COLLABORATORS | COACHES | ADVOCATES | MENTORS
FRIENDS | VOLUNTEERS | REGULARS | DINERS | VISITORS
CPAs | CONSULTANTS | WEALTH ADVISORS | NEIGHBORS
COLLABORATORS | COACHES | ADVOCATES | MENTORS |
CONNOISSEURS | CUSTOMERS | TEACHERS |
| VOLUNTEERS |

BERKS COUNTY COMMUNITY FOUNDATION, INC.

SUPPORTING ORGANIZATIONS AND DISREGARDED ENTITIES

COMBINED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2026

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BERKS COUNTY COMMUNITY FOUNDATION, INC.
SUPPORTING ORGANIZATIONS AND DISREGARDED ENTITIES
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YEAR ENDED JUNE 30, 2026

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Berks County Community Foundation, Inc.
Supporting Organizations and Disregarded Entities
Reading, Pennsylvania

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of Berks County Community Foundation, Inc., Supporting Organizations and Disregarded Entities (the Foundation), which comprise the combined statement of financial position as of June 30, 2026, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2026, and changes in their net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined 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 Combined Financial Statements

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

In preparing the combined 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 combined financial statements are available to be issued.

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Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 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 combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 combined 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
October 16, 2026

BERKS COUNTY COMMUNITY FOUNDATION, INC.
SUPPORTING ORGANIZATIONS AND DISREGARDED ENTITIES
COMBINED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2026

ASSETS

Cash and Cash Equivalents	$	3,913,570
Prepaid Expenses		58,450
Contributions Receivable, Net		102,560
Loans and Interest Receivable, Net		55,772
Property and Equipment, Net		52,248
Building, Net		3,750,680
Land		243,754
Beneficial Interest in Trusts		1,229,796
Investments, at Fair Value		173,538,080
Total Assets	$	182,944,910

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts Payable	$	30,379
Grants Payable, Net		824,972
Accrued Expenses		146,253
Annuity Payment Liabilities		21,792
Notes Payable		1,445,551
Funds Held as Agency Endowments		7,103,155
Total Liabilities		9,572,102
NET ASSETS		
Without Donor Restrictions		172,143,012
With Donor Restrictions		1,229,796
Total Net Assets		173,372,808
Total Liabilities and Net Assets	$	182,944,910

See accompanying Notes to Combined Financial Statements.

BERKS COUNTY COMMUNITY FOUNDATION, INC.
SUPPORTING ORGANIZATIONS AND DISREGARDED ENTITIES
COMBINED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions	$ 15,559,239	$ -	$ 15,559,239
Other Revenues and Gains:			
Investment Income	3,085,990	-	3,085,990
Net Realized Gain on Investments	6,522,075	-	6,522,075
Net Unrealized Gain on Investments	11,604,592	-	11,604,592
Net Unrealized Gain from Beneficial Interest in Trusts	-	136,406	136,406
Other Income	202,986	-	202,986
Total Revenues and Other Support	36,974,882	136,406	37,111,288
EXPENSES			
Program Services	8,689,162	-	8,689,162
General and Administrative	856,171	-	856,171
Fundraising	599,894	-	599,894
Total Expenses	10,145,227	-	10,145,227
CHANGE IN NET ASSETS	26,829,655	136,406	26,966,061
Net Assets - Beginning of Year	145,313,357	1,093,390	146,406,747
NET ASSETS - END OF YEAR	$ 172,143,012	$ 1,229,796	$ 173,372,808

See accompanying Notes to Combined Financial Statements.

BERKS COUNTY COMMUNITY FOUNDATION, INC.
SUPPORTING ORGANIZATIONS AND DISREGARDED ENTITIES
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2026

	Program Services	General and Administrative	Fundraising	Total
Grants to Others	$ 7,177,868	$ -	$ -	$ 7,177,868
Credit Losses (Recovery)	(3,032)	-	-	(3,032)
Salaries	623,642	443,002	239,606	1,306,250
Office and Program Supplies	55,307	1,852	1,002	58,161
Marketing	29,232	14,333	17,214	60,779
Depreciation	110,507	36,836	36,836	184,179
Payroll Taxes	42,536	30,214	16,342	89,092
Interest	50,000	16,666	16,666	83,332
Conferences and Meetings	57,655	10,913	5,902	74,470
Professional Fees	269,271	122,317	-	391,588
Employee Benefits	76,206	54,130	29,278	159,614
Postage	1,094	1,094	1,126	3,314
Travel	3,695	531	287	4,513
Special Events	10,695	-	136,883	147,578
Professional Dues and Subscriptions	28,851	2,242	1,212	32,305
Telephone	3,171	2,208	989	6,368
Insurance	13,861	9,846	55,273	78,980
Small Equipment and Fixtures	-	45,417	-	45,417
Equipment Maintenance	32,489	20,575	11,128	64,192
Software Maintenance	36,000	25,066	11,221	72,287
Lease Cost	2,541	-	-	2,541
Utilities	29,731	9,145	9,145	48,021
Cleaning, Maintenance, and Repair	37,842	9,784	9,784	57,410
Total Functional Expenses	$ 8,689,162	$ 856,171	$ 599,894	$ 10,145,227

See accompanying Notes to Combined Financial Statements.

BERKS COUNTY COMMUNITY FOUNDATION, INC.
SUPPORTING ORGANIZATIONS AND DISREGARDED ENTITIES
COMBINED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2026

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 26,966,061
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Credit Loss Recovery	(3,032)
Depreciation	184,179
Net Unrealized Gain on Investments	(11,604,592)
Net Realized Gain on Investments	(6,522,075)
Discount on Contributions Receivable	5,760
Premium on Grants Payable	(4,288)
Increase in Value of Beneficial Interest in Trusts	(136,406)
(Increase) Decrease in Assets:	
Prepaid Expenses	(2,768)
Contributions Receivable	(84,800)
Interest Receivable	577
Increase (Decrease) in Liabilities:	
Accounts Payable	(21,573)
Grants Payable	(240,436)
Accrued Expenses	23,792
Annuity Payment Liabilities	(1,431)
Funds Held as Agency Endowments	1,429,039
Net Cash Provided by Operating Activities	9,988,007
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments	(50,770,797)
Purchase of Property and Equipment	-
Proceeds from Sale of Investments	39,854,867
Loan Principal Payments	30,556
Loans Advanced	(4,500)
Net Cash Used by Investing Activities	(10,889,874)
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayments on Notes Payable	(65,458)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(967,325)
Cash and Cash Equivalents - Beginning of Year	4,880,895
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,913,570
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Paid for Interest	$ 83,332

See accompanying Notes to Combined Financial Statements.

NOTE 1 NATURE OF BUSINESS

Berks County Community Foundation, Inc., Supporting Organizations and Disregarded Entities (the Foundation) are nonprofit organizations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, the Foundation qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under IRC Section 509(a) because it is an organization of the type described in Section 509(a)(1) of the Code and in the case of its supporting organizations, 509(a)(3). The Foundation was incorporated in 1994 to develop, manage, and distribute funding to meet existing and changing community needs in Berks County, Pennsylvania. See Note 4 for discussion of supporting organizations and disregarded entities.

The Foundation operates as a family of component funds established by donors. All the Foundation's funds represent gifts of capital from individuals, families, corporations, trusts, private foundations, and other nonprofit organizations. The Foundation serves its donors in many ways, from ensuring the efficient processing of grant recommendations to structuring complex, multi-year philanthropic initiatives. The Foundation uses its local knowledge and philanthropic leadership to improve the quality of life in the community and, in so doing, demonstrates its capacity and ability to fulfill donor intent and be a good steward of all its resources.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Foundation prepares its financial statements in accordance with generally accepted accounting principles. The basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

Financial Statement Presentation

In accordance with the *Not-for-Profit Entities* Topic 958 of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), the Foundation is required to report information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions.

Net Assets Without Donor Restrictions – Net assets without donor restrictions represent funds available for grants and expenses which are not otherwise limited by donor restrictions.

Net Assets With Donor Restrictions – Net assets with donor restrictions consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

The Foundation enters into individual agreements with donors to reflect the types of funds to be created and the purpose for which the contribution is intended. Pursuant to the Foundation's articles of incorporation and bylaws, the board of directors (the "Board") has the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to specified organizations, if in the sole judgement of the Board, such restriction or condition becomes, in effect unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. As a result of this "variance power," the Foundation has no assets that are permanently restricted. Net assets encumbered by a time stipulation are with donor restrictions as explained below.

The Foundation's assets consist of more than 360 component funds established by donors for a variety of purposes. The Board has designated the assets as follows:

Without Donor Restrictions

Endowment

Board-designated endowment assets include all contributions to the Foundation with the intention of the donor that the assets remain in perpetuity with the Foundation, subject to the Board's variance power. The Board intends to spend from these assets only an amount allowable under its spending policy. The spending policy is established and maintained by the Board at a level consistent with the donors' intention for assets to remain in perpetuity.

Available for Grant Making

Available for grant making assets include all non-endowed funds and that portion of endowed funds determined under the Foundation's spending policy to be available for grant making.

Operating

Operating assets include all assets used to provide for support services for the Foundation and to produce income to offset administrative and operating expenses.

With Donor Restrictions

Restricted to the Passage of Time

In accordance with ASC 958-605, *Revenue Recognition*, contributions received as well as collectible unconditional promises to give are recognized in the period received. Contributions with donor-stipulated time restrictions are reported as revenues with donor restrictions. When the time restrictions expire, net assets with donor restrictions are released to net assets without donor restrictions and reported in the combined statement of activities as net assets released from restrictions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Combined Financial Statements

Supporting organizations under common control of the Berks County Community Foundation are reported as one economic entity with the Foundation. As such, inter-organizational transactions and balances are eliminated in preparing the combined financial statements.

Income Taxes

The Foundation accounts for uncertain tax positions in accordance with ASC 740, *Income Taxes*. ASC 740 prescribes a recognition threshold and measurement attribute for combined financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as derecognition, interest, penalties, and disclosures required. The Foundation recognizes interest and penalties, if any, related to unrecognized tax benefits in tax expense. There was no interest or penalties related to unrecognized tax benefits for the year ended June 30, 2026.

The Foundation is no longer subject to examination by the Internal Revenue Service (IRS) and Pennsylvania Department of Revenue for years prior to June 30, 2023.

Cash and Cash Equivalents

The Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Contributions Receivable

Unconditional promises to give, less an allowance for uncollectible amounts, are recognized as revenue in the period received and as assets. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions receivable are reflected at a discount of 3% per year on long-term promises to give.

Beneficial Interest in Trusts

Beneficial interest in trusts consists of beneficial interests in charitable remainder trusts. Donors established and funded trusts under which specified distributions are made to a designated beneficiary or beneficiaries over the trusts' terms. Upon termination of the trusts, the Foundation receives the assets or a percentage of the assets remaining in the trusts. Beneficial interest in charitable remainder trusts are recorded at the fair value of the trusts' assets calculated based on the present value of future cash flows expected to be received under the agreements. Changes in fair value of net assets of the trusts are recorded as gains or losses in the combined statement of activities. Net assets and changes in net assets are recorded as with donor restrictions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Building, Land, Property, and Equipment

Property and equipment are stated at cost, or if donated, at fair market value at the date of donation. Donations of depreciable assets in excess of $5,000 are subject to appraisal. Property and equipment acquisitions are capitalized if they are in excess of $10,000. Items that are less than the capitalization threshold are expensed in the year acquired. Donations of long-lived assets, received without stipulations as to use, are classified as unrestricted contributions in the year received. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

Equipment	3 to 5 Years
Furniture and Fixtures	7 Years
Building	39 Years

Loans and Interest Receivable

Loans extended from several funds are reported in the combined statement of financial position at the outstanding principal adjusted for any charge-offs. Management intends, and has the ability, to hold these loans for the foreseeable future or until maturity or payoff. Interest income is recognized when earned. The Foundation maintains an allowance for credit losses to present loans receivable at the net amount expected to be collected. The allowance is determined using management's evaluation of historical losses, specific borrower circumstances, and current economic conditions as well as current conditions and reasonable and supportable forecasts. Loans deemed uncollectible are written off against the allowance for credit losses. See Note 6.

Investments

The Foundation accounts for investments under ASC 320, *Investments - Debt and Equity Securities.* Under ASC 320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the combined statement of financial position.

In addition, the Foundation invests in alternative investments whose values are not readily available through an outside source. Alternative investments consist of private equity and hedge funds and are recorded at approximate fair value as determined and approved by the managers or valuation committees of the alternative investments based upon judgments, which include, among other factors, restrictions affecting marketability, operating results, financial condition of the issuers and the price of the most recent financing transactions.

These alternative investments are included among equities, fixed income securities and other. The role of alternative investments is to increase portfolio diversification through sources of return that are not generally correlated with traditional equity and fixed income markets. In addition, alternative investments can provide relatively consistent returns and principal protection in volatile market environments, thereby reducing overall return volatility of the portfolio. Alternative investments are generally less liquid than their traditional equity counterparts, and the Foundation’s fund of funds alternative managers may have entry/exit terms and capital lockup periods that range from one month to three years.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

Investment management fees, custodial fees, and investment consulting fees are netted against unrealized gains or added to unrealized losses on the marketable securities. For fiscal year ended June 30, 2026, investment management fees of $216,909 are included in net unrealized gain on investments.

Fair Value Measurements

ASC 820, *Fair Value Measurements and Disclosures*, provides the 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 under ASC 820 are described as follows:

Level 1 – Quoted market prices for identical assets or liabilities in active markets.

Level 2 – Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 – Unobservable inputs that are not corroborated by market data.

The asset'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.

For a description of the valuation methodologies used for assets measured at fair value, see Note 9. There have been no changes in the methodologies used at June 30, 2026.

Contributions

Contributions received are recorded as without donor restriction or with donor restriction depending on the existence and/or nature of donor restrictions.

Amounts received which are designated for future periods or restricted by the donor for specific purposes are reported as with donor restriction. When a donor restriction expires, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the combined statement of activities as net assets released from restrictions.

The Foundation reports donated marketable securities as contributions at their fair value at the date of donation, upon which they are immediately converted into cash.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services

Under ASC 958-605, *Revenue Recognition*, the Foundation recognizes services requiring specialized skills, such as those provided by accountants, attorneys, marketing consultants, and other professionals, if the services would need to be purchased if not donated. There were no donated services that met the criteria for recognition for the year ended June 30, 2026.

Concentrations of Risk

Financial instruments that potentially subject the Foundation to concentrations of risk consist primarily of unconditional promises to give, as these originate within Berks County, as well as cash and cash equivalents and investments. The Foundation places its cash and cash equivalents with quality credit institutions and, at times, such balances may be in excess of FDIC limits. The Foundation uses IntraFi Cash Service to limit its exposure to balances in excess of FDIC limits.

The Foundation invests in various investment securities that are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect investment account balances.

Functional Expense Allocations

Functional expenses are those expenses incurred by the Foundation in the accomplishment of its stated mission. They can further be categorized as follows:

- Program services, including awarded grants and scholarships, services to nonprofits, philanthropic leadership, and civic leadership;
- General and administrative, including expenses that benefit the Foundation as an entity and the management and accounting for funds; and
- Fundraising, including originating and maintaining relationships with donors.

The cost of providing the various programs and supporting services has been summarized on a functional basis in the combined statement of activities and combined statement of functional expenses. These statements report expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel expenses are allocated on the basis of estimate of time and effort; occupancy expenses are allocated on the basis of square footage.

Use of Estimates

The preparation of combined financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management has performed an evaluation of subsequent events through October 16, 2026, which is the date the combined financial statements were available to be issued.

NOTE 3 LIQUIDITY

Financial assets available for grants and other expenses within one year of the combined statement of financial position date comprise the following at June 30 2026:

Cash and Cash Equivalents	$ 3,913,570
Other Current Assets	35,077
Long-Term Investments Made Available for Current Use	8,016,133
Total	$ 11,964,780

As described in Note 17, the Foundation's board-designated endowments are subject to an annual spend rate of 4.5%. A spendable amount of $8,016,133 at June 30, 2026 will be made available for grant making and administrative expenses from these endowments within the next 12 months.

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its awarded grants, general expenditures, liabilities, and other obligations are due. The Foundation invests cash in excess of daily requirements in money market accounts, treasuries and short-term investments.

Endowment assets are pooled for investment, with liquidity managed through the pools' target allocations to illiquid investments, and periodic review of current illiquidity and projected total exposure to managers with lock-up provisions.

NOTE 4 SUPPORTING ORGANIZATIONS OF AND DISREGARDED ENTITIES OWNED BY BERKS COUNTY COMMUNITY FOUNDATION, INC.

During the fiscal year ended June 30, 2004, Berks County Foundation Properties II, Inc. (Properties II, Inc.) was formed as a supporting organization of the Foundation under IRC Section 509(a)(3). Properties II, Inc. was formed specifically to accept gifts of real property for the benefit of Berks County Community Foundation, Inc.

During the fiscal year ended June 30, 2016, Berks County Community Foundation, Inc. became the sole member of BCCF Properties, LLC (Properties, LLC), a limited liability company. Properties, LLC was formed specifically to accept gifts of real property and to liquidate them for the benefit of Berks County Community. Contributions to a disregarded single member limited liability company wholly owned or controlled by a foundation described in IRC Section 170(b)(1) are treated as a charitable contribution to its controlling member.

NOTE 4 SUPPORTING ORGANIZATIONS OF AND DISREGARDED ENTITIES OWNED BY BERKS COUNTY COMMUNITY FOUNDATION, INC. (CONTINUED)

During the fiscal year ended June 30, 2016, Berks County Community Foundation, Inc. became the sole member of Community Properties, LLC, a limited liability company. Community Properties, LLC was formed specifically to hold land not held for resale for the benefit of Berks County Community Foundation, Inc. In January 2016, a small parcel of land was purchased by Community Properties, LLC and in May 2019, another small parcel of land was purchased. The land is located next to the Foundation headquarters and is used for parking for Foundation staff and visitors.

On September 17, 2020, the Home Health Care Foundation received an IRS ruling accepting the application to become a Type III supporting organization of Berks County Community Foundation, Inc. A Type III supporting organization must be operating in connection with, but not under common control of the supported organization. Therefore, the Home Health Care Foundation maintains separate books and is not included in the combined financial statements.

At the end of May 2025, the Home Health Care Foundation board voted to approve a plan to dissolve the corporation and transfer its assets to the Foundation. Dissolution was approved on March 11, 2026 with the Bureau of Corporations and charitable organizations.

Properties II, Inc., Properties, LLC, Community Properties, LLC, and Berks County Community Foundation, Inc. are under common control. Financial statements of these organizations are included in the combined statement of financial position, activities, functional expenses, and cash flows. The components of net assets of the Foundation and Supporting Organizations are as follows as of June 30, 2026:

Net Assets:	
Without Donor Restrictions:	
Berks County Community Foundation, Inc.	$ 172,128,970
Berks County Community Foundation Properties II, Inc.	1,892
Community Properties, LLC	12,061
BCCF Properties, LLC	89
Total Net Assets Without Donor Restrictions	$ 172,143,012
With Donor Restrictions:	
Berks County Community Foundation, Inc.	$ 1,229,796

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of unconditional promises to give for operations and endowments. Contributions receivable are as follows at June 30, 2026:

Receivable in Less Than One Year	$	22,800
Receivable in One to Five Years		86,000
Total Contributions Receivable		108,800
Less: Discounts to Net Present Value		(6,240)
Net Contributions Receivable	$	102,560

NOTE 6 LOANS AND INTEREST RECEIVABLE

As of June 30, 2026, the Foundation has loans outstanding to businesses, students, and nonprofit organizations from several funds. Repayment terms vary from two to ten years with interest rates ranging from 3.25% to 12%.

Management has evaluated the need for an allowance for credit losses based on the risks inherent in the portfolio, the estimated value of any underlying collateral and the guarantees, if any, of the principal borrowed. Management has established an allowance for loan losses of $10,980 as of June 30, 2026. The following is a reconciliation of the allowance for loan receivable losses at June 30:

Balance - Beginning of Year	$	57,577
Provision for Credit Losses (Recovery)		(3,032)
Write-offs of Uncollectible Loans		(43,565)
Balance - End of Year	$	10,980

During the year ended June 30, 2026, the Foundation received principal payments of $30,556, and interest income of $1,414.

Loans and interest receivable are as follows at June 30, 2026:

Receivable in Less Than One Year	$	12,277
Receivable in One to Five Years		47,275
Receivable in More Than Five Years		2,500
Total Loans Receivable		62,052
Less: Allowance for Loan Losses		(10,980)
Net Loans Receivable		51,072
Interest Receivable		4,700
Net Loans and Interest Receivable	$	55,772

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment summarized by major classification are as follows at June 30, 2026:

Equipment	$	106,834
Furniture and Fixtures		202,680
Total Property and Equipment		309,514
Less: Accumulated Depreciation		(257,266)
Property and Equipment, Net	$	52,248

Depreciation expense for the year ended June 30, 2026 was $20,067.

NOTE 8 BUILDING

Building is as follows at June 30, 2026:

Building	$	6,400,370
Less: Accumulated Depreciation		(2,649,690)
Building, Net	$	3,750,680

Depreciation expense was $164,112 for the year ended June 30, 2026.

NOTE 9 FAIR VALUE MEASUREMENTS

The Foundation uses prices and inputs that are current as of the measurement date, obtained through multiple third-party custodians from independent pricing services. To differentiate between the varying degrees of certainty of these fair market valuations, the Foundation identifies three levels covering securities with a ready market (Level 1 measurements) to securities which may have a specific or illiquid market (Level 3 measurements). A description of the valuation techniques applied to the major categories of investments measured at fair value is outlined below.

Public Real Estate Fund – Valued at the closing price reported on the active market on which the individual securities are traded.

Equity and Fixed Income Mutual Funds – Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

Corporate and U.S. Government Debt Securities and Certificates of Deposit – Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

NOTE 9 FAIR VALUE MEASUREMENTS (CONTINUED)

Beneficial Interest in Trusts – Valued at present value based on the Foundation's interest in the quoted market prices of the underlying assets contained in the trusts at year end. Control of the assets is held by a trustee, not the Foundation. Additionally, the Foundation's beneficial interest in these trusts is invested in assets whose fair value is determined using NAV of the respective trust's investments. Although the investments in these trusts are exclusively identified as Level 3 of the fair value hierarchy, the underlying holdings of the trusts comprise Level 1, 2 and 3 securities. The trustees report the NAV of these trusts on a periodic basis.

Partnership Interests and Hedge Funds – Valued at NAV of units held. The NAV is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liability. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.

The availability of observable inputs can vary from instrument to instrument and is affected by a wide variety of factors, including, for example, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less than observable in the market, the determination of fair value requires more judgment.

The fair value hierarchy table presenting the Foundation's investments measured at fair value is as follows at June 30, 2026:

	Level 1	Level 2	Level 3	Total
Money Market and Certificates of Deposit	$ 1,044,044	$ -	$ -	$ 1,044,044
U.S. Government Debt Securities	503,237	-	-	503,237
Corporate Debt Securities	-	7,416,889	-	7,416,889
Equity Mutual Funds	106,169,948	-	-	106,169,948
Public Real Estate Fund	2,127,975	-	-	2,127,975
Fixed Income Mutual Funds	28,197,014	-	-	28,197,014
Total Investments in Fair Value Hierarchy	138,042,218	7,416,889	-	145,459,107
Investments Measured At NAV (a)	-	-	-	28,078,973
Total Investments at Fair Value	138,042,218	7,416,889	-	173,538,080
Beneficial Interest in Trusts	-	-	1,229,796	1,229,796
Total Investments at Fair Value	$ 138,042,218	$ 7,416,889	$ 1,229,796	$ 174,767,876

(a) The Foundation invests in private equity investments and hedge funds which trade at the NAV per share practical expedient of the fund. These funds are not categorized within the fair value hierarchy.

There were no transfers into or out of Level 3 of the fair value hierarchy and there were no purchases or issues of Level 3 assets for the year ended June 30, 2026.

NOTE 9 FAIR VALUE MEASUREMENTS (CONTINUED)

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs
Beneficial Interest in Trusts	$ 1,229,796	Fair Market Value of Trust Instruments	Value of Underlying Assets

The following table summarizes investments measured at fair value on the NAV per share as a practical expedient as of June 30:

Investment	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Funds:				
Magnitude International	$ 7,866,894	$ -	Quarterly	65 Days, 1 Year Lock Provision
Socorro Dynamic Opportunity Fund	7,626,722	-	Semi-Monthly	15 Days, 1 Year Lock Provision
Private Equity Partnerships:				
Accolade Empowerment Fund	60,000		Not Applicable	Not Applicable
Falcon Strategic Partners V	440,247	-	Not Applicable	Not Applicable
Falcon Strategic Partners VI	1,022,738	-	Not Applicable	Not Applicable
GEM Realty Fund V	126,479	105,000	Not Applicable	Not Applicable
Strategic Value Special Situation Feeder Fund II	33,857	80,891	Not Applicable	Not Applicable
Strategic Value Special Situation Feeder Fund III	91,150	90,000	Not Applicable	Not Applicable
Strategic Value Special Situation Feeder Fund IV	452,560	100,000	Not Applicable	Not Applicable
Strategic Value Capital Solutions Feeder Fund	963,903	75,000	Not Applicable	Not Applicable
Strategic Value Capital Solutions Feeder Fund II	769,195	322,354	Not Applicable	Not Applicable
Timber Bay Fund II	1,296,284	-	Not Applicable	Not Applicable
RCP Fund XIV, LP	1,108,344	-	Not Applicable	Not Applicable
RCP Fund XIX, LP	215,539	755,000	Not Applicable	Not Applicable
TrueBridge Capital Partners Fund VI	1,554,297	-	Not Applicable	Not Applicable
TrueBridge Capital Partners Fund VII	1,255,440	129,409	Not Applicable	Not Applicable
Guidepost Growth Equity Fund III	1,437,844	-	Not Applicable	Not Applicable
Palatine Real Estate Fund IV	533,875	430,494	Not Applicable	Not Applicable
Principal Data Center Growth & Income Fund	686,272	388,425	Not Applicable	Not Applicable
WCM Partnership (Weik)	485,104	-	Not Applicable	Not Applicable
JARI Growth Fund	52,229	-	Not Applicable	Not Applicable
Total	$ 28,078,973	$ 2,476,573		

The Foundation uses two privately-held hedge fund-of-funds whose primary focus is investing in funds specializing in equities, both long-term and short-term. The Foundation uses the hedge fund-of-funds and private equity partnerships strategy to generate superior risk-adjusted returns with a low correlation to both the equity and fixed income markets. The Foundation's risk management policy of providing a more stable long-term yield as documented in its Investment Policy Statement is obtained by this blending of different strategies and asset classes.

NOTE 10 BENEFICIAL INTEREST IN TRUSTS

The Foundation is a beneficiary of several irrevocable charitable remainder trusts, which are quantifiable as of June 30, 2026. The net present value of these receivables was determined using the fair value of the trust assets, single or joint life expectancies from IRS tables, and discount rates at the time the trusts were established ranging from 4.8% to 7.8%. On an annual basis, the Foundation revalues the receivables based on changes in the value of the trusts' assets and these assumptions. Revaluation adjustments are reported in the combined statement of activities as changes in the value of beneficial interest in trusts. The balance of these receivables at June 30, 2026 is $1,229,796. These receivables are classified as a component of net assets with donor restrictions until the future cash flows are received.

NOTE 11 GRANTS PAYABLE

Grants authorized but unpaid at year end are reported as liabilities in accordance with ASC 958-605, *Revenue Recognition*. Grants to be paid in more than one year are discounted 3% per year. The following is a summary of grants authorized and payable as of June 30, 2026:

To be Paid in Less Than One Year	$	463,746
To be Paid in One to Five Years		380,306
Gross Grants Authorized and Unpaid		844,052
Less: Discounts on Long-Term Grants		(19,080)
Net Grants Authorized and Unpaid	$	824,972

NOTE 12 EMPLOYEE BENEFITS

The Foundation maintains a 403(b) retirement plan for its employees. The Foundation matches 50% of eligible employee contributions up to a maximum of 8% of salary. The Foundation contributed $39,714 to the 403(b) plan in fiscal year 2026.

NOTE 13 NOTES PAYABLE

Notes payable are summarized as follows at June 30, 2026:

Description	Amount
Note payable to local bank in monthly principal installments of $1,194 plus interest at SOFR plus 1.62% (5.25% at June 30, 2026), and collateralized by land and property. All unpaid principal and interest are due July 2028.	$ 316,528
Note payable to local bank in monthly principal installments of $1,272 plus interest at SOFR plus 1.62% (5.25% at June 30, 2026), and collateralized by land and property. All unpaid principal and interest is due July 2032.	337,060
Note payable to local bank in monthly principal installments of $2,989 plus interest at SOFR plus 1.62% (5.25% at June 30, 2026), and collateralized by land and property. All unpaid principal and interest is due August 2029.	791,963
Total Notes Payable	$ 1,445,551

NOTE 13 NOTES PAYABLE (CONTINUED)

Future maturities of notes payable are as follows:

Year Ending June 30,	Amount
2027	$ 65,459
2028	65,459
2029	338,987
2030	699,638
2031	15,263
Thereafter	260,745
Total	$ 1,445,551

NOTE 14 LINE OF CREDIT

The Foundation established a working capital line of credit effective March 1, 2022 with available borrowings of $500,000. Interest is payable monthly on the outstanding balance at 1.75% over the 30-day Secured Overnight Financing Rate (SOFR) (3.68% as of June 30, 2026). There was no outstanding balance on the line of credit at June 30, 2026.

NOTE 15 CHARITABLE GIFT ANNUITIES

The charitable gift annuities provide for the periodic payment of distributions to designated individuals (the annuitants) over a specified period of time. At the end of the specified term, the remaining assets will remain at the Foundation to benefit the donor-specified charity.

There were no contributions received under charitable gift annuity agreements for the year ended June 30, 2026. Present value of future annuity payments is recognized as a liability in the combined statement of financial position. As of June 30, 2026, the annuity payment liabilities totaled $21,792.

NOTE 16 TRANSFERS OF ASSETS TO A NOT-FOR-PROFIT FOUNDATION OR CHARITABLE TRUST THAT RAISES OR HOLDS CONTRIBUTIONS FOR OTHERS

The Foundation follows ASC 958-605, *Revenue Recognition*, which provides standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to another entity that is specified by the donor. ASC 958-605 specifically requires that if a not-for-profit organization (NPO) establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as agency endowments.

NOTE 16 TRANSFERS OF ASSETS TO A NOT-FOR-PROFIT FOUNDATION OR CHARITABLE TRUST THAT RAISES OR HOLDS CONTRIBUTIONS FOR OTHERS (CONTINUED)

The Foundation maintains variance power and legal ownership of agency endowment funds and, as such, continues to report the funds as assets of the Foundation. However, in accordance with ASC 958-605, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the NPOs.

At June 30, 2026, the Foundation was the owner of 21 agency endowment funds with a combined value of $7,103,155. The following table summarizes activity in such funds at June 30, 2026:

Agency Endowment Fund Balances at July 1	$ 5,674,116
Contributions	776,850
Investment Income	125,110
Net Unrealized and Realized Investment Gains	736,890
Grants Made	(209,811)
Agency Endowment Fund Balances at June 30	$ 7,103,155

NOTE 17 ENDOWMENT FUNDS

ASC 958-205, *Presentation of Financial Statements*, provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds of 2006 (UPMIFA). ASC 205 also improves disclosures about an organization's endowment funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

The Commonwealth of Pennsylvania has not adopted UPMIFA. The Commonwealth of Pennsylvania has enacted Act 141 (the Act). The Act allows the Foundation to elect a "total return investment policy". Income is defined by the Act to mean a fixed percentage of the "value of the assets" held by the Foundation, not less than 2% or more than 7%. The "value of the assets" for the purposes of the Act is the average fair market value of the assets over a three-year period (or the average value of the assets over any shorter period in the cases of assets held less than three years). The Foundation has a total return investment policy with a spending policy of 4.5% for the year ended June 30, 2026 on the trailing 12 quarter average value of the funds. This spending policy determines the funds available for grant making.

The Foundation's investment objective is to maximize returns through a highly diversified portfolio of assets consisting of equity, fixed income, and alternative investments such as hedge funds. The return objective of the Foundation is the desired annual payout, or spending policy, plus inflation as measured by the Consumer Price Index (CPI) and growth. The Foundation maintains a prudent risk policy through its Investment Policy Statement and the asset allocation described therein is consistent with the public nature and position of the Foundation.

NOTE 17 ENDOWMENT FUNDS (CONTINUED)

Changes in the endowment net assets, which are all classified as without donor restrictions are as follows for the year ended June 30, 2026:

Endowment Net Assets - Beginning of Year	$ 144,496,952
Contributions	16,206,306
Investment Income	3,211,100
Net Appreciation in Fair Value	18,863,559
Amounts Appropriated for Expenditures	(9,239,837)
Endowment Net Assets - End of Year	$ 173,538,080



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