



**BRIDGE BUILDERS
COMMUNITY FOUNDATIONS**

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED
DECEMBER 31, 2023**

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 financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows 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 financial position of Bridge Builders Community Foundations as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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.

Emphasis of Matter – Change in Basis of Accounting

As discussed in Note A to the financial statements, in 2023 Bridge Builders Community Foundations adopted a policy of preparing its financial statements on the accrual basis of accounting. Accordingly, the accompanying financial statements present the financial position and changes in net assets in accordance with accounting principles generally accepted in the United States of America (GAAP). 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 accounting principles generally accepted in the United States of America, and 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 Bridge Builders Community Foundations' ability to continue as a going concern for 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 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 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, the Schedule of PNC Bank Investment Management Account, the Schedule of the Northwest Bank, Investment & Trust Services Balanced Income Account, and the Schedule of the Northwest Bank, Investment & Trust Services Liquidity Account 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 1, 2024

BRIDGE BUILDERS COMMUNITY FOUNDATIONS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS

Cash and cash equivalents	\$ 322,792
Cash and cash equivalents - agency endowment funds	49
Cash value of life insurance	124,507
Accounts receivable	202,522
Investments	15,986,401
Investments - agency endowment funds	<u>2,173,827</u>

TOTAL ASSETS	<u>\$ 18,810,098</u>
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LIABILITIES AND NET ASSETS

LIABILITIES

Grants payable	\$ 250
Accrued expenses	7,234
Agency endowment funds	<u>2,173,876</u>

TOTAL LIABILITIES	<u>2,181,360</u>
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NET ASSETS

Without donor restrictions	14,403,979
With donor restrictions	<u>2,224,759</u>

TOTAL NET ASSETS	<u>16,628,738</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 18,810,098</u>
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See accompanying notes to the financial statements.

BRIDGE BUILDERS COMMUNITY FOUNDATIONS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions	\$ 2,581,343	\$ 50,000	\$ 2,631,343
Less gifts and grants held for others	(775)	-	(775)
Dividends and interest	323,053	45,441	368,494
Less dividends and interest held for others	(48,784)	-	(48,784)
Net realized gain (loss) on security sales	257,025	64,001	321,026
Less realized gain held for others	(44,388)	-	(44,388)
Net unrealized gain (loss)	1,501,204	170,499	1,671,703
Less unrealized gain held for others	(237,291)	-	(237,291)
Management fee income	230,171	-	230,171
Miscellaneous income	200,906	-	200,906
Net assets released from restriction	155,477	(155,477)	-
TOTAL SUPPORT AND REVENUES	4,917,941	174,464	5,092,405
EXPENSES			
Program services	2,005,372	-	2,005,372
Management and general	209,478	-	209,478
Fundraising	18,939	-	18,939
TOTAL EXPENSES	2,233,789	-	2,233,789
CHANGE IN NET ASSETS	2,684,152	174,464	2,858,616
NET ASSETS, BEGINNING OF YEAR, RESTATED	11,719,827	2,050,295	13,770,122
NET ASSETS, END OF YEAR	\$ 14,403,979	\$ 2,224,759	\$ 16,628,738

See accompanying notes to the financial statements.

BRIDGE BUILDERS COMMUNITY FOUNDATIONS**STATEMENT OF FUNCTIONAL EXPENSES****FOR THE YEAR ENDED DECEMBER 31, 2023**

	Program Services	Management and General	Fundraising	Total
EXPENSES				
Wages	\$ 92,746	\$ 56,280	\$ 14,070	\$ 163,096
Payroll taxes and benefits	24,213	19,473	4,869	48,555
Scholarship grants	486,555	-	-	486,555
Other grants	1,148,614	-	-	1,148,614
Less grants held for others	(295,220)	-	-	(295,220)
Investment management fees	334,938	-	-	334,938
Less management fees held for others	(27,539)	-	-	(27,539)
Scholarship expenses	-	380	-	380
Insurance	-	2,108	-	2,108
Travel, conference, and meetings	-	3,899	-	3,899
Equipment	-	15,582	-	15,582
Office expenses	-	9,151	-	9,151
Professional fees	38,333	102,605	-	140,938
Miscellaneous	202,732	-	-	202,732
TOTAL EXPENSES	\$ 2,005,372	\$ 209,478	\$ 18,939	\$ 2,233,789

See accompanying notes to the financial statements.

BRIDGE BUILDERS COMMUNITY FOUNDATIONS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Changes in net assets	\$ 2,858,616
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Unrealized (gains) losses	(1,434,412)
Stock donations	207,113
(Increase) decrease in operating assets:	
Cash value of life insurance	(2,121)
Accounts receivable	(202,522)
Increase (decrease) in operating liabilities:	
Grants payable	250
Accrued expenses	(7,385)
Agency endowment funds	11,758

NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,431,297</u>
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CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sale of investments	7,488,999
Purchase of investments	<u>(9,673,269)</u>

NET CASH USED IN INVESTING ACTIVITIES	<u>(2,184,270)</u>
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Net decrease in cash	(752,973)
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CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,075,814</u>
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CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 322,841</u></u>
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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. The Foundation administers over 200 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's policy is to prepare its financial statements on the accrual basis of accounting. Under this basis, revenues are recognized when earned and expenses are recognized when incurred.

Basis of 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. In addition, the Foundation is required to present a statement of cash flows.

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.

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 activities and changes in net 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:

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

BRIDGE BUILDERS COMMUNITY FOUNDATIONS

NOTES TO FINANCIAL STATEMENTS

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. As of December 31, 2023, the Foundation no longer exceeds \$250,000 in FDIC coverage with any institution after transferring certain funds into brokered certificates of deposit.

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.

Investments are stated at fair market value with the resulting realized and unrealized gains and losses included in the statement of activities and changes in net assets. As of December 31, 2023, the Foundation's investments consisted primarily of money market funds, mutual funds, fixed income funds, equity funds, and common stock. Market value is determined by the quoted market price at the date of the statement of financial position.

Accounts Receivable and Allowance for Credit Losses

The Foundation operates in the philanthropic industry, and its accounts receivable are primarily derived from contributions and management fees. An allowance for credit losses, if any, is determined using a combination of factors to reduce receivable balances to the net amount expected to be collected. A variety of factors are considered including the length of time receivables are past due, significant onetime events, historical experience, and current and future expectations of economic conditions. Additionally, an allowance for individual accounts may be recorded if management becomes aware of specific customer circumstances, such as significant financial difficulty. The past due or delinquency status of a receivable is based on the contractual payment terms of the receivable. If circumstances related to a specific customer change, estimates surrounding the recoverability of receivables are adjusted as deemed appropriate by management. As of December 31, 2023 and 2022, accounts receivable was \$202,522 and \$-0, respectively.

BRIDGE BUILDERS COMMUNITY FOUNDATIONS

NOTES TO FINANCIAL STATEMENTS

Revenue Recognition

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.

Management Fee Income

Management fee income is reported at the amount that reflects the consideration to which the Foundation expects to be entitled to in exchange for providing investment management services. Management fees are bill monthly and received after services are performed. Since the revenues are received after services are performed, there is no need to defer revenue. Management fees billed but not yet received are reported as accounts receivable in the accompanying statement of financial position.

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 of activities and changes in net assets at their estimated values as of the date of receipt. However, no amounts have been reflected in the statements of activities and changes in net assets for donated services as they do not meet the criteria as determined by the revenue recognition – contributed services topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Nonetheless, a substantial number of volunteers donate significant amounts of their time in the Foundation's program services.

Leases

The Foundation follows ASC 842 when recording its lease transactions. Disclosures about the Foundation's leasing activities are presented in Note J.

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, 2023 were \$2,024.

Functional Allocation of Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities and changes in net assets. 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.

BRIDGE BUILDERS COMMUNITY FOUNDATIONS

NOTES TO FINANCIAL STATEMENTS

Interest and penalties related to income tax reporting are recognized when incurred and are included on the statement of activities and changes in net assets. Management has determined the Foundation had no activities subject to unrelated business income tax (UBIT) during the year ended December 31, 2023. The Foundation has not been subject to any income tax penalties or interest for all open tax years.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from these 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, receivables, accounts payable, and accrued liabilities approximate their fair market value due to the short-term maturities of those instruments.

Recently Adopted Accounting Guidance

In June 2016, the Financial Accounting Standards Board (FASB) issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Foundation that are subject to the guidance in FASB ASC 326 were trade accounts receivable.

The Foundation adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through November 1, 2024, 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 180 days of operating expenses, which are, on average, around \$136,000. At December 31, 2023, the Foundation has \$142,996 of financial assets available within one year of the statement of financial position 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 financial position date.

BRIDGE BUILDERS COMMUNITY FOUNDATIONS

NOTES TO FINANCIAL STATEMENTS

NOTE C - INVESTMENTS

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.

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, 2023 are as follows:

	Cost	Fair Value
William M. Locke Fund:		
Money Market Fund	\$ 35,547	\$ 35,547
Fixed Income	299,921	269,492
Equities	593,341	656,015
Other	145,196	139,223
	<u>\$ 1,074,005</u>	<u>\$ 1,100,277</u>
	Cost	Fair Value
Baum Memorial Fund:		
Money Market Fund	\$ 21,254	\$ 21,254
Fixed Income	180,482	161,175
Equities	353,320	392,094
Other	86,853	83,266
	<u>\$ 641,909</u>	<u>\$ 657,789</u>

BRIDGE BUILDERS COMMUNITY FOUNDATIONS

NOTES TO FINANCIAL STATEMENTS

2. Northwest Bank, Investment & Trust Services:

The Foundation maintains three accounts with Northwest Bank Investment & Trust Services: The Investment Agency Account (which currently includes one hundred two funds), the Balanced Income Account (which currently includes three funds) and the Liquidity Account (which currently includes thirty-two funds).

The cost and fair values of the cash and investments of the account with Northwest Bank, Investment & Trust Services as of December 31, 2023 are as follows:

	Cost	Fair Value
Investment Agency Account:		
Money Market Fund	\$ 138,912	\$ 138,912
Fixed Income	1,978,525	1,906,403
Equities	6,907,371	7,829,823
Other	393,626	397,253
	<u>\$ 9,418,434</u>	<u>\$ 10,272,391</u>
	Cost	Fair Value
Balanced Income Account:		
Money Market Fund	\$ 289,312	\$ 289,312
Fixed Income	108,373	102,739
Equities	136,148	154,071
Other	41,465	41,090
	<u>\$ 575,298</u>	<u>\$ 587,212</u>
	Cost	Fair Value
Liquidity Account:		
Money Market Fund	\$ 233,737	\$ 233,737
Fixed Income	600,000	599,922
	<u>\$ 833,737</u>	<u>\$ 833,659</u>

3. PNC Bank:

The Foundation maintains two accounts with PNC Bank: The Investment Management Account (which currently includes ten funds), 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, 2023 are as follows:

	Cost	Fair Value
Investment Management Account:		
Money Market Fund	\$ 46,999	\$ 46,999
Fixed Income	602,367	599,485
Equities	1,248,802	1,438,064
Other	86,342	84,233
	<u>\$ 1,984,510</u>	<u>\$ 2,168,781</u>

BRIDGE BUILDERS COMMUNITY FOUNDATIONS
NOTES TO FINANCIAL STATEMENTS

	Cost	Fair Value
Vera A. Lamey Scholarship Fund:		
Money Market Fund	\$ 11,028	\$ 11,028
Fixed Income	80,758	79,792
Equities	162,223	200,244
	<u>\$ 254,009</u>	<u>\$ 291,064</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 cost and fair values of the cash and investments as of December 31, 2023 are as follows:

	Cost	Fair Value
William and Elizabeth Charitable and Scholarship Funds:		
Money Market Fund	\$ 68,542	\$ 68,543
Fixed Income	432,825	434,465
Equities	1,258,414	1,322,077
	<u>\$ 1,759,781</u>	<u>\$ 1,825,085</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 cost and fair values of the cash and investments as of December 31, 2023 are as follows:

	Cost	Fair Value
Carl L. Trauterman, Jr. Fund:		
Money Market Fund (cash and equiv)	\$ 30,333	\$ 30,333
Fixed Income	78,261	77,883
Equities	229,750	315,754
	<u>\$ 338,344</u>	<u>\$ 423,970</u>

The summary of the Foundation's funds as of December 31, 2023 held at BNY Mellon, NA, Northwest Savings Bank Investment & Trust Services, PNC Bank, Raymond James and Janney Montgomery Scott LLC is as follows:

	Cost	Fair Value
BNY Mellon	\$ 1,715,914	\$ 1,758,066
Northwest Savings Bank Investments	10,827,469	11,693,262
PNC Bank	2,238,519	2,459,845
Raymond James	1,759,781	1,825,085
Janney Montgomery Scott LLC	338,344	423,970
	<u>\$ 16,880,027</u>	<u>\$ 18,160,228</u>

BRIDGE BUILDERS COMMUNITY FOUNDATIONS

NOTES TO FINANCIAL STATEMENTS

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.

The Foundation measures fair value in accordance with FASB 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, 2023

	Level 1	Level 2	Level 3
Money Market Fund	\$ 875,665	\$ -	\$ -
Fixed Income	4,231,356	-	-
Equities	12,308,142	-	-
Other	745,065	-	-
Total Investments	<u>\$ 18,160,228</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 \$2,173,876 at December 31, 2023, and are reported at fair market value in the statement of financial position as assets and a corresponding liability.

BRIDGE BUILDERS COMMUNITY FOUNDATIONS

NOTES TO FINANCIAL STATEMENTS

Agency Endowment Funds at December 31, 2023:

Additions:	
Contributions	\$ 775
Investment income	48,784
Net realized gains	44,388
Net unrealized gains	237,291
	<u>331,238</u>
Deductions:	
Administrative fees	4
Investment fees	27,535
Distributions – grants	291,941
	<u>319,480</u>
Increase in agency endowment funds	11,758
Balance, beginning of year	2,162,118
Balance, end of year	<u>\$ 2,173,876</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 4% of the three-year average of the funds. This spending policy determines the funds available for grant making and administrative expenses.

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

BRIDGE BUILDERS COMMUNITY FOUNDATIONS

NOTES TO FINANCIAL STATEMENTS

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 4-7% annually. Actual returns in any given year may vary from this amount.

At December 31, 2023, the composition of the endowment fund was:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment	\$ -	\$ 2,173,636	\$ 2,173,636
Quasi-endowment	16,111,098	-	16,111,098
Total endowment	<u>\$ 16,111,098</u>	<u>\$ 2,173,636</u>	<u>\$ 18,284,734</u>

Changes in endowment net assets for the year ended December 31, 2023 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, December 31, 2022	<u>\$ 12,820,750</u>	<u>\$ 2,050,295</u>	<u>\$ 14,871,045</u>
Investment return:			
Investment income	274,269	45,441	319,710
Net appreciation (realized and unrealized)	1,476,550	234,500	1,711,050
	<u>1,750,819</u>	<u>279,941</u>	<u>2,030,760</u>
Contributions	2,580,568	-	2,580,568
Appropriation of endowment assets for expenditure	(1,041,039)	(156,600)	(1,197,639)
Endowment net assets, December 31, 2023	<u>\$ 16,111,098</u>	<u>\$ 2,173,636</u>	<u>\$ 18,284,734</u>

NOTE G – NET ASSETS

Net asset composition by type of fund as of December 31, 2023 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Affiliate Unrestricted	\$ 300,233	\$ -	\$ 300,233
Donor Advised	920,091	-	920,091
Donor Designated	933,255	124,507	1,057,762
Field of Interest	5,247,449	-	5,247,449
Fiscal Sponsorship	209,525	50,000	259,525
Operating	139,397	-	139,397
Scholarship	5,591,717	2,050,252	7,641,969
School Foundation	97,207	-	97,207
School Fund	28,310	-	28,310
Undesignated	936,795	-	936,795
Total	<u>\$ 14,403,979</u>	<u>\$ 2,224,759</u>	<u>\$ 16,628,738</u>

BRIDGE BUILDERS COMMUNITY FOUNDATIONS

NOTES TO FINANCIAL STATEMENTS

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, 2023. The cash surrender value of this policy amounted to approximately \$124,507 at December 31, 2023.

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 J – LEASE

The Foundation leases office equipment from an unrelated entity under a long-term operating lease agreement. For the years ended December 31, 2023, lease expense totaled \$2,919.

The future minimum rent for operating leased equipment is as follows:

2024	\$	696
2025		696
2026		348
		<hr/>
	\$	1,740
		<hr/> <hr/>

NOTE K – PRIOR PERIOD ADJUSTMENT

The balances of grants payable and net assets as of December 31, 2022 have been restated as follows to properly present the grant expenses.

The following is a summary of changes made to net assets:

Balance of net assets as previously reported at December 31, 2022	\$ 13,754,072
Prior period adjustment - rental income	<hr/> 16,050
Net assets as restated, as of December 31, 2022	<hr/> <hr/> \$ 13,770,122
Balance of grants payable as previously reported at December 31, 2022	\$ 16,050
Prior period adjustment to remove grants payable	<hr/> (16,050)
Grants payable as restated, as of December 31, 2022	<hr/> <hr/> \$ -

SUPPLEMENTARY INFORMATION

BRIDGE BUILDERS COMMUNITY FOUNDATIONS
SCHEDULE OF NORTHWEST BANK, INVESTMENT & TRUST SERVICES
INVESTMENT AGENCY ACCOUNT
DECEMBER 31, 2023

Fund Name	Cost	Fair Value
Adam Weeter Memorial Scholarship	\$ 35,919	\$ 39,175
Alexander Bud "Marks Scholarship"	30,718	33,503
Alfreda Kurtich Memorial Nursing Scholarship	5,627	6,137
Allegheny Valley Trails Association Endowment	60,605	66,100
Anna M. Ewalt Scholastic Award	15,391	16,787
Arthur (Bud) Van Nort Memorial Scholarship	11,619	12,673
BBCF Operating	19,029	20,754
Ben Franklin Trust of the Venango County Area Community Foundation	61,547	67,127
Bill Anthony Memorial Scholarship	17,430	19,010
Brown Chapel A.M.E. Memorial Scholarship	12,254	13,365
Bucktails of Beaver Township Scholarship	11,431	12,467
Charles E. Stubler and Eleanor T. Stubler Memorial Fund	3,241	3,534
Charles R. Stubler and Rebecca J. Stubler Charitable Fund	9,551	10,417
Child Development Centers Endowment	14,647	15,975
City of Franklin Family of Funds	77,991	85,062
Clarion Borough Community Parks Fund	5,839	6,369
Clarion County Community Foundation Unrestricted Endowment	42,516	46,370
Clarion Free Library Continuation Fund	63,410	69,160
Clarion Student Enrichment Foundation Scholarship Fund	4,371	4,768
Community Services of Venango County Endowment	6,291	6,862
Cooperstown Public Library	6,900	7,525
David W. Humphrey Memorial Scholarship	73,512	80,177
DeBence Antique Music World Charitable	43,181	47,096
Dennis and Martha Lamb Charitable	314,981	343,540
Eugene F. Hanna Scholarship	68,054	74,224
Floyd E. and Anna E. Carbaugh Memorial Scholarship	9,864	10,759
Forest County Taxpayers Association Scholarship	17,542	19,133
Forest County Unrestricted Endowment Fund	129,133	140,841
Francis E. Gibbons Memorial Scholarship	14,503	15,818
Franklin Area School District Endowment	8,162	8,902
Franklin Civic Operetta Association	96,337	105,072
Franklin High School Alumni Scholarship	152,506	166,333
Franklin Public Library Association Endowment	23,714	25,864
Frank M. and Eleanor R. Miese	1,853,616	2,021,683
Galena Rew Harrington and Mary E. Rew Trust	138,199	150,729
George Francis Rouault Memorial Scholarship	88,379	96,392
Glen L. Mohnkern Newsroom	10,775	11,752
Grace Woods Nellis Scholarship	15,326	16,716
Gwendolyn Smith Scholarship	123,279	134,456
Howard G. Lehman and Joyce K. Lehman Education Scholarship	96,098	104,811
Jack & Donna Snyder Scholarship	42,360	46,201
James D. Schwab PhD.- PennWest Clarion University Scholarship	41,213	44,950
Janet L. Henc Scholarship	28,076	30,622
Jean Lucille Frank Scholarship	46,434	50,644
Jefferson County 4-H Scholarship	24,612	26,843
John R. Loeffler Memorial Golf Scholarship	39,285	42,847
Kenneth H. Messer Charitable Remainder Trust	24,420	26,634
Koos Endowment Fund	130,950	142,823
Kopchak Family Charitable Fund, in Memory of Myron and Tillie Kopchak and their daughters, Jeraldine and Virginia Kopchak	378,562	412,887
Margaret Feldman Educational Memorial	13,115	14,304

See independent auditor's report.

BRIDGE BUILDERS COMMUNITY FOUNDATIONS
SCHEDULE OF NORTHWEST BANK, INVESTMENT & TRUST SERVICES
INVESTMENT AGENCY ACCOUNT, CONTINUED
DECEMBER 31, 2023

Fund Name	Cost	Fair Value
Margery L. Himes Scholarship	959,048	1,046,005
Mark and Rita Hale Charitable	47,905	52,249
Mary E. Shaner Scholarship	128,721	140,392
Mary Louise Brown Whiting Memorial	48,599	53,005
Michael and Marie Zacherl Outstanding Diesel Technology Senior Award	22,116	24,121
Nicholas R. Sanford Memorial Scholarship	28,021	30,561
OCASD Athletic Endowment	25,057	27,329
OCASD Science Endowment	11,152	12,163
Oil City Library Endowment	803,743	876,619
Oil Creek Railway Historical Society	55,510	60,543
Oil Region Astronomy Education Endowment	3,645	3,976
Oil Region Library Association Endowment	114,458	124,836
Presbyterian Homes Endowment	6,553	7,147
Punxsutawney Area Arts and Humanities	7,347	8,013
Punxsutawney Area Community Foundation Unrestricted Endowment	71,056	77,498
Redbank Valley School District	22,062	24,062
Riverside Cemetery Association	45,358	49,471
Robert L. Kinnear Memorial Scholarship	199,200	217,261
Rockland Township Community Scholarship	42,521	46,377
Roy E. Sanner Memorial Scholarship	26,708	29,129
Russell G. Coast Memorial Scholarship	25,481	27,792
Ruth Persons Bear & Robert H. Bear Memorial Scholarship	94,313	102,864
Ruth & Vernon Taylor Valedictorian Award	30,966	33,774
Shelly Lynn Wice and Jessica Ann Hart Memorial	67,326	73,431
Sherman Scholarship	22,854	24,926
Susan L. Daniels Memorial Scholarship	156,140	170,297
Susie McConnell Memorial Scholarship	32,604	35,561
The Alma T. Weingard Employee Award Endowment	41,512	45,276
The Lois and Carl Heinz Endowment	25,718	28,049
The Wagle DiBernardo Fund	108	117
Thomas D. Fulton Scholarship	4,368	4,764
Thomas E. McNamara Scholarship	10,034	10,944
Tree of Life Cemetery	318,364	347,230
Tri-County Animal Rescue Legacy	62,306	67,955
Troopers Patterson and Richey Memorial Scholarship	86,173	93,986
Tut Toth Memorial Scholarship	3,063	3,340
Two Mile Run County Park Fund	10,874	11,860
United Way of Venango County Endowment	656,170	715,664
UPMC Northwest Medical Staff Scholarship	20,970	22,871
Venango Applied Technology Scholarship	55,267	60,277
Venango Area Community Foundation Unrestricted Endowment	26,974	29,419
Venango County 4-H Endowment	157,044	171,283
Venango County Arts and Culture Endowment	46,815	51,059
Venango County Bar Association, Judge William E. Breene Memorial Scholarship	11,673	12,731
Venango County Humane Society	52,050	56,769
Virginia Gordon Russell Scholarship	39,129	42,677
Will Fabry Memorial Scholarship	94,771	103,364
Witherup Family Community Fund of Venango County	34,072	37,161
	\$ 9,418,434	\$ 10,272,391

See independent auditor's report.

BRIDGE BUILDERS COMMUNITY FOUNDATIONS
SCHEDULE OF PNC BANK INVESTMENT MANAGEMENT ACCOUNT
DECEMBER 31, 2023

Fund Name	Cost	Fair Value
Operating	\$ 4,836	\$ 5,285
Eccles Rimersburg Medical Center Endowment	66,567	72,749
Grove Hill Mausoleum	82,509	90,170
H. Genevieve Davis Scholarship Fund	634,121	693,002
Oil City's East End Fountain Endowment	35,446	38,738
Oil City Town Square Endowment	106,953	116,884
R. Jay Reynolds Memorial Scholarship	211,679	231,334
Smedley Flowers	6,077	6,641
Walter H. Flinchbaugh Memorial Scholarship	672,836	735,311
Wood-Noble Memorial Scholarship	76,638	83,754
Young-Wood Scholarship	86,848	94,913
	\$ 1,984,510	\$ 2,168,781

See independent auditor's report.

BRIDGE BUILDERS COMMUNITY FOUNDATIONS
SCHEDULE OF NORTHWEST BANK, INVESTMENT & TRUST SERVICES
BALANCED INCOME ACCOUNT
DECEMBER 31, 2023

Fund Name	Cost	Fair Value
Paul And Ellen Flickner Charitable	\$ 172,589	\$ 176,267
Operating	1,151	1,170
Kugler	193,876	197,857
Albaugh/Paranick	207,682	211,918
	\$ 575,298	\$ 587,212

See independent auditor's report.

BRIDGE BUILDERS COMMUNITY FOUNDATIONS
SCHEDULE OF NORTHWEST BANK, INVESTMENT & TRUST SERVICES
LIQUIDITY ACCOUNT
DECEMBER 31, 2023

Fund Name	Cost	Fair Value
519Strong	\$ 7,479	\$ 7,482
BBCF Operating	5,378	5,379
BBCF Savings	18,559	18,556
Board Designated Reserve Fund	77,754	77,750
Bracken Scholarship	6,837	6,838
Caring for the Caregiver Jackie's Chapter	2,034	2,032
Chicken Coop-Studio 306	175	173
Clarion County 4H Endowment	4,269	4,270
Cranberry Lions Service Effort & Initiative Scholarship	12,790	12,788
Dustin A. Fletcher Memorial Scholarship	72,143	72,136
Focus On Our Future Endowment	158	162
Forest Area School District	4,035	4,031
Franklin Promise Program	4,819	4,817
GEMS (Girls Excelling in Math & Science)	138,816	138,804
GEMS - McElhattan Grant	48,899	48,894
Glen L. Mohnkern Newsroom	5,678	5,674
J. Bowman Proper Scholarship	3,952	3,949
Jensin Michael Potts Scholarship	67,833	67,826
Jessica M. Stephens Memorial Scholarship	16,300	16,301
Josh Smith Memorial Playground	600	604
Kami Dinger Memorial Scholarship	9,046	9,048
Liquidity Acct Interest	100	99
Marsha L. Beichner Memorial Scholarship	7,254	7,250
McElhattan Impact Fund for the Knox Area	195,018	195,000
OCMS/OCHS Food Pantry	14,374	14,376
Oil City Eagles Aerie #283 Scholarship	11,080	11,077
Oil City Take Pride	39,986	39,979
Oil Valley Disc Golf Society	8	5
RG ASL Ric Swendsen	642	641
Sally & Michael Vereb Charitable	2,468	2,471
Terry M. Peterson Teachers Support	1,151	1,149
The Charles and Anna Belle Kinnear Donor Advised Fund	2,293	2,296
The Wagle DiBernardo Fund	24,729	24,727
The Williams Charitable	24,687	24,681
Women and Girls' Community	2,393	2,394
	\$ 833,737	\$ 833,659

See independent auditor's report.