Art Center received a $1,926 grant towards the cost of installing a new roof. Since 1971, The Art Center has been housed in a one hundred-year-old barn off West Trindle Road. The barn’s 30+ year-old roof has recently begun to leak and needs to be replaced. The Art Center continues to supplement MAF’s grant with contributions by members and businesses. The roof replacement project is vital to the continuation of the Center’s art classes, youth art camps, exhibits and other arts-related events.
Better Days Animal League (BDAL) was established in 2007 in South Central Pennsylvania and has rescued and re-homed thousands of animals in need. BDAL is a non-profit animal shelter with adoption centers in Shippensburg and Chambersburg. Each year hundreds of cats and dogs come to BDAL in hopes of finding their “forever” homes.

BDAL is committed to providing every abused, abandoned and neglected dog and cat that comes to their shelter the love and care they so rightly deserve until the day they are adopted.

BDAL’s mission is dedicated to the principle that all life must be treated with value, dignity and respect. The shelter also provides educational information to the community on the proper and responsible care of animals. Better Days Animal League gives presentations to area schools and works with community groups. BDAL has several experienced Humane Society Police Officers on staff to enforce State laws regarding animal abuse and neglect in Franklin, Cumberland and Fulton Counties. BDAL is determined to prevent abuse and neglect through education on the proper and responsible care of animals. The staff at Better Days is devoted to raising public awareness on the importance of spaying and neutering in an effort to limit unwanted animals in our communities.

In 2012, Better Days Animal League received a $986.25 grant towards the cost of BDAL’s Humane Education Program for their educational project in the Franklin County Area. Better Days Animal League is able to provide needed animal services in the community through generous donations, grants, and the proceeds from multiple thrift stores and fund raising events in the area.

“You can judge a man’s true character by the way he treats his fellow animals.”

- Paul McCartney
PERRY COUNTY LITERACY COUNCIL

Founded in 1984, the Perry County Literacy Council is a nonprofit organization serving residents of Perry County with the mission to “provide educational programs for Perry County residents and families that will enable them to better function as productive and responsible citizens.” All services and materials are provided at no cost to residents.

Mission: “provide educational programs for Perry County residents and families that will enable them to better function as productive and responsible citizens.”

In 2012, the Perry County Literacy Council received a $1,959 grant for the GED® preparation program. The computer-based class offers instruction through technology aligned with state mandated 2013 computer-based GED® testing that will replace paper assessments. Participants acquire the ability to perform computer operations and word processing skills while practicing online GED® assessments. As students complete the class, GED® scholarships made possible by the grant from PCCF are available to those in need of economic support to take their GED® tests.
The Camp Hill Community Foundation received a new committee advised nonpermanent fund on December 13, 2012. When six offices and almost 300 Gannett Fleming employees were directly impacted by the wrath of Hurricane Sandy, the company and its employees acted swiftly to form and fund the Gannett Fleming Charitable Foundation to provide financial relief to those impacted by the superstorm. Employees contributed to this donor advised fund via payroll deduction and Gannett Fleming matched the individual contributions.

Gannett Fleming is a national and international consulting engineering firm with over 2,000 employees headquartered in Camp Hill.

Affected Gannett Fleming employees will apply to the committee overseeing this fund for reimbursement of expenses associated with disaster relief, such as reasonable and necessary personal, family living or funeral expenses, repair or rehabilitation of personal residence or repair or replacement of content of the personal residence due to the disaster. Any additional funds in excess of Gannett Fleming employee needs will be donated to the Red Cross disaster relief fund for Hurricane Sandy. Donations made to the fund receive maximum tax advantage. This type of hardship fund is becoming more popular as employers and other groups are seeking a way to give back to their employees or the community at large. TFEC is able to accommodate this type of fund through payment via invoice.
Established on February 11, 2005, on the occasion of their 50th wedding anniversary, the Melvin J. and Alice Gayle Reeder Scholarship was created by the Reeder children in memory of their parents to assist graduates of Northern York County Senior High School in Dillsburg, Pa. The scholarship honors Melvin and Gayle Reeder, whose eight children all graduated from Northern and who, from 1967 to 1988, had at least one child attending the school for 21 consecutive years.

The scholarship is currently valued at $1,000 and is awarded annually to one graduating senior for their first year of college.

“My name is Katherine Richwine and I was the recipient of the Reeder Scholarship for 2012. Receiving this scholarship means a lot to me, not only for financial reasons, but also for knowing that this kind and generous family has the faith in me to succeed. I am currently a freshman nursing major at West Virginia University’s Honors College, with the intent to either become a Nurse Practitioner or go to dental school upon graduation. Whatever I do though, I want to work with children! In my spare time I enjoy relaxing with family and friends, playing lacrosse, baking, and glorifying God. Again, I’d just like to thank the Reeder family for their generosity and confidence in me—I’ll be sure to make them proud!”

DILLSBURG AREA FOUNDATION
Established, 2004

ADVISORY COMMITTEE
Jay Young, Chair
Mike Adams
Lee E. Eichelberger
Tom Gruber
Alan Kauffman
Larry Klase
Ronald Wenger
Larry Schankweiler, ex officio

2012 TOTAL ASSETS
$43,029
(0.1% of total TFEC assets)

2012 TOTAL GRANTS
$1,001

THE FOUNDATION FOR ENHANCING COMMUNITIES
33

THE FOUNDATION FOR ENHANCING COMMUNITIES
34
**INVESTING WITH THE FOUNDATION**

**QUESTIONS AND ANSWERS WITH ROBERT DOLAN,**
CHAIR OF THE INVESTMENT ADVISORY COMMITTEE

Q: How do you choose how assets are invested?  
A: Our investment policy is based on the use of mutual index funds principally from Vanguard and Dimensional Fund Advisors invested in common stocks indices and passive portfolios to achieve diversification, rather than picking individual stocks. Index mutual funds buy stocks that mirror recognized performance benchmarks. The indices weight the effect of each stock by the number of shares outstanding and the market value of each share.

Q: Why do you use a total return strategy for investing?  
A: This strategy that we have employed since 1996, enables a percentage of a fund's five year rolling blended market value to determine what the distributable allowances are. This allows for more predictable distributions over the long-term, and supplies the availability of a stable income stream to fund charitable interests. Since embarking on this total return investment strategy, our investment performance has consistently exceeded market benchmarks. We do not try to outperform the market in any given year. Instead, we attempt to simply match the overall growth of the stock market over the course of multiple years averaged together. We are grateful to Conrad M. Siegel and William Lehr, Jr., both past chairmen, for authoring this very successful strategy.

Q: Can I choose how my funds are invested?  
A: Yes, donors can select a fund investment mix among three investment models. Each model is structured to have a different performance benchmark and volatility measure. Donors can choose to invest their fund in Model E, which replicates the performance and volatility of the broad equity market. Similarly, Model F holds fixed income funds, Model A provides a mix of both equities and fixed income, and Model M consists of a money market fund. Donors can divide their fund assets in any proportion among these models.

Q: Can I change my investment choice?  
A: Yes, a donor may change their model one time per year at the end of the calendar year.

Q: Will you work with my attorney, accountant, or other professional advisor?  
A: Yes, TFEC works with all types of advisors to help their clients incorporate charitable giving as an integral part of financial and estate planning activities. TFEC supports advisors at every step in the process, creating an integrated approach by identifying clients’ charitable giving interests and matching them with tax planning needs, creating/implementing plans that are integrated into business, personal and financial decisions and facilitating complex forms of giving and executing technical giving instruments.

Q: Can I utilize my own investment advisor?  
A: Yes, if your fund is in excess of $75,000 your personal advisor can retain the investment holdings. TFEC will work collaboratively and contractually with the advisor to choose investment models to meet the donor’s needs. The advisor is able to charge prudent investment management fees for their services through this tailored relationship.
Q: Have there been any recent changes with respect to the asset allocations?
A: On the investment front our passive investment strategy continues to meet or exceed benchmarks on the stock investment over the long run. We made two small changes recently to the investment mix, we moved a small part of our international equity investment from the Developed Markets to the Emerging Markets and we liquidated our investment in short term federal funds and invested that money on the other Fixed Income Funds that we already owned.

Q: How have the funds performed over the long term?
A: Our goal is long term growth in funds, so as we measure our results we look primarily to long term results. For the 17 years since we first started using the passive approach with our equity investments the Model E return of 7.4% per year exceeds its benchmark by .3%. The Model A return of 7.3% per year exactly matches its benchmark. Over the 10 year period Model E’s return of 8.5% per year is .6% in excess of its benchmark and again Model A has exactly matched its benchmark at 7.5%. Please see the historical investment performance chart for more information.

INVESTMENT ADVISORY COMMITTEE
Robert J. Dolan, Conrad Siegel Investment Advisors Inc., Chair
Conrad M. Siegel, Consulting Actuary and Founder, Conrad Siegel Actuaries
Robert E. Caplan, FMA Advisory, Inc.
Fred Fischer, Fischer Financial Services
Howard Hamann, The Hershey Company, Retired
Kenneth Lehman, Lehman Volvo, Retired
William Lehr, Jr., Capital Blue Cross, Retired
Kirin P. Patel, Hersha Group
Peter J. Ressler, Esq., Mette Evans & Woodside
Jonathan Vipond, III, Esq., Buchanan Ingersoll & Rooney PC
Jonathan Williams, CFA, CFP Stauffer Williams Asset Management LLC

HISTORICAL INVESTMENT PERFORMANCE
The Foundation for Enhancing Communities (TFEC) implemented its current investment policy in 1996. Model F was established in mid-2003. Please refer to additional materials for detailed explanations of investment holdings and strategies. Past performance may not be indicative of future performance.

ANNUAL INVESTMENT RETURNS

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>MODEL E</td>
<td>19.6%</td>
<td>27.6%</td>
<td>23.4%</td>
<td>21.3%</td>
<td>-11.2%</td>
<td>-8.8%</td>
<td>-19.3%</td>
<td>34.1%</td>
<td>16.0%</td>
<td>8.6%</td>
<td>19.0%</td>
<td>4.3%</td>
<td>3.5%</td>
<td>8.5%</td>
<td>4.3%</td>
<td>16.8%</td>
<td>19.7%</td>
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<tr>
<td>(100% EQUITIES)</td>
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</tr>
<tr>
<td>MODEL A</td>
<td>18.8%</td>
<td>22.0%</td>
<td>17.4%</td>
<td>16.3%</td>
<td>-5.1%</td>
<td>-4.2%</td>
<td>-10.9%</td>
<td>24.2%</td>
<td>12.0%</td>
<td>6.9%</td>
<td>14.8%</td>
<td>4.8%</td>
<td>4.8%</td>
<td>10.1%</td>
<td>7.7%</td>
<td>15.0%</td>
<td>14.1%</td>
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<tr>
<td>(70% EQUITIES &amp; 30% FIX)</td>
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</tr>
<tr>
<td>MODEL F</td>
<td>1.6%</td>
<td>1.1%</td>
<td>4.7%</td>
<td>6.1%</td>
<td>0.1%</td>
<td>8.4%</td>
<td>6.4%</td>
<td>3.7%</td>
<td>5.7%</td>
<td>2.8%</td>
<td>3.8%</td>
<td>4.7%</td>
<td>6.1%</td>
<td>7.9%</td>
<td>5.3%</td>
<td>1.7%</td>
<td>2.8%</td>
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<thead>
<tr>
<th>AVERAGE RETURNS VS. BENCHMARKS</th>
<th>Average Annual Returns*</th>
<th>Benchmark Indices***</th>
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</thead>
<tbody>
<tr>
<td>1 yr.</td>
<td>3 yrs.</td>
<td>5 yrs.</td>
</tr>
<tr>
<td>MODEL E</td>
<td>16.5%</td>
<td>10.3%</td>
</tr>
<tr>
<td>BENCHMARK</td>
<td>16.4%</td>
<td>9.8%</td>
</tr>
<tr>
<td>MODEL A</td>
<td>13.6%</td>
<td>8.6%</td>
</tr>
<tr>
<td>BENCHMARK</td>
<td>12.8%</td>
<td>8.6%</td>
</tr>
<tr>
<td>MODEL F</td>
<td>5.7%</td>
<td>5.7%</td>
</tr>
<tr>
<td>BENCHMARK</td>
<td>2.4%</td>
<td>4.5%</td>
</tr>
</tbody>
</table>

* Results are net of fees included in the mutual funds but before TFEC’s fee for investment management.
** Standard deviation is a statistical measurement of the dispersion of investment returns over the 17-year period. Standard deviation does not indicate how investments actually performed, but merely indicates the volatility of their returns over time. A higher standard deviation indicates a wider dispersion of past returns and thus greater historical volatility.
*** Benchmark returns are unmanaged and do not incur fees. In 2004, the benchmarks were adjusted because small cap and international allocations were increased. In 2003 and prior years, the Model E equity benchmark was 70% S&P 500, 30% Russell 2000 and 10% MSCI-EAFE, and Model A’s equity benchmark was 45%, 14% and 7%, respectively.
**** To minimize market fluctuations, the fixed income component is invested in short and medium term funds, while the benchmark includes long term bonds.

FOUNDATION ASSETS
AT DECEMBER 31, 2012

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<tr>
<th>TOTAL ASSETS</th>
<th>$63,029,917</th>
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</thead>
<tbody>
<tr>
<td>Donor and Committee Advised Funds</td>
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<tr>
<td>In and Out Funds</td>
<td>693,542</td>
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<tr>
<td>ADVISED TOTAL FUNDS</td>
<td>27,499,040</td>
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<tr>
<td>Designated/Restricted Funds</td>
<td>13,931,534</td>
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<td>Area of Interest Funds</td>
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<td>Organizational/Agency Funds</td>
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<tr>
<td>Special Projects</td>
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<tr>
<td>Split Interest Agreements (Trusts)</td>
<td>9,912,031</td>
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<td>Unrestricted Funds</td>
<td>8,747,251</td>
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<tr>
<td>Other Assets</td>
<td>143,944</td>
<td>0.23%</td>
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| INCOME FROM OPERATIONS | $2,000,000 | 3.17% |

<table>
<thead>
<tr>
<th>TOTAL EXPENSES</th>
<th>$1,800,000</th>
<th>2.86%</th>
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<tbody>
<tr>
<td>Administrative Expenses</td>
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<tr>
<td>Investment Management</td>
<td>50,000</td>
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<tr>
<td>Sales and General Expenses</td>
<td>200,000</td>
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<tr>
<td>Other Expenses</td>
<td>600,000</td>
<td>0.96%</td>
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<table>
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<tr>
<th>TOTAL REVENUE</th>
<th>$1,200,000</th>
<th>1.86%</th>
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<tbody>
<tr>
<td>Investment Income</td>
<td>1,200,000</td>
<td>1.86%</td>
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<table>
<thead>
<tr>
<th>TOTAL EXPENSES</th>
<th>$1,800,000</th>
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<tbody>
<tr>
<td>Operating Expenses</td>
<td>1,600,000</td>
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<tr>
<td>Other Expenses</td>
<td>200,000</td>
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<table>
<thead>
<tr>
<th>TOTAL INCOME</th>
<th>$400,000</th>
<th>0.62%</th>
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</thead>
<tbody>
<tr>
<td>Investment Income</td>
<td>400,000</td>
<td>0.62%</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>TOTAL EXPENSES</th>
<th>$1,200,000</th>
<th>1.86%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses</td>
<td>1,200,000</td>
<td>1.86%</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>200,000</td>
<td>0.32%</td>
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</table>

<table>
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<tr>
<th>TOTAL REVENUE</th>
<th>$600,000</th>
<th>0.93%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Income</td>
<td>600,000</td>
<td>0.93%</td>
</tr>
</tbody>
</table>
NEW FUNDS
ESTABLISHED IN 2012

AGENCY FUNDS
Gretna Theatre Fund (Established on 11/20/2012) Gretna Theatre is proud to be working with TFEC. While our new endowment fund is small now, we expect it to grow and grow and help guarantee the future of our 86 year old professional theatre company. Gretna Theatre in Mt. Gretna, Lebanon County is one of the oldest summer stock companies in the nation. We produce and perform primarily at the unique and beautiful open air pavilion, The Mount Gretna Playhouse. Our stars frequently have Broadway experience, supported by the finest local, regional, and national talent available.

Newport Revitalization and Preservation Society Fund of the Perry County Community Foundation (Established on 04/30/2012) The home and base of operations, of the Newport Revitalization and Preservation Society (NRPS) is the Louise Beard Memorial Home and Museum. NRPS is now engaged in a partnership with Newport Borough to revitalize Veteran’s Memorial Park, in addition to their traditional work with Canal Day, the Christmas Tree Lighting and House Tour and the ongoing maintenance and operation of the Beard Museum. The Fund is used to support the mission of NRPS in the Greater Newport Area.

NONPERMANENT FUNDS
Gannett Fleming Charitable Foundation Fund of the Camp Hill Community Foundation (Established on 12/13/2012) When six offices and almost 300 Gannett Fleming employees were directly affected by Hurricane Sandy, they acted swiftly to establish the Gannett Fleming Charitable Foundation to provide financial relief to those hit by the superstorm. Employees contributed to this donor advised fund via payroll deduction and Gannett Fleming matched their contributions. Employees can apply to the Foundation for reimbursement of expenses associated with disaster relief, such as family living or funeral expenses, repair or rehabilitation of a primary residence or repair or replacement of its contents. Funds in excess of Gannett Fleming employee donations will be donated to the Red Cross disaster relief fund for Hurricane Sandy. Donations made to the fund receive maximum tax advantage. This type of hardship fund is becoming more popular as organizations seek ways to give back to their employees or to the community.

Grove Family Fund (Established on 12/17/2012) The Grove Family Scholarship Fund supports mothers going back to school and students who reside within the city limits of Harrisburg. Scholarships are given for unfunded educational needs such as application fees, SAT costs, lab fees and any other costs not covered by grants, loans, work study programs or other scholarships.

Hope Springs Farm Fund (Established on 12/20/2012) Hope Springs Farm, a licensed adult day program, provides developmentally disabled adults with meaningful work on a farm, along with joyful group activities that lead to satisfying friendships. The founders chose TFEC for their funds because they wanted to be connected to, and be made known to, their local community. Hope Springs Farm Fund raises money for the enrichment of the program: specifically, supplies for the 4-season greenhouse, vegetable plants for the outdoor gardens, instructional books on animal husbandry, supplies for cooking and baking, and cookbooks for homegrown food stuffs.

Orthopedic Institute of PA Foundation Fund (Established on 11/20/2012) The Orthopedic Institute of Pennsylvania (OIP) has established a foundation with a fund at TFEC. From joint replacement, to MRI services, an injury clinic, sports medicine, to medico/legal services; providers cater to the patients’ every need. OIP’s Foundation operates with a mission to “Support community-level activities that promote healthy living in South Central Pennsylvania and mobilize medical expertise and resources globally.” The OIP Foundation will implement medical missions to provide emergency medical care to developing countries suffering from crises with significant health consequences. Locally, the Foundation will support projects that provide education, improve access, and provide orthopedic care for residents. The Foundation will support activities that promote preventative health care, including physical fitness opportunities. For more information about OIP, please visit their website www.oip.com

Rothman Family Fund (Established on 12/17/2012) This fund was established to support charitable organizations at the donor and their family’s designation.

Katherine J. Bishop Fund (Established on 12/27/2012) This fund was established to support various charitable organizations at the donor’s discretion.

Ron and Kathie Drnevich Fund (Established on 12/28/2012) We started this fund to augment our support of organizations and activities that we feel are important and needed in the Central PA Community. We will focus on organizations that support the emotional, physical and spiritual wellbeing of individuals or groups.

Kenneth H. and Betty Mumment Fund II of the Franklin County Foundation (Established on 11/16/2012) This donor advised non-permanent fund was established to provide the donors with the flexibility to support nonprofits of their choice.

Mark & Elaine Schuch Charitable Giving Fund (Established on 11/27/2012) The Schuch’s charitable interests include: homelessness, troubled youth, orphans, men’s/women’s shelters, their local church and public radio.

REstricted FUNDS
American Israel Education Foundation Fund (Established on 08/23/2012) This fund was established to support the American Israel Education Foundation.

Harry and Nancy Preis Seibert Park Fund of the Camp Hill Community Foundation (Established on 09/06/2012) This fund was established to benefit Seibert Park in Camp Hill.

UNRESTRICTED FUNDS
Fry Family Charitable Fund of the Mechanicsburg Area Foundation (Established on 12/31/2013) This fund will benefit the Mechanicsburg community.

FEATURED FUND - ORGANIZATIONAL/AGENCY ENDOWMENT FUND
GRETNA THEATER

We have long understood the importance of a strong endowment fund. We spoke many times about how we should start one—tomorrow. Tomorrow never seemed to come. This year it came through the generosity of one of our major patrons, the late R. Jeanette Barnes. Her gift did not stipulate creation of an endowment fund, and quite frankly we were tempted to use it for more immediate needs. But Gretna Theatre has existed for 86 years, and if we wanted it to exist for another 86, we knew not to be short sighted. We honor the memory of Ms. Barnes through the creation of this fund.

There was really just one choice in deciding where to establish it. We were familiar with TFEC through its grant awards. We had been fortunate to have been the recipient of some of TFEC’s generosity, we knew from working with them that they are an effective organization with the expertise and the experience that we needed. We are proud to be working with TFEC for the establishment of our fund. While small now, we expect it to grow and provide us with steady income, and help guarantee our future.

*For a complete listing of all foundation funds, please visit our website at www.tfec.org.
NEW PROJECTS

ESTABLISHED IN 2012

TFEC manages projects that provide charitable benefits within the community. Because TFEC is the project’s fiscal sponsor, gifts for a project are tax deductible for tax purposes. Project agreements provide that TFEC can pay for eligible expenses related to accomplishing the project’s goals, and net proceeds can be added to a TFEC fund or distributed to another charity. TFEC provides objective fiscal oversight and expertise in order to ensure legal and accounting compliance. TFEC manages 59 projects currently, totaling $1,159,969.00. Grants totaling $234,228.00 were made in 2012 from these projects to various charities.

Beacon Clinic for Health and Hope (Established on 12/01/2012) The purpose of this project shall be to share God’s love and witness in caring for each other by offering primary healthcare services to uninsured families and persons of the greater uptown Harrisburg community and promote personal/family holistic, health self-care lifestyles.

Beta Pi Boule, Inc. (Established on 11/01/2012) The purpose of the project shall be to solicit and accumulate donations to fund post-secondary scholarships and other charitable programs for minority youth in the central Pennsylvania region consistent with Beta Pi Boule, Inc.’s commitment to achieving success through education and excellence in young people.

Distinguished Daughters of PA (Established on 02/02/2012) The purpose of this project shall be to inspire, encourage, and empower women and girls by identifying, nominating, and honoring women in Pennsylvania who have made outstanding contributions in a variety of fields, whether as volunteers or professionals, which have benefited the Commonwealth of Pennsylvania, its people and communities.

Diversity and Inclusion Professionals of Central PA (Established on 10/10/2012) The purpose of the project is to provide professional development tools for diversity and inclusion practitioners in the Central Pa region. The project is a resource group that brings regional diversity professionals together to discuss the implementation of diversity and inclusion programs at organizations and institutions that impact Central Pa, thereby increasing efforts and best practices in the field.

Flagger Force Foundation Project (Established on 12/31/2012) The purpose of this project is to raise money for charities chosen by the employees of Flagger Force, provide volunteer opportunities to employees, and provide financial aid to employees past and present experiencing a disaster or hardship in accordance with committee oversight.

Grace@Home (Established on 12/20/2012) The purpose of the project shall be to conduct research, to advocate and to implement Aging-in-Place strategies that help to facilitate opportunities for seniors in the Harrisburg area to remain as long as possible in their own homes as they age.

Harrisburg Cemetery Historical & Educational Project (Established on 08/27/2012) The purpose of this project shall be to benefit and advance the educational, historical, horticultural, arbicultural programs and assets of the Harrisburg Cemetery, a national historic district, listed on the National Register of Historic Places.

Hershey Community Garden Project (Established on 11/29/2012) The purpose of this project is to establish, run, operate and manage a community garden in Derry Township for the use of Hershey entity employee groups, Penn State M.S. Hershey Medical Center patients and community members at large.

Josiah Project (Established on 09/18/2012) The purpose of this project is to empower the lives of adjudicated young males in Dauphin County by exposing them to essential core values that will build resiliency, respect, and communication through mentorship, education, and character development.

Longacre Foundation (Established on 04/03/2012) The purpose of this project shall be to provide scholarships for deserving teenagers to Longacre Leadership and to provide funds for special projects benefiting the summer program.

Love, Serve, Give (Established on 06/04/2012) The purpose of this project shall be to position LSG as an integral partner in responding to community needs. This project will enhance resources designed to educate and support children and adults in underserved areas of Harrisburg and surrounding areas.

Orange 4 Owen (Established on 02/28/2012) The purpose of the project shall be to promote pedestrian, driver, traffic and childhood safety as well as raise awareness of distracted driving practices.

PA Poverty Education Project (Established on 02/28/2012) The purpose of this project is to foster broad public understanding of poverty by establishing a dialogue among stakeholders from all regions of PA building a community of diverse partners that works together to address the common symptoms, themes and consequences of poverty.

St. Stephen’s Cathedral: Campaign for Growth (Established on 11/29/2012) The purpose of this project shall be to provide staffing, maintain facilities and safeguard the historic buildings for St. Stephen’s Cathedral.

Tri-County Long Term Disaster Recovery Committee (Established on 02/15/2012) The purpose of this project is to work corroboration with other community members and organizations to identify unmet needs of the victims of Tropical Storm Lee and to find appropriate solutions to these unmet needs.

FEATURED PROJECT

DISTINGUISHED DAUGHTERS OF PENNSYLVANIA

Each year since 1949, Pennsylvania’s Governor has recognized a select group of women as Distinguished Daughters who are honored for their extraordinary service and contributions to their community, commonwealth and country. These talented, dedicated and influential women serve as role models to inspire, encourage and empower women and girls throughout the state.

Governor Tom Corbett and First Lady Susan Corbett, flank the new 2012 Distinguished Daughters of Pennsylvania at the Governor’s Residence. New Distinguished Daughters are from left: Judith Horgan, Pittsburgh; Joan Myers Brown, Philadelphia; Pat Halpin-Murphy, Ambler; Silvia Ferretti, Erie; JoAnne Epps, Philadelphia; Kathleen Marshall, Pittsburgh; Suzanne Yenchko, Harrisburg. Absent: Feather Houston, Philadelphia.
TFEC provides an array of services for nonprofits or private foundations. Through this contractual relationship, a personalized package including options from accounting services to investment management is created, providing prompt financial administration. TFEC currently manages 13 management services agreements totaling $15 Million.

FEATURED MANAGEMENT SERVICE AGREEMENT

THE CENTER FOR DAIRY EXCELLENCE FOUNDATION OF PA

The Center for Dairy Excellence (CDE) is a non-profit organization created in 2004 to enhance profitability and viability of the dairy industry. The dairy industry is the largest sector of Pennsylvania’s largest industry, agriculture. This invaluable industry supplies residents of the Eastern Seaboard of the United States with their favorite dairy products, including milk, cheeses, yogurt, butter and ice cream. Recognizing that there needed to be a way to raise funds to support its mission, in 2010 CDE established a charitable foundation, The Center for Dairy Excellence Foundation of Pennsylvania.

The CDE Foundation supports educational initiatives to grow and sustain our dairy industry. A sampling of the education initiatives funded by the CDE Foundation includes: best business and financial management practices, dairy animal care practices, new technologies and production practices, including renewable energy topics, education for consumers on the value of the dairy industry and dairy farm succession planning.

With the Foundation in place, it became clear that the staff supporting the CDE could not take on all of the tasks associated with a fund raising campaign and managing the investments and accounting. The CDE Foundation of Pennsylvania decided to enter into a Management Agreement with TFEC. A Management Agreement permits The CDE Foundation of Pennsylvania to retain legal ownership of its assets and maintain its own governing body. For this management agreement, TFEC handles their accounting services and investments. This will allow The CDE Foundation of Pennsylvania to focus on its mission-related activities while leaving all of the financial functions to TFEC.
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TFEC STAFF
Front row (left to right): Kirk Demyan, Chief Financial Officer; Jennifer Doyle, Director of Development & Community Investment; Déb Fulham-Winston, Asset Development Associate Back row (left to right): Janice Black, President & CEO; Allison Moesta, Program Associate for Educational Enhancement; Jennifer Kuntch, Program Officer for Community Investment; Mark Bradshaw, Administrative Assistant; Jim Martin, Senior Financial Advisor; Ginny Bush, Executive Assistant; Jeanne Predmore, Project Manager, Capital Beginnings Not pictured: Stacey Romberger, Financial Services Associate

“I am of the opinion that my life belongs to the community, and as long as I live it is my privilege to do for it whatever I can.”
- George Bernard Shaw

*For a complete listing of all foundation funds, please visit our website at www.tfec.org.*
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