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BERKSHIRE TACONIC COMMUNITY FOUNDATION, INC. AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

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BERKSHIRE TACONIC COMMUNITY FOUNDATION, INC. AND AFFILIATE

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Independent Auditors' Report

To the Board of Directors
Berkshire Taconic Community Foundation, Inc. and Affiliate
Sheffield, Massachusetts

We have audited the accompanying consolidated financial statements of Berkshire Taconic Community Foundation, Inc. and Affiliate (collectively, the Foundation), which comprise the consolidated statement of financial position as of December 31, 2019 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position the Foundation as of December 31, 2019 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.

Change in Accounting Principle

As discussed in Note 2, during the year ended December 31, 2019, the Foundation, as a resource recipient, adopted the contributions received guidance under Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2018 consolidated financial statements, and we expressed an unmodified opinion on those consolidated financial statements in our report dated June 27, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
September 10, 2020

BERKSHIRE TACONIC COMMUNITY FOUNDATION, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019
(With Summarized Comparative Information for 2018)

	2019	2018
ASSETS		
Cash and cash equivalents	$ 1,617,333	$ 828,221
Investments	170,490,310	143,981,266
Contributions receivable, net	539,804	988,612
Split-interest agreements	1,157,350	759,026
Other assets	631,727	670,841
Property and equipment, net	740,516	767,148
Total Assets	$ 175,177,040	$ 147,995,114
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 737,626	$ 522,260
Deferred revenue	348,000	-
Agency funds	45,181,335	37,488,745
Liability under split-interest agreements	16,975	19,405
Loan payable	234,184	256,356
Total liabilities	46,518,120	38,286,766
Net Assets		
Without donor restrictions	40,064,005	33,664,507
With donor restrictions	88,594,915	76,043,841
Total net assets	128,658,920	109,708,348
Total Liabilities and Net Assets	$ 175,177,040	$ 147,995,114

The accompanying notes are an integral part of the consolidated financial statements

BERKSHIRE TACONIC COMMUNITY FOUNDATION, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(With Summarized Comparative Information for 2018)

	2019			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**2018 Total**
Revenues, Gains and Other Support				
Gifts and bequests	$ 9,654,385	$ 3,783,914	$ 13,438,299	$ 10,479,725
Other contributions	1,805	30,488	32,293	82,526
Less contributions to agency funds	(3,277,050)	-	(3,277,050)	(632,872)
Net contributions	6,379,140	3,814,402	10,193,542	9,929,379
Investment gain (loss), net	5,821,598	13,492,270	19,313,868	(3,722,186)
Fund administration fees	263,405	-	263,405	255,274
Change in value of split-interest agreements	3,837	118,685	122,522	130,633
Net assets released from restrictions	6,138,503	(6,138,503)	-	-
Change in original restriction by donor	(1,264,220)	1,264,220	-	-
Total revenues, gains and other support	17,342,263	12,551,074	29,893,337	6,593,100
Expenses				
Program services:				
Grants and disbursements	10,944,262	-	10,944,262	8,576,649
Less grants from agency funds	(2,463,607)	-	(2,463,607)	(1,777,504)
Net grants	8,480,655	-	8,480,655	6,799,145
Program expense	1,290,493	-	1,290,493	1,155,730
Total program services	9,771,148	-	9,771,148	7,954,875
Supporting services:				
Fund administration	528,509	-	528,509	491,586
Fundraising	643,108	-	643,108	560,033
Total supporting services	1,171,617	-	1,171,617	1,051,619
Total expenses	10,942,765	-	10,942,765	9,006,494
Change in Net Assets	6,399,498	12,551,074	18,950,572	(2,413,394)
Net Assets - Beginning of Year	33,664,507	76,043,841	109,708,348	112,121,742
Net Assets - End of Year	$ 40,064,005	$ 88,594,915	$ 128,658,920	$ 109,708,348

The accompanying notes are an integral part of the consolidated financial statements

BERKSHIRE TACONIC COMMUNITY FOUNDATION, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(With Summarized Comparative Information for 2018)

	2019					2018
	Grants and Disbursements	Program Expense	Fund Administration	Fundraising	Total	Total
Grants and disbursements	$ 8,480,655	$ -	$ -	$ -	$ 8,480,655	$ 6,799,145
Compensation and related expenses:						
Salaries	-	740,205	276,212	378,627	1,395,044	1,197,786
Employee benefits	-	170,743	66,255	90,295	327,293	266,239
Payroll taxes	-	55,819	20,774	28,585	105,178	94,786
Professional services	-	85,302	53,251	34,606	173,159	216,646
Contract services	-	37,321	16,884	20,589	74,794	28,227
Depreciation	-	33,275	12,765	17,093	63,133	60,991
Occupancy	-	22,005	8,268	11,324	41,597	48,884
Computer and technology	-	21,287	7,693	10,382	39,362	22,580
Professional development	-	18,877	7,446	10,334	36,657	57,257
Dues and subscriptions	-	21,409	6,245	7,887	35,541	32,865
Insurance	-	14,325	7,459	7,587	29,371	28,395
Marketing and advertising	-	22,446	3,462	3,462	29,370	47,432
Meeting expenses	-	8,358	3,695	5,930	17,983	19,915
Miscellaneous	-	-	15,000	-	15,000	-
Printing	-	8,688	1,630	2,066	12,384	8,233
Office supplies	-	5,981	2,479	2,954	11,414	12,192
Automobile and travel	-	6,269	2,081	3,056	11,406	7,643
Interest - mortgage	-	-	9,912	-	9,912	10,781
Equipment lease	-	6,218	1,078	1,775	9,071	8,797
Postage	-	4,477	1,242	1,721	7,440	8,811
Leadership development training	-	2,431	1,029	1,908	5,368	11,516
Telephone and Internet	-	2,624	986	1,351	4,961	4,914
Banking and payroll fees	-	2,433	2,663	1,576	6,672	12,459
Total	$ 8,480,655	$ 1,290,493	$ 528,509	$ 643,108	$ 10,942,765	$ 9,006,494

The accompanying notes are an integral part of the consolidated financial statements

BERKSHIRE TACONIC COMMUNITY FOUNDATION, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
(With Summarized Comparative Information for 2018)

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	$ 18,950,572	$ (2,413,394)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	63,133	60,991
Realized and unrealized (gain) loss on Foundation investments	(17,898,270)	1,098,968
(Increase) decrease in operating assets:		
Contributions receivable	448,808	(938,204)
Split-interest agreements	(398,324)	912,939
Other assets	39,114	(145,660)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	215,366	(93,036)
Deferred revenue	348,000	-
Agency funds	7,692,590	(2,596,650)
Liability under split-interest agreements	(2,430)	(308,534)
Net cash provided by (used in) operating activities	9,458,559	(4,422,580)
Cash Flows from Investing Activities		
Proceeds from sales of investments	11,340,766	34,562,749
Purchases of investments	(19,988,041)	(29,925,243)
Net cash provided by (used in) investing activities	(8,647,275)	4,637,506
Cash Flows from Financing Activities		
Payments on loan payable	(22,172)	(21,305)
Net cash used in financing activities	(22,172)	(21,305)
Net Increase in Cash and Cash Equivalents	789,112	193,621
Cash and Cash Equivalents - Beginning of Year	828,221	634,600
Cash and Cash Equivalents - End of Year	$ 1,617,333	$ 828,221

The accompanying notes are an integral part of the consolidated financial statements

NOTE 1 - ORGANIZATION

Berkshire Taconic Community Foundation, Inc. (BTCF) builds stronger communities and improves the quality of life for all residents of northwest Litchfield County, Connecticut, Berkshire County, Massachusetts, and Columbia County and northeast Dutchess County, New York, acting as an agent for positive change in the region. Since 1987, BTCF has managed a growing collection of charitable funds created by individuals, families and businesses. Each year, BTCF distributes millions of dollars through grants and scholarships for programs in the arts and education, health and human services, and environmental protection, helping thousands of donors achieve their philanthropic goals and hundreds of nonprofits carry on their good work.

BTCF Resources, Inc. (Resources) is a supporting organization to Berkshire Taconic Community Foundation, Inc., formed to hold real estate that may be gifted to it for the charitable benefit of one or more charitable funds held by BTCF.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in Accounting Principle

In June 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The amendment clarifies guidance on how an entity determines whether a transfer of assets is a contribution or exchange transaction. The amendment also clarifies the determination of conditional contributions based on evaluating whether there is a right of return and a barrier to overcome. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented and the cumulative effect of applying the standard would be recognized at the earliest period shown, or the modified prospective method, in which case the effect of applying the standard would be recognized for any agreements not completed and any new agreements entered into at the date of initial application. The new standard is effective for annual reporting periods beginning after December 15, 2018 for resource recipients and for annual reporting periods beginning after December 15, 2019 for resource providers. Management has adopted ASU 2018-08 as a resource recipient for the year ended December 31, 2019. Management will adopt ASU 2018-08 as a resource provider for the year ending December 31, 2020 and is still considering the impact of adoption as a resource provider. The amendments have been applied using the modified prospective method.

There was no cumulative effect of applying ASU 2018-08.

Summarized Comparative Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Foundation’s audited consolidated financial statements as of and for the year ended December 31, 2018, from which the summarized information was derived.

Basis of Accounting and Presentation

The financial statements are prepared on a consolidated basis to include the transactions of BTCF and Resources (collectively, the Foundation). All material intercompany balances and transactions have been eliminated from the consolidated financial statements. The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with GAAP. Net assets and revenues, expenses, gains and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions
Net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Directors.

Net Assets With Donor Restrictions
Net assets with donor restrictions represent 1) contributions that are restricted by the donor as to purpose or time of expenditure, 2) contributions that require that the principal be maintained in perpetuity but permit the Foundation to expend the income earned thereon, and 3) the accumulated investment income and gains on donor-restricted endowment assets that have not been appropriated for expenditure.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of reporting cash flows, the Foundation considers all short-term, highly liquid investments with an original maturity of three months or less to be cash equivalents, exclusive of money market funds, which are considered to be investments.

The Foundation maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits. Management believes that the Foundation’s deposits are not subject to significant credit risk.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains include the Foundation’s gains and losses on investments bought and sold as well as held during the year.

The Board of Directors determines the Foundation’s valuation policies and procedures utilizing information provided by outside investment advisors who are overseen by the Board of Directors’ Investment Committee.

Split-Interest Agreements

Split-interest agreements consist of assets irrevocably transferred for the benefit of the Foundation and other beneficiaries. Unless BTCF is the trustee, revocable split-interest agreements are not recorded as contributions unless enforceable by law. Irrevocable split-interest agreements are recorded as contributions at fair value when the assets are received or when the Foundation is notified of the existence of the agreement. The accounting treatment varies depending upon the type of the agreement created and whether the Foundation or a third party is the trustee.

The Foundation is the beneficiary of various irrevocable charitable remainder trusts managed by unrelated trustees. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the Foundation's use.

The trusts are carried at the fair value of the underlying investments. The portion of the trust attributable to the present value of the future benefits to be received by the Foundation is recognized in the consolidated statement of activities as a donor-restricted contribution in the period the trust is established. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The liability is calculated using a discount rate of 2.2% and applicable mortality tables.

The Foundation has been named the trustee of a revocable charitable remainder trust for which the designation of remainder interest can be changed any time during the donor's lifetime. The trust requires the payout of stated amounts of income to named beneficiaries over their respective lifetimes or designated trust terms, at the end of which the Foundation is currently designated to receive the remainder interest. The fair value of the trust's assets has been included in the consolidated statement of financial position with a corresponding liability to reflect the revocable status of the trust.

Property and Equipment

Property and equipment are stated at cost or market value for donated items and are depreciated using the straight-line method over their estimated useful lives, ranging from 3 to 40 years. The Foundation follows the practice of capitalizing all expenditures in excess of $1,000 with a useful life of more than one year.

Agency Funds

The Foundation receives and distributes assets for certain agency funds that have been established by a nonprofit organization from its own resources for the sole purpose of supporting that organization's operations.

Contributions

Unconditional contributions are recognized when pledged or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions receivable expected to be collected in more than one year are discounted to their present value. The Foundation reports nongovernmental contributions and grants of cash and other assets as donor-restricted support if they are received with donor stipulations that limit their use or if they are contributed to endowed funds. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Promises to give that are subject to donor-imposed conditions (i.e., a donor stipulation that includes a barrier that must be overcome and a right of release of assets) are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been reported on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated were determined by a method of allocation based on time and effort contributed.

Income Taxes

The Foundation is exempt from federal and state income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. However, the Foundation is subject to unrelated business income taxes related to its alternative investments and such taxes are included in management and general expenses in the consolidated statement of activities.

Subsequent Events

In preparing these consolidated financial statements, management has evaluated subsequent events through September 10, 2020, which represents the date the consolidated financial statements were available to be issued.

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. The situation is ongoing and dynamic. We are unable to determine its potential impact, if any, on the Foundation’s operations for 2020.

Subsequent to the consolidated statement of financial position date, domestic and global investment markets have experienced significant volatility. This volatility is the result of numerous economic and political factors including the impact of the spread of the coronavirus. As a result, the current fair value of the Foundation’s investments may be materially different from the amounts recorded in the consolidated financial statements as of December 31, 2019.

In April 2020, the Foundation received a Paycheck Protection Program (PPP) loan of $378,900 that was granted by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). A portion of this loan may be forgivable based on the amount of qualifying expenses incurred during the covered period subsequent to receipt of the funds. Any portion of the loan that must be repaid will bear interest at a rate of 1.0% per annum. At the time of issuance of the consolidated financial statements, the amount of loan forgiveness, if any, is not known.

NOTE 3 - FAIR VALUE

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1
Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2
Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3
Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. When, as a practical expedient, an investment is measured at fair value on the basis of net asset value, its classification as Level 2 or 3 will be impacted by the ability to redeem the investment at net asset value at the measurement date. If there is uncertainty or the inability to redeem an investment at net asset value in the near term subsequent to the measurement date, the investment is categorized as Level 3.

GAAP requires disclosure of the fair value of all the Foundation's financial instruments, including both assets and liabilities. The following methods and assumptions were used to estimate the fair value of each class of financial instruments at December 31, 2019, for which it is practicable to estimate that value, as more fully discussed below:

Cash and Cash Equivalents
The carrying amount reported in the consolidated statement of financial position approximates fair value because of the short maturity of those instruments.

Investments
The fair value of investments in marketable equity and debt securities is based on quoted market prices. Nonmarketable debt securities are valued based on estimated discounted future cash flows; nonmarketable equity securities are carried at estimated current value if it is possible to determine this, otherwise at cost.

Contributions Receivable
The fair value of contributions receivable is estimated by discounting the future cash flows using the rates currently offered for deposits of similar remaining maturities.

The following is a description of the valuation methodologies used for investment assets measured at fair value:

Global Public Equity
This investment class includes domestic and international equities, or shares of publicly traded companies, both long and short positions, that seek to provide long-term capital appreciation. Equity managers are selected with the objective of building a portfolio that is diversified by geographic region, economic sector, industry and market capitalization. The objective in selecting managers is to generate average annual compounded returns that exceed the relevant broad market indices, net of fees, over full market cycles (5-10 years).

Global Private Equity
This investment class consists of equity securities in operating companies that are not publicly traded on a stock exchange and seeks to provide long-term capital appreciation. Private equity managers provide capital to target companies to nurture expansion, new product development or restructuring of the company's operations, management or ownership. These investments are characterized by potential higher returns, greater investment risk and heightened illiquidity than public equity and offer another opportunity to reach investment targets. However, since distribution of returns is wide, managers are selected carefully.

Flexible Capital
This investment class consists of hedge funds including absolute return, long/short equity, event-driven strategies and other opportunistic investments that seek to take advantage of dislocations in the markets and provide high returns with lower risk profiles. Hedge funds have the potential to reduce overall portfolio volatility and correlation to the general markets and provide better downside protection than in long-only equities.

Credit Strategies
This investment class includes domestic and international fixed income securities and seeks to provide current income as well as a hedge against deflation and equity market risk. Various types of debt typically offer lower volatility and, despite their lower expected return, bonds generally offer low correlation to the general markets.

Liquid Capital
This investment class includes cash and cash equivalents held for reinvestment purposes by the Foundation's investment managers. Due to the nature of these funds, they have been classified as long-term investments. This investment class also includes money market funds that are valued based upon readily available pricing sources for comparable instruments.

Split-Interest Agreements
Fair value inputs used for split-interest agreements are based on the estimated present value of the future payments to the Foundation, which is considered to be the fair value of the assets held in trust.

Assets Measured at Fair Value

The following is a summary of the source of fair value measurements for financial instruments that are measured at fair value as of December 31, 2019:

Description	December 31, 2019	Assets Measured at Net Asset Value (a)	Fair Value Measurements Using Level 1	Level 2	Level 3
Investments:					
Global public equity	$ 95,493,243	$ 25,081,403	$ 70,411,840	$ -	$ -
Global private equity	17,008,515	17,008,515	-	-	-
Flexible capital	34,440,622	34,440,622	-	-	-
Credit strategies	14,034,437	-	14,034,437	-	-
Liquid capital	9,493,293	-	9,493,293	-	-
Other	20,200	-	-	-	20,200
Total investments	170,490,310	76,530,540	93,939,570	-	20,200
Split-interest agreements	1,105,684	-	-	-	1,105,684
Total Assets Measured at Fair Value	$ 171,595,994	$ 76,530,540	$ 93,939,570	$ -	$ 1,125,884

(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

There were no transfers between levels of investments during the year ended December 31, 2019.

Additional information regarding investments that report fair value based on net asset value per share or unit as of December 31, 2019 is as follows:

Description	Balance December 31, 2019	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Global public equity	$ 25,081,403	$ -	Monthly to Quarterly	0-60 days' written notice
Global private equity	17,008,515	18,440,561	Illiquid	Illiquid
Flexible capital	34,440,622	-	Quarterly to Annually	45-60 days' written notice
Total	$ 76,530,540	$ 18,440,561		

Assets Measured at Fair Value Using Significant Unobservable Inputs (Level 3)

The following is a summary of the changes in the balances of investments measured at fair value using significant unobservable inputs for the year ended December 31, 2019:

	Nonearning Assets	Split-Interest Agreements	Total
Balance - Beginning of Year	$ 20,200	$ 708,767	$ 728,967
Contributions		278,232	278,232
Change in value of split-interest agreements	-	118,685	118,685
Balance - End of Year	$ 20,200	$ 1,105,684	$ 1,125,884

Investment gain for the year ended December 31, 2019 consisted of the following:

Realized and unrealized gains	$ 17,898,273
Interest and dividends	1,853,791
	19,752,064
Less investment management fees	(438,196)
Net Investment Gain	$ 19,313,868

The Foundation's investment portfolio generated investment gains net of fees of $6,879,147 related to agency activity for the year ended December 31, 2019.

Total investment gain is reported net of investment manager fees that totaled $438,196 in 2019. These amounts do not reflect high water marks and other management fees that may be deducted directly from the investment prior to distribution of earnings.

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable as of December 31, 2019 are expected to be collected as follows:

Receivable in less than one year	$ 182,120
Receivable in one to five years	364,240
Total contributions receivable	546,360
Less discounts to net present value	6,556
Net Contributions Receivable	$ 539,804

Contributions receivable in more than one year are discounted at 1.8%-3.6%.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2019:

	BTCF	Resources	Total
Buildings	$ -	$ 554,740	$ 554,740
Building improvements	6,836	292,480	299,316
Equipment	174,892	18,388	193,280
Vehicles	25,504	-	25,504
Land	-	113,996	113,996
Land improvements	-	94,581	94,581
	207,232	1,074,185	1,281,417
Less accumulated depreciation	158,994	381,907	540,901
Property and Equipment, Net	$ 48,238	$ 692,278	$ 740,516

Depreciation expense for the year ended December 31, 2019 was $63,133.

NOTE 6 - LINE OF CREDIT

The Foundation has a line of credit with Salisbury Bank in the amount of $100,000. The variable interest rate on the line of credit is equal to the Prime Rate, which was 4.75% at December 31, 2019. There was no outstanding balance as of December 31, 2019.

NOTE 7 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	$ 1,617,333
Investments	170,490,310
Contributions receivable	182,180
Other assets	528,372
Total financial assets available	172,818,135
Less amounts unavailable for general expenditures within one year, due to:	
Restricted by purpose	(88,594,915)
Illiquid investments	(17,008,515)
Total amounts unavailable for general expenditures within one year	(105,603,430)
Total Financial Assets Available to Management for General Expenditure Within One Year	$ 67,214,705

Liquidity Management

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Foundation also has a line of credit it could draw upon in the event of an unanticipated liquidity need.

NOTE 8 - AGENCY FUNDS

The following summarizes activity in agency funds during the year ended December 31, 2019:

Agency funds - beginning of year	$ 37,488,745
Gifts received	3,277,050
Investment earnings	7,172,207
Distributions	(2,463,607)
Administrative and investment management fees	(293,060)
Agency Funds - End of Year	$ 45,181,335

NOTE 9 - NET ASSETS

Net assets without donor restrictions represent contributions, gifts, management fees and income from investments that can be used for the general purpose of the Foundation.

Net assets without donor restrictions at December 31, 2019 are comprised as follows:

Donor-advised funds	$ 38,929,057
General purpose	1,134,948
Total Net Assets Without Donor Restrictions	$ 40,064,005

Net assets with donor restrictions represent contributions with purpose restrictions or that are due over time, or donor-designated original principal for investing in perpetuity, the earnings of which can be used for specific purposes or general purposes, as stipulated by the donor. Net assets with donor restrictions are available for the following purposes at December 31, 2019:

Purpose restrictions:	
Field of interest funds	$ 2,208,331
Area funds	936,726
Designated funds	760,567
Scholarship funds	711,074
Leadership funds	684,965
Educational	526,041
Charitable remainder trusts, nontrustee	213,654
Community initiatives	198,246
Operating funds	16,069
Total purpose restrictions	6,255,673
Time restrictions:	
Accumulated gains and income available for appropriation by the Board of Directors:	
Further restricted by purpose	16,936,579
Without purpose restrictions	1,778,627
Total time restrictions	18,715,206

Restricted in perpetuity:		
Area funds		15,164,440
Field of interest funds		12,983,192
Scholarship funds		11,535,139
Designated funds		10,432,372
Educational		7,266,728
General purpose		3,185,630
Donor-advised funds		1,669,609
Charitable remainder trusts, nontrustee		892,030
Leadership funds		494,896
Total restricted in perpetuity		63,624,036
Total Net Assets With Donor Restrictions	$	88,594,915

Net assets were released from restrictions by satisfying the following restrictions for the year ended December 31, 2019:

Purpose restrictions:		
Leadership funds	$	1,278,775
Field of interest funds		868,914
Designated		868,877
Area funds		719,828
Scholarship		565,546
Education		348,989
Community initiatives		99,512
Total purpose restrictions		4,750,441
Time restrictions:		
Appropriation of earnings on endowment assets without purpose restrictions for expenditure		1,388,062
Total Net Assets Released from Restrictions	$	6,138,503

NOTE 10 - ENDOWMENT

The Foundation's endowment consists of approximately 222 individual funds established for a variety of purposes. The endowment includes donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (as adopted by Connecticut, Massachusetts and New York) (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and

(c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanent endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulated donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- Where appropriate and circumstances would warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the organization
- The investment policies of the organization

Endowment Net Assets

Changes in endowment net assets for the year ended December 31, 2019 are as follows:

	With Donor Restrictions
Endowment net assets - beginning of year	$ 70,363,982
Investment return:	
Investment gains	11,685,745
Investment income	1,198,433
Investment management fees	(293,140)
Total investment return, net	12,591,038
Contributions	2,315,607
Appropriation of earnings on endowment assets without purpose restrictions for expenditure	(1,388,062)
Appropriation of earnings on endowment assets with purpose restrictions for expenditure	(2,597,578)
Other changes:	
Transfers and change in original restriction by donor	162,225
Endowment Net Assets - End of Year	$ 81,447,212

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in net assets with donor restrictions were $125 as of December 31, 2019. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanent endowment contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets in an effort to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce, on average, over long-term horizons, returns that will offset spending plus inflation plus administrative fees.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, 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). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

The Foundation has a policy of appropriating for grants distribution each year a percentage, established annually by its Board of Directors, of its endowment fund’s average fair value over the prior 20 quarters through June 30th preceding the fiscal year in which the distribution is planned. For 2019, the percentage allocation was 4.25%. In establishing this policy, the Foundation considered the long-term expected return on its endowment and found that it is consistent with the objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term. The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

NOTE 11 - VARIANCE POWER

The Articles of Incorporation of the Foundation give the Board of Directors the authority to modify any restriction or condition on the distribution of funds for any specified charitable purposes if such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community. The Board of Directors has adopted a policy describing the criteria and limited circumstances under which the Foundation would exercise this power.

NOTE 12 - RELATED PARTY TRANSACTIONS

The Foundation performs financial management and administrative functions for the Foundation for Community Health, Inc., a supporting organization of the Foundation, for a fee that is based on a graduated fee schedule, measured on total assets managed. As of December 31, 2019, the Foundation managed $25,651,165 in assets for the Foundation for Community Health, Inc. This fee structure is similar in nature to administrative duties that the Foundation performs for others. Total fees earned for the year ended December 31, 2019 were $133,185.

NOTE 13 - LOAN PAYABLE

Loan payable consists of a mortgage with a bank for the administrative office space owned by Resources and leased to the Foundation. The mortgage has an interest rate of 4% and is amortized over 19 years, expiring January 1, 2031. The outstanding balance on the mortgage as of December 31, 2019 is $234,184.

A lease agreement between BTCF and Resources for the administrative office space expires December 31, 2030. The terms of the agreement require BTCF to pay Resources monthly lease payments equal to the debt obligation of Resources, which is $32,085 per year for the next five years.

Anticipated principal annual maturities of the mortgage payable for the next five years and thereafter are as follows:

Year Ending December 31		
2020	$	20,992
2021		21,848
2022		22,738
2023		23,664
2024		24,628
Thereafter		120,314
	$	234,184

Interest expense for the year ended December 31, 2019 was $9,912.

NOTE 14 - COMMITMENTS

Leases

The Foundation leases office equipment under a noncancelable operating lease that expires in 2023. Lease expense amounted to $3,511 for the year ended December 31, 2019.

Future minimum lease payments required under these operating leases are as follows:

Year Ending December 31		
2020	$	3,511
2021		3,511
2022		3,511
2023		3,218
	$	13,751

NOTE 15 - EMPLOYEE BENEFITS

The Foundation sponsors a contributory employee benefit plan that covers substantially all employees. Employees are eligible to participate in the plan after 90 days of service. The Foundation contributed $93,320 to this plan for the year ended December 31, 2019.

The Foundation has a deferred compensation arrangement with its president as approved by the Executive Committee and Board of Directors. The amount contributed was $13,216 for the year ended December 31, 2019.

NOTE 16 - ADMINISTRATIVE FEES

The Foundation charges an annual administrative fee to all funds based on the funds' average daily balance each quarter to cover expenses for operations and leadership initiatives. Administrative fees of $1,891,262 were charged to specific funds during 2019. Administrative fee income and the corresponding expense are netted on the consolidated statement of activities and are presented as fund administration fees.