



**BRIDGE BUILDERS  
COMMUNITY FOUNDATIONS**

**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED  
DECEMBER 31, 2021**

**BRIDGE BUILDERS COMMUNITY FOUNDATIONS**  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Bridge Builders Community Foundations

### Opinion

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, 2021, 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.

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, 2021, 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 for Opinion

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

### 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.

### Responsibilities of Management 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 described in Note A, and for 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.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Northwest Bank, Investment & Trust Services Investment Agency Account – December 31, 2021 and the Schedule of PNC Bank Investment Management Account - December 31, 2021 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 14, 2022

**BRIDGE BUILDERS COMMUNITY FOUNDATIONS**  
**STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS – MODIFIED CASH BASIS**  
**DECEMBER 31, 2021**

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**ASSETS**

Cash and cash equivalents	\$ 1,147,953
Cash and cash equivalents - Agency endowment funds	5,749
Cash value of life insurance	125,252
Investments	16,798,067
Investments - Agency endowment funds	<u>2,499,294</u>

**TOTAL ASSETS** **\$ 20,576,315**

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accrued payroll taxes	\$ 11,127
Agency endowment funds	<u>2,505,043</u>

**TOTAL LIABILITIES** **2,516,170**

**NET ASSETS**

Without donor restrictions	15,485,043
With donor restrictions	<u>2,575,102</u>

**TOTAL NET ASSETS** **18,060,145**

**TOTAL LIABILITIES AND NET ASSETS** **\$ 20,576,315**

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, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>			
Gifts and grants	\$ 2,109,243	\$ -	\$ 2,109,243
Less gifts and grants held for others	(108,747)	-	(108,747)
Dividends and interest	324,381	51,266	375,647
Less dividends and interest held for others	(32,584)	-	(32,584)
Net realized gain on security sales	1,707,656	304,537	2,012,193
Less realized gain held for others	(301,752)	-	(301,752)
Net unrealized gain (loss)	77,670	(78,363)	(693)
Plus unrealized loss held for others	21,530	-	21,530
Week of giving income	375,583	-	375,583
Management fee income	205,150	37,164	242,314
Miscellaneous income	8,133	-	8,133
Net assets released from restriction	135,687	(135,687)	-
<b>TOTAL SUPPORT AND REVENUES</b>	<b>4,521,950</b>	<b>178,917</b>	<b>4,700,867</b>
<b>EXPENSES</b>			
Program services	2,325,917	-	2,325,917
Management and general	491,230	-	491,230
Fundraising	40,281	-	40,281
<b>TOTAL EXPENSES</b>	<b>2,857,428</b>	<b>-</b>	<b>2,857,428</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,664,522</b>	<b>178,917</b>	<b>1,843,439</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>13,820,521</b>	<b>2,396,185</b>	<b>16,216,706</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 15,485,043</b>	<b>\$ 2,575,102</b>	<b>\$ 18,060,145</b>

See accompanying notes to the financial statements.

**BRIDGE BUILDERS COMMUNITY FOUNDATIONS**  
**STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services	Management and General	Fundraising	Total
<b>EXPENSES</b>				
Wages	\$ 78,917	\$ 46,000	\$ 11,500	\$ 136,417
Payroll taxes and benefits	25,685	13,987	3,497	43,169
Scholarship grants	359,637	-	-	359,637
Other grants	1,555,488	-	-	1,555,488
Less grants held for others	(43,799)	-	-	(43,799)
Week of giving grants	349,989	-	-	349,989
Investment management fees	-	342,383	-	342,383
Less management fees held for others	-	(29,208)	-	(29,208)
Other investment expenses	-	4,457	-	4,457
Scholarship expenses	-	1,308	-	1,308
Auditing and accounting	-	31,944	-	31,944
Insurance	-	2,530	-	2,530
Travel, conference, and meetings	-	484	-	484
Equipment	-	2,642	-	2,642
Office expenses	-	11,126	-	11,126
Advertising	-	2,257	-	2,257
Dues and subscriptions	-	3,318	-	3,318
Contract labor	-	40,625	-	40,625
Occupancy	-	7,140	-	7,140
Fundraising expenses	-	-	25,284	25,284
Registration fees	-	250	-	250
Miscellaneous	-	9,987	-	9,987
<b>TOTAL EXPENSES</b>	<b>\$ 2,325,917</b>	<b>\$ 491,230</b>	<b>\$ 40,281</b>	<b>\$ 2,857,428</b>

See accompanying notes to the financial statements.



# BRIDGE BUILDERS COMMUNITY FOUNDATIONS

## NOTES TO FINANCIAL STATEMENTS

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### 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), revenues and related assets are recognized when received rather than when earned and expenditures when paid rather than when obligations are incurred.

#### Financial Statement Presentation

The Foundation is required to report information regarding its assets, liabilities, support, revenues, expenses, and changes in net assets 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.

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.

## BRIDGE BUILDERS COMMUNITY FOUNDATIONS

### NOTES TO FINANCIAL STATEMENTS

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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.

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 throughout Clarion, Forest, Jefferson, 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 \$981,095 at December 31, 2021. No loss resulted from exceeding the FDIC limit.

## BRIDGE BUILDERS COMMUNITY FOUNDATIONS

### NOTES TO FINANCIAL STATEMENTS

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#### 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, 2021 were \$2,257.

#### 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 – modified cash basis 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.

## BRIDGE BUILDERS COMMUNITY FOUNDATIONS

### NOTES TO FINANCIAL STATEMENTS

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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, 2021. 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.

#### 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 of assets, liabilities and net assets – modified cash basis. 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”

## **BRIDGE BUILDERS COMMUNITY FOUNDATIONS**

### **NOTES TO FINANCIAL STATEMENTS**

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(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 14, 2022, the date the financial statements were available to be issued.

#### **NOTE B – INFORMATION ABOUT LIQUIDITY**

The Foundation strives to maintain liquid financial assets sufficient to cover 30 days of operating expenses, which are, on average, around \$26,500. At December 31, 2021, the Foundation has \$50,815 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, 2021, 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, Jefferson, 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.

**BRIDGE BUILDERS COMMUNITY FOUNDATIONS**  
**NOTES TO FINANCIAL STATEMENTS**

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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.

Details of the cost and fair values of the cash and investments as of December 31, 2021 are as follows:

	<u>Cost</u>	<u>Fair Value</u>
William M. Locke Fund:		
Money Market Fund	\$ 49,846	\$ 49,846
Fixed Income	257,371	259,798
Equities	740,146	870,876
Other	139,957	133,533
	<u>\$ 1,187,320</u>	<u>\$ 1,314,053</u>
	<u>Cost</u>	<u>Fair Value</u>
Baum Memorial Fund:		
Money Market Fund	\$ 29,999	\$ 29,999
Fixed Income	156,886	157,111
Equities	444,268	526,176
Other	84,625	80,741
	<u>\$ 715,778</u>	<u>\$ 794,027</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 one hundred three 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, 2021 are as follows:

	<u>Cost</u>	<u>Fair Value</u>
Investment Agency Account:		
Money Market Fund	\$ 390,552	\$ 390,552
Fixed Income	2,462,108	2,503,616
Equities	7,144,688	8,903,105
Other	490,928	493,339
	<u>\$ 10,488,276</u>	<u>\$ 12,290,612</u>

**BRIDGE BUILDERS COMMUNITY FOUNDATIONS**  
**NOTES TO FINANCIAL STATEMENTS**

	<u>Cost</u>	<u>Fair Value</u>
Donor Advised Funds:		
Money Market Fund	\$ 13,633	\$ 13,633
Fixed Income	95,357	93,843
Equities	334,913	340,998
Other	18,819	18,563
	<u>\$ 462,722</u>	<u>\$ 467,037</u>

3. PNC Bank:

The Foundation maintains two accounts with PNC Bank: The Investment Management Account (which currently includes ten 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, 2021 are as follows:

	<u>Cost</u>	<u>Fair Value</u>
Investment Management Account:		
Money Market Fund	\$ 132,261	\$ 132,261
Fixed Income	498,125	510,922
Equities	738,331	1,098,091
	<u>\$ 1,368,717</u>	<u>\$ 1,741,274</u>

	<u>Cost</u>	<u>Fair Value</u>
Vera A. Lamey Scholarship Fund:		
Money Market Fund	\$ 20,965	\$ 20,965
Fixed Income	77,504	80,496
Equities	143,418	240,309
	<u>\$ 241,887</u>	<u>\$ 341,770</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, 2021 are as follows:

**BRIDGE BUILDERS COMMUNITY FOUNDATIONS**  
**NOTES TO FINANCIAL STATEMENTS**

	<u>Cost</u>	<u>Fair Value</u>
William and Elizabeth Charitable and Scholarship Funds:		
Money Market Fund	\$ 47,635	\$ 47,635
Equities	1,684,912	1,814,058
	<u>\$ 1,732,547</u>	<u>\$ 1,861,693</u>

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, 2021 are as follows:

	<u>Cost</u>	<u>Fair Value</u>
Carl L. Trauterman, Jr. Fund:		
Money Market Fund (cash and equiv)	\$ 2,723	\$ 2,723
Fixed Income	51,305	51,494
Equities	297,077	432,678
	<u>\$ 351,105</u>	<u>\$ 486,895</u>

The summary of the Foundation's funds as of December 31, 2021 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	\$ 1,903,098	\$ 2,108,080
Northwest Savings Bank Investments	10,950,997	12,757,649
PNC Bank	1,610,604	2,083,044
Raymond James	1,732,547	1,861,693
Janney Montgomery	351,105	486,895
	<u>\$ 16,548,351</u>	<u>\$ 19,297,361</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.



## BRIDGE BUILDERS COMMUNITY FOUNDATIONS

### NOTES TO FINANCIAL STATEMENTS

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 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:

#### Fair Value Measurements at December 31, 2021

	<u>Level I</u>	<u>Level 2</u>	<u>Level 3</u>
Money Market Fund	\$ 687,614	\$ -	\$ -
Fixed Income	3,657,280	-	-
Equities	14,226,291	-	-
Other	726,176	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Investments	<u>\$ 19,297,361</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 \$2,505,043 at December 31, 2021, 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**

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Agency Endowment Funds at December 31, 2021:

Additions:	
Contributions	\$ 108,747
Investment income	32,584
Net realized gains	301,751
Net unrealized gains (losses)	(21,530)
	<u>421,552</u>
Deductions:	
Administrative fees	20,124
Investment fees	9,083
Distributions – grants	43,799
	<u>73,006</u>
Increase in agency endowment funds	348,546
Balance, beginning of year	<u>2,156,497</u>
Balance, end of year	<u>\$ 2,505,043</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**

*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 Directors, 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, 2021, the composition of the endowment fund was:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment	\$ -	\$ 2,449,850	\$ 2,449,850
Quasi-endowment	14,348,217	-	14,348,217
Total endowment	<u>\$ 14,348,217</u>	<u>\$ 2,449,850</u>	<u>\$ 16,798,067</u>

Changes in endowment net assets for the year ended December 31, 2021 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, December 31, 2020	<u>\$ 12,859,649</u>	<u>\$ 2,273,179</u>	<u>\$ 15,132,828</u>
Investment return:			
Investment income	288,079	51,266	339,345
Net appreciation (realized and unrealized)	1,505,104	226,174	1,731,278
	<u>1,793,183</u>	<u>277,440</u>	<u>2,070,623</u>
Contributions	1,070,013	32,913	1,102,926
Appropriation of endowment assets for expenditure	<u>(1,374,628)</u>	<u>(133,682)</u>	<u>(1,508,310)</u>
Endowment net assets, December 31, 2021	<u>\$ 14,348,217</u>	<u>\$ 2,449,850</u>	<u>\$ 16,798,067</u>

# BRIDGE BUILDERS COMMUNITY FOUNDATIONS

## NOTES TO FINANCIAL STATEMENTS

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### NOTE G – NET ASSETS

Net asset composition by type of fund as of December 31, 2021 is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>
Discretionary Funds	\$ 296,927	\$ -
Donor Advised Funds	751,422	-
Donor Designated Funds	1,195,277	-
Field of Interest Funds	7,226,033	-
Scholarship/Grants/Projects	5,697,907	2,449,850
Other	317,478	125,252
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 15,485,044</u>	<u>\$ 2,575,102</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, 2021. The cash surrender value of this policy amounted to approximately \$125,252 at December 31, 2021.

### 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 Directors as either employees or board members. The Foundation has a conflict of interest policy in place.

### 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, 2021**

FUND NAME	COST	FAIR VALUE
Adam Weeter	\$ 39,974	\$ 46,845
Alexander "Bud" Marks Scholarship	31,549	36,972
Alfreda Kurtich Memorial Scholarship	5,404	6,333
Allegheny Valley Trails Association	57,428	67,299
Alma T. Weingard	40,363	47,301
Anna M. Ewalt	15,666	18,359
Applied Technology	53,486	62,680
Barrow Civic	82,786	97,016
Ben Franklin	62,482	73,221
Brown Chapel	12,381	14,509
Bucktails Of Beaver Township Scholarship	11,528	13,510
Carbaugh Scholarship	10,471	12,271
Cccf Endowment	37,645	44,116
Child Development Center	14,033	16,445
Clarion Bobcat Scholarship	4,386	5,140
Clarion Borough Community Parks	5,198	6,092
Clarion Free Library	60,755	71,198
Community Services	6,028	7,064
Cooperstown Public Library	6,611	7,747
Debence-Lehman	40,919	47,953
Dennis & Martha Lamb	278,800	326,722
Eugene F. Hanna	70,005	82,038
Fccf Endowment	122,572	143,641
Feldman	15,315	17,948
Fhs Artificial Turf	7,769	9,104
Flickner	17,158	20,106
Forest County Taxpayers	17,477	20,480
Francis Gibbons	14,036	16,448
Frank And Eleanor Miese	1,869,032	2,190,291
Franklin Alumni Scholarship	147,644	173,021
Franklin Public Library	8,975	10,517
Fulton Scholarship	4,678	5,482
George Francis Rouault	88,769	104,028
Grace Woods Nellis	15,500	18,165
Gwendolyn Smith Scholarship	122,489	143,543
Hale	47,368	55,510
Harrington Rew	113,985	133,578

**BRIDGE BUILDERS COMMUNITY FOUNDATIONS**  
**SCHEDULE OF NORTHWEST BANK, INVESTMENT & TRUST SERVICES**  
**INVESTMENT AGENCY ACCOUNT**  
**DECEMBER 31, 2021**

FUND NAME	COST	FAIR VALUE
Himes	998,854	1,170,543
Humphrey	74,123	86,863
Imagine Franklin Legacy	75,101	88,009
J.L. Frank	47,678	55,873
Jack & Donna Snyder Scholarship	42,979	50,366
James D. Schwab Memorial	42,207	49,462
Janet L. Henc	27,425	32,139
Jefferson Co. 4-H	26,969	31,605
Jene And Milton Rosen Charitable	1,203,243	1,410,063
Kathleen Gordon Wilson Memorial	6,635	7,775
Kenneth Messer	20,205	23,678
Kinnear Scholarship	191,834	224,808
Koos	109,815	128,691
Kopchak Charitable Fund	372,917	437,017
Lehman	98,453	115,375
Loeffler	39,669	46,487
Lois & Carl Heinz	21,274	24,931
Mary Ann Richardson Endowment	9,307	10,907
Mary E. Shaner	137,989	161,708
Mary L. Whiting	46,798	54,842
Mcnamara Scholarship	10,218	11,974
Nazareth In The Woods	53,068	62,189
Nicholas Sanford	30,836	36,136
Oc Tree Of Life Cemetery Association Fund	327,287	383,543
Oil City Area School District - Athletic	23,949	28,065
Oil City Area School District - Science	10,659	12,491
Oil City Arts Program Endowment	1,628	1,908
Oil City Library Endowment	734,921	861,243
Oil City Library Income Account	35,167	41,212
Oil Creek Railroad Historical	53,185	62,327
Oil Region Astronomy	3,493	4,093
Orla Endowment	109,666	128,515
Pacf Coal Memorial	36,565	42,850
Pacf Endowment	66,129	77,496
Patterson/Richey - Troopers	85,280	99,939
Presbyterian Homes	6,314	7,400
Punx Area Arts & Humanities	7,075	8,291

**BRIDGE BUILDERS COMMUNITY FOUNDATIONS**  
**SCHEDULE OF NORTHWEST BANK, INVESTMENT & TRUST SERVICES**  
**INVESTMENT AGENCY ACCOUNT**  
**DECEMBER 31, 2021**

FUND NAME	COST	FAIR VALUE
Punxsy Area Historical & Gene. Soc.	34,742	40,714
Redbank Valley General Scholarship	21,459	25,147
Riverside Cemetery Association	43,678	51,185
Rockland Township Community Scholarship	45,770	53,638
Roy Sanner	33,055	38,737
Russell	41,026	48,078
Ruth Persons Bear And Robert H. Bear Memorial Fund	79,231	92,849
Sherman	26,168	30,666
Stubler Memorial Fund	2,796	3,277
Susan L. Daniels	163,914	192,089
Susie Mcconnell	23,313	27,320
Taylor Scholarship	31,604	37,036
Toth Memorial Scholarship	7,816	9,159
Tri County Animal Rescue Center	59,042	69,191
Two Mile Run	10,471	12,271
United Way	622,412	729,396
Upmc Medical Staff Scholarship	21,333	25,000
Vacf Outreach/Operations/Unrestricted	21,615	25,331
Vanort	11,532	13,514
Venango Arts & Cultural	46,987	55,064
Venango County 4H	148,479	174,000
Venango County Bar Association Scholarship	6,517	7,637
Venango Humane Society	99	116
Wice/Hart Memorial	63,640	74,579
Will Fabry	98,391	115,303
Williams	12,858	15,068
Witherup Family	34,167	40,040
Wood-Noble Genealogical Book Fund	6,636	7,775
Zacherl Outstanding Diesel Tech	19,945	23,372
	<b>\$ 10,488,276</b>	<b>\$ 12,291,059</b>



**BRIDGE BUILDERS COMMUNITY FOUNDATIONS**  
**SCHEDULE OF PNC BANK INVESTMENT MANAGEMENT ACCOUNT**  
**DECEMBER 31, 2021**

FUND NAME	COST	FAIR VALUE
Elks - Jay Reynolds	\$ 225,450	\$ 286,817
Rimersburg Medical Center - Eccles	76,608	97,460
Franklin Rotary - J. French Miller	383	487
Young Wood	88,893	113,089
Wood Noble	76,097	96,809
Town Square	102,443	130,328
Smedley Flower Fund	5,805	7,386
East End Fountain Endowment	32,616	41,494
Flinchbaugh	674,685	858,330
Grove Hill Mausoleum	85,737	109,074
	<u>\$ 1,368,717</u>	<u>\$ 1,741,274</u>

**BRIDGE BUILDERS COMMUNITY FOUNDATIONS**  
**SCHEDULE OF NORTHWEST BANK, INVESTMENT & TRUST SERVICES**  
**BALANCED INCOME ACCOUNT**  
**DECEMBER 31, 2021**

FUND NAME	COST	FAIR VALUE
Paul And Ellen Flickner Charitable	\$ 212,852	\$ 212,864
Kugler	198,971	202,103
Albaugh/Paranick	50,899	52,070
	<b>\$ 462,722</b>	<b>\$ 467,037</b>