

**Berkshire Taconic Community
Foundation, Inc.
And Affiliate**

Consolidated Financial Statements and
Uniform Guidance Schedules
Together With Independent Auditors' Reports

December 31, 2023

Berkshire Taconic Community Foundation, Inc. and Affiliate

Financial Statements, Uniform Guidance Schedules
Together With Independent Auditors' Reports
December 31, 2023

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Independent Auditors' Report

Board of Directors

Berkshire Taconic Community Foundation, Inc. and Affiliate

Report on the Audit of the Financial Statements

Opinion

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, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Berkshire Taconic Community Foundation, Inc. and Affiliate as of December 31, 2023, and the changes in their net assets and their 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS and *Government 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 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 consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's 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 Summarized Comparative Information

We have previously audited the Foundation's 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 29, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2024, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

September 11, 2024

Berkshire Taconic Community Foundation Inc. and Affiliate

Consolidated Statement of Financial Position

December 31, 2023

(with comparative amounts for the year ended December 31, 2022)

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 3,956,680	\$ 2,962,004
Investments	225,755,265	207,609,466
Contributions receivable, net	-	1,290
Split-interest agreements	716,440	738,027
Other assets	75,877	130,301
Property and equipment, net	<u>717,711</u>	<u>637,096</u>
	<u>\$ 231,221,973</u>	<u>\$ 212,078,184</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 928,415	\$ 700,340
Deferred revenue	505,000	60,000
Agency funds	58,349,676	53,071,533
Liability under split-interest agreements	-	11,622
Loan payable	<u>136,164</u>	<u>162,638</u>
Total Liabilities	<u>59,919,255</u>	<u>54,006,133</u>
Net Assets		
Without Donor Restrictions	52,537,872	51,562,026
With Donor Restrictions	<u>118,764,846</u>	<u>106,510,025</u>
Total Net Assets	<u>171,302,718</u>	<u>158,072,051</u>
Total Liabilities and Net Assets	<u>\$ 231,221,973</u>	<u>\$ 212,078,184</u>

See notes to consolidated financial statements

Berkshire Taconic Community Foundation Inc. and Affiliate

Consolidated Statement of Activities

Year Ended December 31, 2023

(With Summarized Comparative Information for 2022)

	2023			2022
	Without Donor Restriction	With Donor Restriction	Total	Total
REVENUES, GAINS AND OTHER SUPPORT				
Gifts and bequests	\$ 1,255,946	\$ 11,146,279	\$ 12,402,225	\$ 26,410,708
Other contributions	76,092	12,302	88,394	24,149
Less contributions to agency funds	<u>(830,515)</u>	<u>(4,817,638)</u>	<u>(5,648,153)</u>	<u>(6,763,214)</u>
Net contributions	<u>501,523</u>	<u>6,340,943</u>	<u>6,842,466</u>	<u>19,671,643</u>
Investment gain (loss), net	9,335,960	12,887,226	22,223,186	(20,641,199)
Government grants	840,854	-	840,854	-
Fund administration fees, net	684,614	-	684,614	636,327
Change in value of split-interest agreements	(9,965)	-	(9,965)	130,701
Net assets released from restrictions	<u>6,973,348</u>	<u>(6,973,348)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>18,326,334</u>	<u>12,254,821</u>	<u>30,581,155</u>	<u>(202,528)</u>
EXPENSES				
Program services				
Grant and disbursements	19,454,053	-	19,454,053	22,282,830
Less grants from agency funds	<u>(5,402,811)</u>	<u>-</u>	<u>(5,402,811)</u>	<u>(5,694,859)</u>
Net grants	14,051,242	-	14,051,242	16,587,971
Program expense	<u>1,793,751</u>	<u>-</u>	<u>1,793,751</u>	<u>1,575,488</u>
Total program services	<u>15,844,993</u>	<u>-</u>	<u>15,844,993</u>	<u>18,163,459</u>
Supporting services:				
Fund administration	698,508	-	698,508	616,902
Fundraising	<u>806,987</u>	<u>-</u>	<u>806,987</u>	<u>689,954</u>
Total support services	<u>1,505,495</u>	<u>-</u>	<u>1,505,495</u>	<u>1,306,856</u>
Total Expenses	<u>17,350,488</u>	<u>-</u>	<u>17,350,488</u>	<u>19,470,315</u>
Change in Net Assets	975,846	12,254,821	13,230,667	(19,672,843)
NET ASSETS				
Beginning of year	<u>51,562,026</u>	<u>106,510,025</u>	<u>158,072,051</u>	<u>177,744,894</u>
End of year	<u>\$ 52,537,872</u>	<u>\$ 118,764,846</u>	<u>\$ 171,302,718</u>	<u>\$ 158,072,051</u>

Berkshire Taconic Community Foundation Inc. and Affiliate

Consolidated Statement of Functional Expenses
Year Ended December 31, 2023
(With Summarized Comparative Information for 2022)

	2023					
	Grants and Disbursements	Program Expense	Fund Administration	Fundraising	Total	2022 Total
Grant and disbursements	\$ 14,051,242	\$ -	\$ -	\$ -	\$ 14,051,242	\$ 16,587,971
Compensation and related expenses:						
Salaries	-	961,716	391,188	485,593	1,838,497	1,680,273
Employee benefits	-	201,721	82,043	101,838	385,602	327,319
Payroll taxes	-	79,555	32,135	40,123	151,813	154,765
Personnel fees	-	6,985	2,841	3,527	13,353	-
Contract services	-	19,921	21,979	12,684	54,584	121,971
Professional services	-	194,370	38,397	49,454	282,221	165,183
Software application licenses	-	36,757	23,684	18,744	79,185	-
Depreciation	-	48,656	5,538	6,724	60,918	44,736
Occupancy	-	21,122	8,818	10,708	40,648	39,334
Computer and technology	-	44,122	15,828	18,850	78,800	73,497
Staff development	-	8,300	3,439	3,549	15,288	-
Professional development	-	10,623	5,312	5,312	21,247	32,733
Dues and subscriptions	-	26,384	7,733	8,726	42,843	49,851
Insurance	-	3,657	1,543	1,853	7,053	60,432
Marketing and advertising	-	20,333	3,389	3,389	27,111	21,985
Meeting expenses	-	3,430	1,082	1,303	5,815	8,339
Printing	-	14,825	2,764	3,422	21,011	8,229
Office supplies	-	49,679	7,897	9,064	66,640	15,233
Annual filing expense	-	-	20,341	-	20,341	-
Automobile and travel	-	13,146	5,932	6,207	25,285	6,717
Interest - mortgage	-	-	6,151	-	6,151	7,091
Equipment	-	3,325	1,388	1,685	6,398	4,498
Postage	-	5,562	1,634	3,046	10,242	9,574
Leadership development training	-	11,730	3,576	7,101	22,407	6,492
Telephone and internet	-	6,984	2,915	3,540	13,439	7,305
Banking and payroll fees	-	848	961	545	2,354	36,779
Total	<u>\$ 14,051,242</u>	<u>\$ 1,793,751</u>	<u>\$ 698,508</u>	<u>\$ 806,987</u>	<u>\$ 17,350,488</u>	<u>\$ 19,470,307</u>

See notes to consolidated financial statements

Berkshire Taconic Community Foundation Inc. and Affiliate

Consolidated Statement of Cash Flows Year Ended December 31, 2023 (with comparative amounts for the year ended December 31, 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 13,230,667	\$ (19,672,843)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	60,918	44,736
Contributions received for endowment	(6,340,943)	(6,008,003)
Realized and unrealized gain (loss) on investments	(22,223,186)	20,641,199
Change in operating assets and liabilities:		
Contributions receivable, net	1,290	111,131
Split-interest agreements	21,587	427,326
Other assets	54,424	(46,214)
Accounts payable and accrued expenses	228,075	188,824
Deferred revenue	445,000	(322,000)
Agency funds	5,278,143	(4,266,139)
Liability under split-interest agreements	<u>(11,622)</u>	<u>(4,411)</u>
Net Cash from Operating Activities	<u>(9,255,647)</u>	<u>(8,906,394)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	12,309,096	19,694,539
Purchases of investments	(8,231,709)	(17,544,953)
Purchases of furniture and equipment	<u>(141,533)</u>	<u>(5,851)</u>
Net Cash from Investing Activities	3,935,854	2,143,735
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions received for endowment	6,340,943	6,008,003
Payments on loan payable	<u>(26,474)</u>	<u>(24,994)</u>
Net Cash from Financing Activities	<u>6,314,469</u>	<u>5,983,009</u>
Net Change in Cash and Cash Equivalents	994,676	(779,650)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>2,962,004</u>	<u>3,741,654</u>
End of year	<u>\$ 3,956,680</u>	<u>\$ 2,962,004</u>

See consolidated notes to financial statements

Berkshire Taconic Community Foundation, Inc. and Affiliate

Notes to Consolidated Financial Statements December 31, 2023

1. Nature of 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") was formed exclusively for the benefit of and to perform the functions of and carry out the purposes of BTCF. Resources holds the real estate for the charitable benefit of charitable and operating funds at BTCF.

2. Summary of Significant Accounting Policies

Summarized Comparative Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class or by both natural and functional expense classification. In addition, the notes to the financial statements are not included in these financial statements. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, such information should be read in conjunction with BTCF and Resources (collectively, the "Foundation") audited consolidated financial statements as of and for the year ended December 31, 2022, 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 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 U.S. 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.

Berkshire Taconic Community Foundation, Inc. and Affiliate

Notes to Consolidated Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Basis of Accounting and Presentation (continued)

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 and losses on donor-restricted endowment assets that have not been appropriated for expenditure.

Use of Estimates

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

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.

Cash and Cash Equivalents and Credit Risk

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. As of December 31, 2023, the uninsured balance is approximately \$3,400,000.

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.

Berkshire Taconic Community Foundation, Inc. and Affiliate

Notes to Consolidated Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Split-Interest Agreements

Split-interest agreements consist of assets irrevocably transferred for the benefit of the Foundation and other beneficiaries. Unless the Foundation 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 5% 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 for purchases or fair value at date of gift 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 \$3,000 with a useful life of more than one year.

Berkshire Taconic Community Foundation, Inc. and Affiliate

Notes to Consolidated Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies *(continued)*

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 recorded at fair value using a present value technique. 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.

Government Grants

The Foundation receives grants from various federal and state agencies. Grant revenues from state and federal agencies that are nonreciprocal are treated like contributions. If the grant or contract is conditional, a barrier to entitlement exists, and revenue is recognized when the barrier is considered overcome and as allowable expenditures under such agreements are incurred. Grant receipts in excess of revenue recognized are presented as refundable advances.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been reported on a functional basis in the consolidated 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. All expenses that are not direct costs 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 Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through the date that the consolidated financial statements were available to be issued, which date is September 11, 2024.

Berkshire Taconic Community Foundation, Inc. and Affiliate

Notes to Consolidated Financial Statements December 31, 2023

3. Fair Value

U.S. GAAP establishes 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; and
- 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.

Pursuant to U.S. GAAP guidance, alternative investments where fair value is measured using the net asset value ("NAV") per share as a practical expedient is not categorized within the fair value hierarchy. The practical expedient is not used when it is determined to be probable the fund will sell the investment for an amount different than the reported NAV.

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. U.S. 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, 2023, for which it is practicable to estimate that value, as more fully discussed below:

Berkshire Taconic Community Foundation, Inc. and Affiliate

Notes to Consolidated Financial Statements
December 31, 2023

3. Fair Value (*continued*)

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. The fair value of alternative investments has been estimated using the NAV as reported by the management of the respective alternative investment fund as a practical expedient to estimate the fair value of the Foundation's interest therein. Because alternative investments are not immediately marketable given the nature of the underlying strategies and the terms of the governing partnership agreements, the estimated fair value is subject to uncertainty and, therefore, may differ from the value that may be received if a ready market for the investment had been in existence, and the difference could be material. Considerable judgment is required to interpret the factors used to develop estimates of fair value.

The following is a description of the investment strategies for investments 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.

Berkshire Taconic Community Foundation, Inc. and Affiliate

Notes to Consolidated Financial Statements
December 31, 2023

3. Fair Value (continued)

Fixed income

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 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. Unobservable inputs for investments held in trust by others include the amount and timing of distributions from the trusts.

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, 2023:

Description	Fair Value Measurements Using			Assets Measured at Net Asset Value (a)	Total
	Level 1	Level 2	Level 3		
Investments:					
Global public equity	\$ 59,507,068	\$ -	\$ -	\$ 54,155,720	\$113,662,788
Global private equity	-	-	-	44,745,411	44,745,411
Flexible capital	-	-	-	43,484,292	43,484,292
Fixed income	12,944,011	-	-	-	12,944,011
Liquid capital	10,918,763	-	-	-	10,918,763
Total investments	83,369,842	-	-	142,385,423	225,755,265
Split-interest agreements	-	-	716,440	-	716,440
Total Assets Measured at Fair Value	\$ 83,369,842	\$ -	\$ 716,440	\$ 142,385,423	\$226,471,705

(a) Certain investments that are measured at fair value using the NAV 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.

Berkshire Taconic Community Foundation, Inc. and Affiliate

Notes to Consolidated Financial Statements December 31, 2023

3. Fair Value (continued)

The following is a summary of the changes in the balance of the split interest agreements measured at fair value on a recurring basis, using significant unobservable inputs for the year ended December 31, 2023:

Balance - January 1	\$ 738,027
Change in fair value of investment	<u>(21,587)</u>
Balance - December 31	<u><u>\$ 716,440</u></u>

Additional information regarding investments that report fair value based on net asset value per share or unit as of December 31, 2023 is as follows:

	Balance December 31, 2023	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Global public equity	\$ 54,155,720	\$ -	Monthly to Quarterly	0-60 days
Global private equity	44,745,411	16,473,482	Illiquid Quarterly to	Illiquid
Flexible capital	<u>43,484,292</u>	<u>-</u>	Annually	45-60 days
	<u><u>\$ 142,385,423</u></u>	<u><u>\$ 16,473,482</u></u>		

The Foundation's investment portfolio generated investment earnings net of fees of \$5,032,801 related to agency activity for the year ended December 31, 2023.

Total investment gain is reported net of investment manager fees that totaled \$868,227 in 2023. 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.

4. Property and Equipment

Property and equipment and their useful lives consisted of the following at December 31, 2023:

	Estimated Useful Life	BTCF	Resources	Total
Buildings	39	\$ -	\$ 554,740	\$ 554,740
Building improvements	5-20	102,773	299,346	402,119
Furniture and equipment	3-10	199,338	12,888	212,226
Vehicles	5	21,140	-	21,140
Land		-	113,996	113,996
Land improvements	5-15	<u>-</u>	<u>85,286</u>	<u>85,286</u>
		323,251	1,066,256	1,389,507
Less accumulated depreciation		<u>(158,338)</u>	<u>(513,458)</u>	<u>(671,796)</u>
		<u><u>\$ 164,913</u></u>	<u><u>\$ 552,798</u></u>	<u><u>\$ 717,711</u></u>

5.

Berkshire Taconic Community Foundation, Inc. and Affiliate

Notes to Consolidated Financial Statements December 31, 2023

5. Line of Credit

The Foundation has a line of credit with NBT Bank in the amount of \$250,000. The variable interest rate on the line of credit is equal to the Prime Rate, which was 8.5% at December 31, 2023. There was no outstanding balance as of December 31, 2023.

6. Liquidity and Availability

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

Financial assets:	
Cash and cash equivalents	\$ 3,956,680
Investments	<u>225,755,265</u>
	<u>229,711,945</u>
Less amounts unavailable for general expenditures within one year, due to	
Restricted by purpose	(118,764,846)
Agency funds not included within illiquid investments	(58,349,676)
Illiquid investments	<u>(44,745,411)</u>
Total amounts unavailable for general expenditures within one year	<u>(221,859,933)</u>
 Total Financial Assets Available to Management for General Expenditure Within One Year	 <u>\$ 7,852,012</u>

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.

7. Agency Funds

The following summarizes activity in agency funds during the year ended December 31, 2023:

Agency funds - beginning of year	\$ 53,071,533
Gifts received	5,648,153
Investment earnings	5,576,985
Distributions	(5,402,811)
Administrative and investment management fees	<u>(544,184)</u>
	<u>\$ 58,349,676</u>

Berkshire Taconic Community Foundation, Inc. and Affiliate

Notes to Consolidated Financial Statements December 31, 2023

8. Net Assets

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, 2023:

Purpose restrictions:

Field of interest funds	\$ 951,513
Leadership funds	1,445,377
Community initiatives	429,390
Designated funds	959,037
Scholarship funds	572,010
Other educational funds	212,629
Operating funds	30,901
Charitable remainder trusts	114,828
	<u>4,715,685</u>

Time restrictions:

Accumulated gains and income available for appropriation by the
Board of Directors:

Further restricted by purpose	33,440,450
Without purpose restrictions	1,323,233
	<u>34,763,683</u>

Restricted in perpetuity:

Donor advised funds	2,920,854
Area funds	16,815,037
Leadership funds	1,776,700
Field of interest funds	16,155,525
Designated funds	14,632,035
Scholarship funds	17,130,740
Other educational funds	7,610,330
Charitable remainder trusts	170,447
General purpose	2,073,810
	<u>79,285,478</u>

Total Net Assets With Donor Restrictions	<u><u>\$ 118,764,846</u></u>
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Berkshire Taconic Community Foundation, Inc. and Affiliate

Notes to Consolidated Financial Statements
December 31, 2023

8. Net Assets (*continued*)

Net assets were released from restrictions by satisfying the following restrictions for the year ended December 31, 2023:

Purpose restrictions:

Field of interest funds	\$ 651,677
Area funds	1,097,284
Leadership funds	794,429
Designated funds	57,557
Scholarship funds	329,417
Other educational funds	<u>251,681</u>
	3,182,045

Time restrictions:

Appropriation of earnings on endowment assets without purpose restrictions for expenditure	<u>3,791,303</u>
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Total Net Assets Released from Restrictions	<u><u>\$ 6,973,348</u></u>
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9. Endowment

The Foundation's endowment consists of 570 individual funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds. As required by U.S. 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.

Berkshire Taconic Community Foundation, Inc. and Affiliate

Notes to Consolidated Financial Statements
December 31, 2023

9. Endowment (*continued*)

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; and
- The investment policies of the organization.

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

	<u>With Donor Restrictions</u>
Endowment net assets, beginning of year	\$ 106,235,432
Investment return, net of expenses	12,887,226
Contributions	6,340,943
Appropriation of endowment assets for expenditures	<u>(6,973,348)</u>
Endowment net assets, end of year	<u>\$ 118,490,253</u>

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.

Berkshire Taconic Community Foundation, Inc. and Affiliate

Notes to Consolidated Financial Statements
December 31, 2023

9. Endowment (continued)

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 2023, the percentage allocation was 4.10%. 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.

10. 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.

11. 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, 2023, the Foundation managed \$28,171,893 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, 2023 were \$114,644.

12. 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. Interest expense for the year ended December 31, 2023 was \$6,151. The outstanding balance on the mortgage as of December 31, 2023 is \$136,164. Anticipated principal annual maturities of the mortgage payable for the next five years and thereafter are as follows:

2024	\$	18,260
2025		19,005
2026		19,779
2027		20,585
2028		21,423
Thereafter		37,112
	\$	<u>136,164</u>

Berkshire Taconic Community Foundation, Inc. and Affiliate

Notes to Consolidated Financial Statements December 31, 2023

13. 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 \$116,170 to the plan for the year ended December 31, 2023.

The Foundation has a deferred compensation arrangement with its president as approved by the Executive Committee and Board of Directors. The amount contributed was \$22,500 for the year ended December 31, 2023.

14. 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 \$2,104,614 were charged to specific funds during 2023. Administrative fee income and the corresponding expense are netted on the consolidated statement of activities and are presented as fund administration fees.

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Berkshire Taconic Community Foundation, Inc. and Affiliate

Uniform Guidance Schedules

Together with Independent Auditors' Reports

December 31, 2023

Berkshire Taconic Community Foundation, Inc. and Affiliate

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

<u>Federal Grantor Agency/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Subrecipients</u>	<u>Total Federal Expenditures</u>
Department of Housing and Urban Development				
Passed through the Commonwealth of Massachusetts Community Development Block Grants	14.228	B-20-DW-25-0001	\$ 734,189	\$ 840,854
Total Expenditures of Federal Awards			<u>\$ 734,189</u>	<u>\$ 840,854</u>

See independent auditors' report and notes to schedule of expenditures of federal awards

Berkshire Taconic Community Foundation, Inc. and Affiliate

Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Berkshire Taconic Community Foundation, Inc. and Affiliate (collectively, the "Foundation") under programs of the federal government for the year ended December 31, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of the Foundation.

Basis of Accounting

Expenditures reported on the Schedule are presented on the accrual basis of accounting. For cost reimbursement awards, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. For performance-based awards, expenditures reported represent amounts earned.

2. Indirect Cost Recovery

The Foundation has not elected to use the 10% de-minimis indirect cost rate allowed under the Uniform Guidance.

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing
Standards***

Independent Auditors' Report

Board of Directors

Berkshire Taconic Community Foundation, Inc. and Affiliate

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2023 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 and have issued our report thereon dated **September 11, 2024**.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

September 11, 2024

**Report on Compliance for Each Major Federal Program and on
Internal Control over Compliance Required by the Uniform Guidance**

Independent Auditors' Report

Board of Directors

Berkshire Taconic Community Foundation, Inc. and Affiliate

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Berkshire Taconic Community Foundation, Inc. and Affiliate's (collectively, the "Foundation") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Foundation's major federal programs for the year ended December 31, 2023. The Foundation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Foundation's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Board of Directors

Berkshire Taconic Community Foundation, Inc. and Affiliate

Page 3

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

September 11, 2024

Berkshire Taconic Community Foundation, Inc. and Affiliate

Schedule of Findings and Questioned Costs
Year Ended December 31, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

___ yes X no
___ yes X none reported

Noncompliance material to
financial statements noted?

___ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

___ yes X no
___ yes X none reported

Type of auditors' report issued on compliance for major
federal programs:

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR 200.516 (a)

___ yes X no

Identification of major federal programs:

Federal Assistance Listing Number

Name of Federal Program or Cluster

14.228

Community Development Block Grants

Dollar threshold used to distinguish between
Type A and Type B programs

\$750,000

Auditee qualified as a low-risk auditee?

___ yes X no

Section II - Financial Statement Findings

During our audit, we noted no material findings for the year ended December 31, 2023.

Section III - Federal Award Findings and Questioned Costs

During our audit, we noted no instances of noncompliance and none of the costs reported in the federal financially assisted programs are questioned or recommended to be disallowed.