



**BRIDGE BUILDERS
COMMUNITY FOUNDATIONS**

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED
DECEMBER 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Bridge Builders Community Foundations

We have audited the accompanying financial statements of Bridge Builders Community Foundations (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets—modified cash basis as of December 31, 2020, and the related statement of support, revenues, expenses and changes in net assets—modified cash basis and statement of functional expenses – modified cash basis 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 the modified cash basis of accounting as described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 assets, liabilities, and net assets of Bridge Builders Community Foundations as of December 31, 2020, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note A.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules on pages 20 to 22 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.

McGill, Power, Bell & Associates, LLP

McGill, Power, Bell & Associates, LLP

Franklin, Pennsylvania

November 11, 2021

BRIDGE BUILDERS COMMUNITY FOUNDATIONS
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2020

ASSETS

Cash and cash equivalents	\$ 971,155
Cash and cash equivalents - Agency endowment funds	12,959
Cash value of life insurance	123,004
Investments	15,132,828
Investments - Agency endowment funds	<u>2,143,538</u>

TOTAL ASSETS \$ 18,383,484

LIABILITIES AND NET ASSETS

LIABILITIES

Accrued payroll taxes	\$ 10,281
Agency endowment funds	<u>2,156,497</u>

TOTAL LIABILITIES 2,166,778

NET ASSETS

Without donor restrictions	13,820,521
With donor restrictions	<u>2,396,185</u>

TOTAL NET ASSETS 16,216,706

TOTAL LIABILITIES AND NET ASSETS \$ 18,383,484

See accompanying notes to the financial statements.

**BRIDGE BUILDERS COMMUNITY FOUNDATIONS
STATEMENT OF SUPPORT, REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Gifts and grants	\$ 3,562,176	\$ -	\$ 3,562,176
Less gifts and grants held for others	(151,713)	-	(151,713)
Dividends and interest	251,713	35,960	287,673
Less dividends and interest held for others	(34,094)	-	(34,094)
Net realized gain on security sales	449,160	106,169	555,329
Less realized gain held for others	(59,158)	-	(59,158)
Net unrealized gain (loss)	1,016,966	66,491	1,083,457
Less unrealized gain held for others	(174,875)	-	(174,875)
Week of giving income	297,638	-	297,638
Management fee income	295,862	35,156	331,018
Miscellaneous income	4,443	4,648	9,091
Gain on sale of asset	14,474	-	14,474
Net assets released from restriction	129,448	(129,448)	-
TOTAL SUPPORT AND REVENUES	5,602,040	118,976	5,721,016
EXPENSES			
Program services	3,040,032	-	3,040,032
Management and general	525,771	-	525,771
Fundraising	36,545	-	36,545
TOTAL EXPENSES	3,602,348	-	3,602,348
CHANGE IN NET ASSETS	1,999,692	118,976	2,118,668
NET ASSETS, BEGINNING OF YEAR	11,820,829	2,277,209	14,098,038
NET ASSETS, END OF YEAR	\$ 13,820,521	\$ 2,396,185	\$ 16,216,706

See accompanying notes to the financial statements.

BRIDGE BUILDERS COMMUNITY FOUNDATIONS
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	Management and General	Fundraising	Total
EXPENSES				
Wages	\$ 78,351	\$ 45,946	\$ 11,487	\$ 135,784
Payroll taxes and benefits	21,504	12,816	6,739	41,059
Scholarship grants	419,787	-	-	419,787
Other grants	2,292,215	-	-	2,292,215
Less scholarship grants held for others	(16,040)	-	-	(16,040)
Week of giving grants	244,215	-	-	244,215
Investment management fees	-	409,941	-	409,941
Less management fees held for others	-	(23,446)	-	(23,446)
Scholarship expenses	-	10,041	-	10,041
Auditing and accounting	-	13,243	-	13,243
Insurance	-	2,312	-	2,312
Travel, conference, and meetings	-	1,069	-	1,069
Equipment	-	2,251	-	2,251
Office expenses	-	7,824	-	7,824
Advertising	-	1,621	-	1,621
Dues and subscriptions	-	2,639	-	2,639
Contract labor	-	7,669	-	7,669
Occupancy	-	6,500	-	6,500
Fundraising expenses	-	-	18,319	18,319
Registration fees	-	500	-	500
Repairs and maintenance	-	19,000	-	19,000
Miscellaneous	-	5,845	-	5,845
TOTAL EXPENSES	\$ 3,040,032	\$ 525,771	\$ 36,545	\$ 3,602,348

See accompanying notes to the financial statements.

BRIDGE BUILDERS COMMUNITY FOUNDATIONS

NOTES TO FINANCIAL STATEMENTS

NOTE A – A SUMMARY OF THE ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

Business Activity

Bridge Builders Community Foundations (the Foundation) was established in 1975 as a nonprofit agency designed to serve Clarion, Forest, and Venango Counties and the Punxsutawney area. The Foundation administers over 160 endowments, scholarships, memorials, and community funds. The main purpose of the Foundation is to develop, manage, and distribute funding to meet the present and future needs of the communities it serves.

Individuals, families, businesses, and organizations build permanent funds to help our communities meet the challenges of changing times. The Foundation invests these funds using the earnings to fund grants to support educational, health, humanitarian, and cultural needs of the people and organizations in the local areas described above.

Basis of Accounting

The Foundation prepares its financial statements on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis differs from generally accepted accounting principles primarily because the Foundation does not recognize receivables, prepaid expenses, or accounts payable. Under the modified cash basis (except for investments being recorded at fair market value) financial transactions are recorded when the actual cash transaction occurs, regardless of when the revenue is earned or the expense obligation is incurred.

Financial Statement Presentation

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

A description of the net asset categories is as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

BRIDGE BUILDERS COMMUNITY FOUNDATIONS

NOTES TO FINANCIAL STATEMENTS

NOTE A – A SUMMARY OF THE ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as contributions with donor restrictions that increase that net asset class. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of support, revenues, expenses and changes in net assets – modified cash basis as net assets released from restrictions. Contributions with restrictions satisfied prior to the end of the reporting period are reported as unrestricted support.

The Foundation offers a variety of flexible fund types in order to meet the donor’s charitable objectives. The net asset classification of each fund is determined by the Foundation based on the donor’s intent and the fund agreement established between the Foundation and the donor. As a restriction expires, the funds will be reclassified as unrestricted net assets. The types of funds offered to donors are as follows:

Restricted Funds – These funds offer the broadest range of giving options by allowing grants to be made to meet the greatest needs of the community.

Administrative Funds – These funds provide support for the operation of the Foundation and offer donors the maximum opportunity to respond to changing community needs.

Donor Advised Funds – These funds allow donors to remain actively involved in charitable grant making, recommending awards from these funds, and working closely with the Foundation.

Field of Interest Funds – These funds generate grants to meet needs in particular areas of board donor interest (e.g. youth, recreation, health, etc.).

Donor-Designated Funds – These funds are target gifts to particular charitable organizations, institutions or causes.

Agency Endowment Funds – These funds benefit a specific nonprofit in perpetuity, creating additional resources for operations or support for capital or extraordinary needs.

BRIDGE BUILDERS COMMUNITY FOUNDATIONS

NOTES TO FINANCIAL STATEMENTS

NOTE A – A SUMMARY OF THE ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Scholarship Funds – These provide educational support to deserving students. Funds can be specific (naming particular school or selection criteria) or very broad (open to all students in the region).

Cash and Cash Equivalents

The Foundation maintains cash balances at two financial institutions located in Punxsutawney, Pennsylvania and throughout Clarion, Forest, and Venango Counties, Pennsylvania. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. Deposits exceeded the FDIC limit by \$845,163 at December 31, 2020. No loss resulted from exceeding the FDIC limit.

Investments

Investments consist of mutual funds, money market funds, and common stock associated with the different investment accounts held by the Foundation that have been restricted by the donors. These funds are not FDIC insured.

Contributions

Donated securities are recorded at fair market value as of the date of donation. Contributions received from a not-for-profit organization for the purpose of establishing an endowment for the benefit of that organization are not considered contributions for financial statement purposes. Such amounts are reflected in the financial statements as a liability.

Donated Goods and Services

The Foundation records the value of donated goods when there is an objective basis available to measure their value. Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values as of the date of receipt. However, no amounts have been reflected in the statements for donated services as they do not meet the criteria as determined by the revenue recognition – contributed services topic of the FASB Accounting Standards Codification ("ASC"). Nonetheless, a substantial number of volunteers donate significant amounts of their time in the Foundation's program services.

Advertising Costs

The Foundation follows the policy of charging the cost of advertising to expense as incurred. Advertising expenses for the year ended December 31, 2020, were \$1,621.

BRIDGE BUILDERS COMMUNITY FOUNDATIONS

NOTES TO FINANCIAL STATEMENTS

NOTE A – A SUMMARY OF THE ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Functional Allocation of Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statement of support, revenues, expenses and changes in net assets – modified cash basis. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These costs are allocated based on estimates of time and effort.

Income Tax Status

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and has no provision for federal or state income taxes. Accordingly, income tax expense is limited to activities that are deemed by the Internal Revenue Service to be unrelated to their exempt purpose.

Interest and penalties related to income tax reporting are recognized when incurred and are included on the statement of support, revenues, expenses and changes in net assets – modified cash basis. Management has determined the Foundation had no activities subject to unrelated business income tax (UBIT) during the year ended December 31, 2020. The Foundation has not been subject to any income tax penalties or interest for all open tax years.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties

The Foundation invests or holds a variety of investment vehicles, including common stock, corporate and government obligations, and mutual funds. These investments are exposed to interest rate, market, credit and other risks depending upon the nature of the investment. Accordingly, it is reasonably possible that these factors will result in changes in the value of the Foundation's investments, which could materially affect amounts reported in the financial statements.

BRIDGE BUILDERS COMMUNITY FOUNDATIONS

NOTES TO FINANCIAL STATEMENTS

NOTE A – A SUMMARY OF THE ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash and cash equivalents, cash value of life insurance, other assets and accrued payroll taxes approximate their fair market value due to the short-term maturities of those instruments.

Leases-FASB Accounting Standards Codification – consensus of the FASB Emerging Issues Task Force (Topic 842) (ASU 2016-02)

Effective for fiscal years beginning after December 15, 2021, this update requires that assets and liabilities arising under leases are recognized in the statement assets, liabilities and net assets. A lessee will be required to recognize in the statement of assets, liabilities and net assets – modified cash basis to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The accounting applied by a lessor is largely unchanged from that applied under previous generally accepted accounting principles. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. This ASU basically requires that all leases with a term of greater than 12 months be capitalized, meaning that the entity records an asset and a corresponding liability for the future lease payments. Under the current rules, leases have to be analyzed to determine whether they are “capital” (and treated as just described) or “operating” (nothing gets recorded on the statement of asset, liabilities and net assets – modified cash basis and payments are treated as rent expense). Leases existing as of the effective date of this ASU will not be grandfathered out of its provisions. Therefore, those leases will require careful analysis to determine capitalizable amounts.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through November 11, 2021, the date the financial statements were available to be issued.

BRIDGE BUILDERS COMMUNITY FOUNDATIONS

NOTES TO FINANCIAL STATEMENTS

NOTE B – INFORMATION ABOUT LIQUIDITY

The Foundation strives to maintain liquid financial assets sufficient to cover 30 days of general expenditures. At December 31, 2020, the Foundation has \$142,484 of financial assets available within one year of the statement of assets, liabilities and net assets – modified cash basis to meet cash needs for general expenditures consisting of board designated cash and operating cash. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of assets, liabilities and net assets date.

NOTE C - INVESTMENTS

Investments are stated at fair market value with the resulting realized and unrealized gains and losses included in the statement of support, revenues, expenses and changes in net assets – modified cash basis. As of December 31, 2020, the Foundation's investments consisted primarily of mutual funds, money market funds and common stock. Market value is determined by the quoted market price at the date of the statement of assets, liabilities and net assets – modified cash basis.

Investment Policies

The investment objective of the funds is to maximize total return by investing in diversified portfolios of stock and bond investments. As the primary goal of these funds is to be used at the discretion of the Foundation, or that of the donor in some cases, to provide perpetual funding for Clarion, Forest, and Venango Counties charitable, religious, scientific, literary and educational needs, the Foundation realizes that principal growth is a primary goal. However, given donor trust and generosity, prudent standards are to be followed to minimize long-term risks and fluctuations in principal, and to produce a reasonable and prudent return of income.

Most of the funds of the Foundation are held in accounts maintained at BNY Mellon, NA, Northwest Bank Investment & Trust Services, PNC Bank, Raymond James and Janney Montgomery Scott LLC.

1. BNY Mellon, NA:

The William H. Locke Memorial Scholarship Fund and the Chester A. and Beulah A. Baum Memorial Scholarship Fund are held in separate trust accounts with BNY Mellon.

Donor imposed restrictions for both funds require that principal be invested and that only income is available for the purposes of those funds.

BRIDGE BUILDERS COMMUNITY FOUNDATIONS
NOTES TO FINANCIAL STATEMENTS

NOTE C – INVESTMENTS, CONTINUED

Details of the cost and fair values of the cash and investments as of December 31, 2020 are as follows:

	<u>Cost</u>	<u>Fair Value</u>
William M. Locke Fund:		
Money market fund	\$ 38,949	\$ 38,949
Fixed income	227,088	237,408
Equities	652,022	777,402
Other	<u>155,367</u>	<u>159,588</u>
Total	<u>\$ 1,073,426</u>	<u>\$1,213,347</u>
Baum Memorial Fund:		
Money market fund	\$ 22,972	\$ 22,972
Fixed income	139,081	144,293
Equities	391,409	473,307
Other	<u>94,617</u>	<u>96,955</u>
Total	<u>\$ 648,079</u>	<u>\$ 737,527</u>

2. Northwest Bank Investment & Trust Services:

The Foundation maintains an account with Northwest Bank Investment & Trust Services: The Investment Agency Account (which currently includes ninety-eight funds with the majority having various donor imposed restrictions).

The cost and fair values of the cash and investments of the account with Northwest Bank Investment & Trust Services as of December 31, 2020 are as follows:

	<u>Cost</u>	<u>Fair Value</u>
Investment Agency Account:		
Money market fund	\$ 282,363	\$ 282,363
Fixed income	2,055,087	2,170,784
Equities	6,595,571	8,389,944
Other	<u>441,192</u>	<u>441,387</u>
Total	<u>\$9,374,213</u>	<u>\$11,284,478</u>

BRIDGE BUILDERS COMMUNITY FOUNDATIONS
NOTES TO FINANCIAL STATEMENTS

NOTE C – INVESTMENTS, CONTINUED

3. PNC Bank:

The Foundation maintains two accounts with PNC Bank: The Investment Management Account (which currently includes nine funds, which have various donor imposed restrictions), and the Vera A. Lamey Scholarship Fund. For the Vera A. Lamey Scholarship Fund donor imposed restrictions require that principal be invested and that only income is available for the purpose of the fund.

The cost and fair values of the cash and investments of the two accounts with PNC Bank as of December 31, 2020 are as follows:

	<u>Cost</u>	<u>Fair Value</u>
Investment Management Account:		
Money market fund	\$ 93,255	\$ 93,255
Fixed income	401,522	431,101
Equities	<u>642,026</u>	<u>1,005,052</u>
Total	<u>\$1,136,803</u>	<u>\$1,529,408</u>
Vera A. Lamey Scholarship Fund:		
Money market fund	\$ 20,020	\$ 20,020
Fixed income	83,851	90,134
Equities	<u>121,741</u>	<u>212,153</u>
Total	<u>\$ 225,612</u>	<u>\$ 322,307</u>

4. Raymond James:

The Foundation maintains an account with Raymond James per the terms of the William and Elizabeth Charitable Fund and the William and Elizabeth Scholarship fund. The funds have various donor imposed restrictions.

The cost and fair values of the cash and investments as of December 31, 2020 are as follows:

	<u>Cost</u>	<u>Fair Value</u>
William and Elizabeth Charitable and Scholarship Funds		
Fixed Income:		
Money market fund	\$ 35,928	\$ 35,928
Equities	<u>1,676,352</u>	<u>1,682,156</u>
Total	<u>\$ 1,712,280</u>	<u>\$1,718,084</u>

BRIDGE BUILDERS COMMUNITY FOUNDATIONS
NOTES TO FINANCIAL STATEMENTS

NOTE C – INVESTMENTS, CONTINUED

5. Janney Montgomery Scott LLC

The Foundation maintains an account with Janney Montgomery Scott LLC per the terms of the Carl L. Trauterman, Jr. Charitable Fund agreement. The fund has various donor imposed restrictions.

The cost and fair values of the cash and investments as of December 31, 2020 are as follows:

	<u>Cost</u>	<u>Fair Value</u>
Carl L. Trauterman, Jr. Fund:		
Money market fund	\$ 99,601	\$ 99,601
Fixed income	51,446	53,525
Equities	<u>237,206</u>	<u>318,089</u>
 Total	 <u>\$388,253</u>	 <u>\$471,215</u>

The summary of the Foundation’s funds as of December 31, 2020 held at BNY Mellon, NA, Northwest Savings Bank Investment & Trust Services, PNC Bank, Raymond James and Janney Montgomery Scott LLC is as follows:

	<u>Cost</u>	<u>Fair Value</u>
BNY Mellon, NA	\$ 1,721,505	\$ 1,950,874
Northwest Bank Investment	9,374,213	11,284,478
PNC Bank	1,362,415	1,851,715
Raymond James	1,712,280	1,718,084
Janney Montgomery Scott LLC	<u>388,253</u>	<u>471,215</u>
 Total Investments	 <u>\$14,558,666</u>	 <u>\$17,276,366</u>

NOTE D - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Foundation in estimating its fair value disclosures for financial instruments:

Investments: The fair value of these investments are based on quoted market prices for those or similar investments.

The Foundation measures fair value in accordance with Financial Accounting Standards Board (FASB), *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*. The codification provides a three level hierarchy that prioritizes the inputs of the valuation techniques used

BRIDGE BUILDERS COMMUNITY FOUNDATIONS
NOTES TO FINANCIAL STATEMENTS

NOTE D - FAIR VALUE OF FINANCIAL INSTRUMENTS, CONTINUED

to measure fair value. Inputs are defined as assumptions used by market participants while pricing the asset or liability, including assumptions about risks. The following is a summary of the three levels, with level one having the highest priority and level three having the lowest priority:

Level 1 – Inputs to the valuation technique generally are quoted prices in active markets for identical assets or liabilities. The Foundation has the ability to access these assets or liabilities at the measurement date.

Level 2 – Inputs to the valuation technique generally are available indirect information, such as quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 – Inputs are unobservable and generally allow for situations in which there is little, if any, market activity. The inputs are based on the Foundation’s own assumptions about the factors that market participants would use in pricing the asset or liability.

The following table presents the Foundation's fair value hierarchy for the financial assets measured at fair value on a recurring basis:

	<u>Fair Value Measurements at December 31, 2020</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market fund	\$ 593,088	\$ -	\$ -
Fixed income	3,127,245	-	-
Equities	12,858,103	-	-
Other	<u>697,930</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$17,276,366</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE E – AGENCY ENDOWMENT FUNDS

The Foundation enters into agreements with unrelated nonprofit agencies whereby the nonprofit agencies set up an endowment fund with the Foundation. Under the terms of the agreements, the Foundation agrees to make distributions back to the nonprofit agencies. The assets held in these funds totaled \$2,156,497 at December 31, 2020, and are reported at fair market value in the statement of assets, liabilities and net assets – modified cash basis as assets and a corresponding liability.

BRIDGE BUILDERS COMMUNITY FOUNDATIONS
NOTES TO FINANCIAL STATEMENTS

NOTE E – AGENCY ENDOWMENT FUNDS, CONTINUED

Agency Endowment Funds	<u>December 31, 2020</u>
Additions:	
Contributions	\$ 151,713
Investment income	34,094
Net realized gains	59,158
Net unrealized gains (losses)	<u>174,875</u>
	<u>419,840</u>
Deductions:	
Administrative fees	16,399
Investment fees	7,047
Distributions – grants	<u>16,040</u>
	<u>39,486</u>
Increase in agency endowment funds	380,354
Balance, beginning of year	<u>1,776,143</u>
Balance, end of year	<u>\$2,156,497</u>

NOTE F – ENDOWMENT ASSETS

As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions, considering the laws of the state for endowment management. In Pennsylvania, those laws are found in 15 Pa C.S.5548.

Interpretation of Relevant Law

ASC 958-205 provides guidance on the net asset classifications of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The ASC 958-205 also improves disclosure about an organization's endowment funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

The Commonwealth of Pennsylvania has not adopted UPMIFA. The Commonwealth of Pennsylvania has enacted Act 141 (the "Act"). The Act allows the Foundation to elect a "total return investment policy."

Income is defined by the Act to mean a fixed percentage of the "value of the assets" held by the Foundation, not less than 2% or more than 7%. The "value of the assets" for the purposes of the Act, is the average fair market value of the assets over a three year period (or the average value of the assets over any shorter period in the cases of assets held less than three years). The Foundation has a total return investment policy with a spending policy of 3.75% of the three-year average of the funds. This spending policy determines the funds available for grant making and administrative expenses.

BRIDGE BUILDERS COMMUNITY FOUNDATIONS
NOTES TO FINANCIAL STATEMENTS

NOTE F – ENDOWMENT ASSETS, CONTINUED

Investment Return Objectives, Risk Parameters and Strategies

The Foundation has adopted investment spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while seeking to maintain the purchasing power of the endowment assets over the long-term and achieve investment returns sufficient to sustain the level of spending necessary to support ongoing operations. Under this policy, as approved by the Board of Trustees, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Endowment assets are invested in a diverse mix of asset classes which produces the highest expected investment return within a prudent risk framework. The Foundation expects its endowment funds, over time, to provide an average real rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

At December 31, 2020, the composition of the endowment fund was:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Donor-restricted endowment	\$ -	\$2,273,179	\$ 2,273,179
Quasi-endowment	<u>12,859,649</u>	<u>-</u>	<u>12,859,649</u>
Total endowment	<u>\$12,859,649</u>	<u>\$2,273,179</u>	<u>\$15,132,828</u>

Changes in endowment net assets for the year ended December 31, 2020 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, December 31, 2019	<u>\$ 10,031,714</u>	<u>\$2,154,278</u>	<u>\$12,185,992</u>
Investment return:			
Investment income	213,389	33,674	247,063
Net appreciation (realized and unrealized)	<u>1,232,094</u>	<u>172,660</u>	<u>1,404,754</u>
	<u>1,445,483</u>	<u>206,334</u>	<u>1,651,817</u>

BRIDGE BUILDERS COMMUNITY FOUNDATIONS
NOTES TO FINANCIAL STATEMENTS

NOTE F – ENDOWMENT ASSETS, CONTINUED

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Contributions	2,259,397	42,377	2,301,839
Appropriation of endowment assets for expenditure	<u>(876,945)</u>	<u>(129,810)</u>	<u>(1,006,820)</u>
Endowment net assets, December 31, 2020	<u>\$12,859,649</u>	<u>\$2,273,179</u>	<u>\$15,132,828</u>

NOTE G – NET ASSETS

Net asset composition by type of fund as of December 31, 2020 is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>
Discretionary Funds	\$ 451,760	\$ -
Donor Advised Funds	404,276	-
Donor Designated Funds	894,087	-
Field of Interest Funds	1,718,723	-
Scholarship/Grants/Projects	10,154,919	2,273,181
Other	<u>196,756</u>	<u>123,004</u>
Total	<u>\$13,820,521</u>	<u>\$2,396,185</u>

NOTE H – CASH SURRENDER VALUE LIFE INSURANCE

The Foundation is the beneficiary of an insurance policy on the life of a certain supporter of the Foundation with a face amount totaling \$660,000 at December 31, 2020. The cash surrender value of this policy amounted to approximately \$123,004 at December 31, 2020.

NOTE I – RELATED PARTIES

The Foundation awards discretionary grants to other organizations in the community. Some of the recipient organizations have Bridge Builders Community Foundations' Board of Trustees as either employees or board members. The Foundation has a conflict of interest policy in place.

BRIDGE BUILDERS COMMUNITY FOUNDATIONS

NOTES TO FINANCIAL STATEMENTS

NOTE I – RELATED PARTIES, CONTINUED

Trenton Moulin is the Executive Director of Bridge Builders Community Foundations and is also the Chairman of the Oil City Library and the Treasurer of the Venango Area Chamber of Commerce, both organizations that hold funds within the Foundation.

NOTE J – CONTINGENCY / SUBSEQUENT EVENT

The Foundation evaluated its December 31, 2020 financial statements for subsequent events through the date the financial statements were available for issuance. A lawsuit was filed in the court of common pleas by an organization which is affiliated with a fund held by the Foundation. As part of the lawsuit, the affiliated organization requested that the entire fund be relinquished to them. However, the Foundation requested that the balance of the fund be reduced by the management fees incurred. Subsequent to year end, a determination was made and the Foundation paid \$359,531.17 back to the organization which was the agreed upon balance of the fund less any management fees the Foundation incurred.

NOTE K – ECONOMIC UNCERTAINTIES

As a result of the spread of the COVID-19 pandemic, economic uncertainties have arisen which are likely to negatively impact net investment income. Other financial statement impact could occur though such potential impact is unknown at this time.

SUPPLEMENTARY INFORMATION

BRIDGE BUILDERS COMMUNITY FOUNDATIONS
SCHEDULE OF NORTHWEST BANK, INVESTMENT & TRUST SERVICES
INVESTMENT AGENCY ACCOUNT
DECEMBER 31, 2020

FUND NAME	COST	FAIR VALUE
ADAM WEETER	\$ 36,395	\$ 43,812
ALEXANDER "BUD" MARKS SCHOLARSHIP	28,249	34,006
ALLEGHENY VALLEY TRAILS ASSOCIATION	49,556	59,654
ALMA T. WEINGARD	35,222	42,399
ANNA M. EWALT	14,086	16,956
APPLIED TECHNOLOGY	46,381	55,833
ARTS & CULTURAL	42,028	50,592
BARROW CIVIC	71,438	85,995
BEN FRANKLIN	56,384	67,874
BROWN CHAPEL	11,086	13,345
BUCKTAILS OF BEAVER TOWNSHIP SCHOLARSHIP	9,997	12,034
CARBAUGH SCHOLARSHIP	9,102	10,957
CCCF ENDOWMENT	32,017	38,541
CHARLES ROUAULT	78,221	94,161
CHILD DEVELOPMENT CENTER	12,110	14,577
CLARION BOBCAT SCHOLARSHIP	3,804	4,579
CLARION BOROUGH COMMUNITY PARKS	3,892	4,685
CLARION FREE LIBRARY	51,921	62,501
COMMUNITY SERVICES	5,166	6,219
DENNIS & MARTHA LAMB	220,791	265,783
EUGENE F. HANNA	62,739	75,523
FCCF ENDOWMENT	106,016	127,620
FELDMAN	14,433	17,374
FHS ARTIFICIAL TURF	6,720	8,090
FOREST COUNTY TAXPAYERS	15,660	18,851
FRANCIS GIBBONS	12,171	14,652
FRANK AND ELEANOR MIESE	1,675,380	2,016,785
FRANKLIN ALUMNI SCHOLARSHIP	125,063	150,548
FRANKLIN PUBLIC LIBRARY	7,744	9,322
FULTON SCHOLARSHIP	4,292	5,167
GRACE WOODS NELLIS	13,094	15,762
GWENDOLYN SMITH SCHOLARSHIP	107,503	129,410
HARRINGTON REW	101,964	122,742
HIMES	892,443	1,074,303
HUMPHREY	65,300	78,607
IMAGINE FRANKLIN LEGACY	64,489	77,630
J.L. FRANK	42,013	50,574
JAMES D. SCHWAB MEMORIAL	36,127	43,489
JANET L. HENC	25,460	30,648
JEFFERSON CO. 4-H	24,282	29,230
JENE AND MILTON ROSEN CHARITABLE	965,985	1,162,831
KATHLEEN GORDON WILSON MEMORIAL	5,725	6,892
KENNETH MESSER	18,073	21,756
KINNEAR SCHOLARSHIP	166,248	200,126
KOOS	97,958	117,919
KOPCHAK CHARITABLE FUND	340,216	409,545

BRIDGE BUILDERS COMMUNITY FOUNDATIONS
SCHEDULE OF NORTHWEST BANK, INVESTMENT & TRUST SERVICES
INVESTMENT AGENCY ACCOUNT
DECEMBER 31, 2020, CONTINUED

FUND NAME	COST	FAIR VALUE
KUGLER LEGACY	7,355	8,853
LEHMAN	85,743	103,215
LOEFFLER	36,137	43,501
LOIS & CARL HEINZ	19,031	22,909
MARY ANN RICHARDSON ENDOWMENT	8,031	9,668
MARY E. SHANER	125,932	151,595
MARY L. WHITING	40,482	48,732
MCNAMARA SCHOLARSHIP	9,055	10,900
NAZARETH IN THE WOODS	318,403	383,286
NICHOLAS SANFORD	28,698	34,546
OC TREE OF LIFE CEMETERY ASSOCIATION FUND	295,878	356,171
OIL CITY AREA SCHOOL DISTRICT - ATHLETIC	20,717	24,938
OIL CITY AREA SCHOOL DISTRICT - SCIENCE	9,215	11,093
OIL CITY ARTS PROGRAM ENDOWMENT	1,407	1,693
OIL CITY LIBRARY ENDOWMENT	654,347	787,688
OIL CITY LIBRARY INCOME ACCOUNT	10,177	12,251
OIL CREEK RAILROAD HISTORICAL	53,975	64,974
OIL REGION ASTRONOMY	2,108	2,538
ORLA ENDOWMENT	94,626	113,909
PACF COAL MEMORIAL	31,630	38,076
PACF ENDOWMENT	57,064	68,692
PATTERSON/RICHEY - TROOPERS	75,097	90,400
PAUL AND ELLEN FLICKNER CHARITABLE	172,014	207,067
PRESBYTERIAN HOMES	5,367	6,461
PUNX AREA ARTS & HUMANITIES	6,101	7,344
PUNXSU AREA HISTORICAL & GENE. SOC.	29,980	36,089
REDBANK VALLEY GENERAL SCHOLARSHIP	18,654	22,455
RIVERSIDE CEMETERY ASSOCIATION	37,783	45,482
ROCKLAND TOWNSHIP COMMUNITY SCHOLARSHIP	41,064	49,432
ROY SANNER	33,340	40,134
RUSSELL	36,768	44,261
RUTH PERSONS BEAR AND ROBERT H. BEAR MEMORIAL FUND	66,386	79,913
SHERMAN	23,861	28,724
STUBLER MEMORIAL FUND	2,382	2,867
SUSAN L. DANIELS	145,772	175,477
SUSIE MCCONNELL	14,700	17,696
TAYLOR SCHOLARSHIP	28,038	33,751
TOTH MEMORIAL SCHOLARSHIP	9,751	11,738
TWO MILE RUN	9,047	10,890
UNITED WAY	534,466	643,378
VACF OUTREACH/OPERATIONS/UNRESTRICTED	19,258	23,182
VANORT	10,389	12,506
VENANGO COUNTY 4H	125,402	150,956
VENANGO COUNTY BAR ASSOCIATION SCHOLARSHIP	5,679	6,836
VENANGO HUMANE SOCIETY	85	102
VENUS TELEPHONE	1,454	1,751
VOLLEYBALL	2,108	2,539
WICE/HART MEMORIAL	55,052	66,271
WILL FABRY	86,881	104,586
WITHERUP FAMILY	30,533	36,758
WOOD-NOBLE GENEALOGICAL BOOK FUND	5,723	6,893
ZACHERL OUTSTANDING DIESEL TECH	16,123	19,412
	\$ 9,374,213	\$ 11,284,478

BRIDGE BUILDERS COMMUNITY FOUNDATIONS
SCHEDULE OF PNC BANK INVESTMENT MANAGEMENT ACCOUNT
DECEMBER 31, 2020

FUND NAME	COST	FAIR VALUE
ELKS - JAY REYNOLDS	\$ 199,391	\$ 268,252
RIMERSBURG MEDICAL CENTER - ECCLES	65,913	88,676
FRANKLIN ROTARY - J. FRENCH MILLER	2,099	2,824
YOUNG WOOD	79,198	106,549
WOOD NOBLE	66,119	88,954
TOWN SQUARE	88,358	118,873
SMEDLEY FLOWER FUND	5,062	6,811
EAST END FOUNTAIN ENDOWMENT	28,132	37,848
FLINCHBAUGH	602,531	810,621
	<u>\$ 1,136,803</u>	<u>\$ 1,529,408</u>