

**BRANFORD COMMUNITY
FOUNDATION, INC.**

Financial Statements
December 31, 2017 and 2016

Independent Auditor's Report

Board of Directors
Branford Community Foundation, Inc.
Branford, Connecticut

We have audited the accompanying financial statements of the Branford Community Foundation, Inc., (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Branford Community Foundation, Inc., as of December 31, 2017 and 2016, and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kircaldie Randall & McNab LLC

North Haven, Connecticut
January 24, 2019

BRANFORD COMMUNITY FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

ASSETS	<u>2017</u>	<u>2016</u>
Current assets:		
Cash	\$ 31,667	\$ 77,161
Total current assets	<u>\$ 31,667</u>	<u>\$ 77,161</u>
Fixed assets	<u>\$ 962</u>	<u>\$ 702</u>
Long-term assets:		
Investments	\$ 2,420,396	\$ 2,036,911
Total assets	<u><u>\$ 2,453,025</u></u>	<u><u>\$ 2,114,774</u></u>
LIABILITIES		
Grants payable	25,000	-
Accounts payable	<u>10,041</u>	<u>-</u>
Total liabilities	<u>\$ 35,041</u>	<u>\$ -</u>
NET ASSETS		
Permanently restricted for High School Scholarships	\$ 204,943	\$ 181,571
Temporarily restricted net assets	-	-
Unrestricted:		
Unappropriated	1,712,440	1,469,998
Operating expenses	31,667	77,161
Fixed assets	962	702
Appropriated by Board for scholarships	<u>467,972</u>	<u>385,342</u>
Total net assets	<u>\$ 2,417,984</u>	<u>\$ 2,114,774</u>
Total liabilities and net assets	<u><u>\$ 2,453,025</u></u>	<u><u>\$ 2,114,774</u></u>

KIRCALDIE, RANDALL & MGNAB LLC

BRANFORD COMMUNITY FOUNDATION, INC.
STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS
FOR THE YEARS DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Revenues, gains and other support:		
Contributions received	\$ 132,745	\$ 206,228
Income on long-term investments	14,968	13,442
Net gain (loss) on long-term investments	360,094	123,644
Total revenues, gains, and other support	<u>\$ 507,807</u>	<u>\$ 343,314</u>
Expenses:		
Charitable giving:		
Grants	\$ 79,400	\$ 69,925
Nonprofit Workshop Series	4,250	3,000
Event sponsorships	5,720	3,779
Scholarships	27,600	27,450
Total giving	<u>\$ 116,970</u>	<u>\$ 104,154</u>
Community impact programs	\$ 19,235	23,765
Management and general	37,316	27,424
Fundraising	31,076	32,464
Total administrative	<u>\$ 87,627</u>	<u>\$ 83,653</u>
Total expenses	<u>\$ 204,597</u>	<u>\$ 187,807</u>
Change in net assets	\$ 303,210	\$ 155,507
Net assets at beginning of year	2,114,774	2,049,530
Transfer funds to Community Foundation	-	(90,263)
Net assets at end of year	<u>\$ 2,417,984</u>	<u>\$ 2,114,774</u>

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See the notes to the financial statements

BRANFORD COMMUNITY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR DECEMBER 31, 2017

(with summarized financial information for the year ended December 31, 2016)

	Program Services			Support Services			2017 Total	2016 Total
	Allocations and Agency Relations	Community Impact Programs	Total	Management and General	Fundraising	Total		
Contributions, grants and community support	\$ 107,000	\$ 9,970	\$ 116,970				\$ 116,970	\$ 104,154
Community programming:								
Professional fees & salaries	\$ -	\$ 19,235	\$ 19,235	\$ 29,860	\$ 19,235	\$ 49,095	\$ 68,330	63,775
Postage	-	-	-	-	2,280	2,280	2,280	1,057
Dues	-	-	-	963	(100)	863	863	1,113
Advertising	-	-	-	-	632	632	632	611
Printing	-	-	-	-	7,989	7,989	7,989	6,183
Website expenses	-	-	-	863	864	1,727	1,727	1,346
Development	-	-	-	900	-	900	900	3,257
Administrative	-	-	-	2,318	-	2,318	2,318	3,774
Insurance	-	-	-	2,237	-	2,237	2,237	2,186
Total other expenses	\$ -	\$ 19,235	\$ 19,235	\$ 37,141	\$ 30,900	\$ 68,041	\$ 87,276	\$ 83,302
Depreciation and amortization	\$ -	\$ -	\$ -	\$ 175	\$ 176	\$ 351	\$ 351	\$ 351
Total community and agency services expenses	\$ -	\$ 19,235	\$ 19,235	\$ 37,316	\$ 31,076	\$ 68,392	\$ 87,627	\$ 83,653
Total	\$ 107,000	\$ 29,205	\$ 136,205	\$ 37,316	\$ 31,076	\$ 68,392	\$ 204,597	\$ 187,807

KIRCALDIE, RANDALL & MGNAB LLC

BRANFORD COMMUNITY FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ 303,210	\$ 155,507
Depreciation	351	351
(Gain) loss on sale of investments	-	(136,710)
Adjustment to reconcile change in net assets to net cash used by operating activities:		
(Increase) decrease in contributions receivable	-	876
(Increase) decrease in accrued interest income	-	4,444
Increase (decrease) in accounts payable	10,041	-
Increase (decrease) in grants payable	25,000	(17,500)
Net cash provided (used) by operating activities	<u>\$ 338,602</u>	<u>\$ 6,968</u>
<u>Cash flows from investing activities:</u>		
Proceeds from sale of investments	\$ -	\$ 1,797,763
Purchase of investments	(383,485)	(1,861,910)
Purchase of fixed assets	(611)	-
Net cash provided (used) by investing activities	<u>\$ (384,096)</u>	<u>\$ (64,147)</u>
<u>Cash flows from financing activities:</u>		
Transfer of funds to Community Foundation	\$ -	\$ (90,263)
Net cash provided (used) by financing activities	<u>\$ -</u>	<u>\$ (90,263)</u>
Change in net assets	\$ (45,494)	\$ (147,442)
Cash at beginning of year	77,161	224,603
Cash at end of year	<u>\$ 31,667</u>	<u>\$ 77,161</u>

KIRCALDIE, RANDALL & MGNAB LLC

See the notes to the financial statements

BRANFORD COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 — SIGNIFICANT ACCOUNTING POLICIES:

Description of entity: The Branford Community Foundation, Inc., was established in 1980 to benefit all residents of the Branford community in charitable, educational and scientific endeavors.

Basis of accounting: The Foundation prepares its financial statements on the accrual basis of accounting whereby income is recorded when earned, rather than received, and expense recorded when incurred rather than when paid.

Unrestricted net assets: All net assets are classified as unrestricted as there were not donor restrictions placed on gifts when made. Assets designated by the board of directors are classified as unrestricted as the board may alter its own restriction.

Temporarily restricted assets: These are funds which are given with the stipulation that the funds be used for a specific purpose which has not yet been completed. Upon completion the restriction is lifted.

Permanently restricted assets: These represent funds, generally endowment type funds, which are designated for use of “income only” with principal use prohibited.

Income taxes: The Branford Community Foundation, Inc., is exempt from Federal Income Taxes under §501(c)(3) of the Internal Revenue Code, therefore, no provision is made for taxes.

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Reclassifications: Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year statements.

BRANFORD COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 — INVESTMENTS:

The Foundation reflects investments at market value in its financial statements where unrealized gains and losses are aggregated with realized gains and losses on the statement of activity. Realized and unrealized losses are as follows:

The Foundation established the Branford Community Foundation and Branford Community Foundation High School Scholarship funds with the Community Foundation for Greater New Haven Inc. (the CFGNH) in January 2017. The Funds were established as an endowment agency funds with both principal and income available for the support of The Branford Community Foundation, Inc. The CFGNH administers the account in a managed pooled fund which allocates to the Branford Community Foundation a calculated portion of the total fair values of the securities in the underlying portfolio.

To estimate the fair value of the investment in the Fund, the CFGNH uses the "net asset value per share" method, and follows the provisions of ASC 820, Fair Value Measurements and Disclosures, and ASU No. 2009-12 Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent.)

Investments in the Fund may be redeemed at "net asset value per share" on the year-end measurement date or in the near term (defined as 90 days.) The Branford Community Foundation, Inc., does not intend to sell any of its interest at an amount different from net asset value per share of the Fund at the year-end measurement date of December, 31 2017. The Branford Community Foundation reviews and evaluates the net asset value provided by the Foundation fund manager and agrees with the valuation methods and assumptions used in determining net asset value of the funds supporting its beneficial interest.

NOTE 3 — FAIR VALUE MEASUREMENTS:

The Foundation's investments are reported at fair value in the accompanying statement of net assets available for benefits. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

BRANFORD COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

Note 3, Continued:

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs are unobservable and have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or 3 inputs were available to the Foundation.

Level 1 Fair Value Measurements: The fair value of mutual funds is based on quoted net asset values of the shares held by the Foundation at year-end. The fair values of common stocks, corporate bonds, and U.S. Government securities are based on the closing price reported on the active market where the individual securities are traded.

Level 2 - quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant information and value drivers are observable in active markets, either directly or indirectly.

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	Level 1	Level 2
December 31, 2018:		
Beneficial interest held by Community Foundation	-	2,420,396
	\$ -	\$ 2,420,396
	-	2,420,396
December 31, 2017:		
Beneficial interest held by Community Foundation	-	2,036,911
	\$ -	\$ 2,036,911
	-	2,036,911
	<u>2017</u>	<u>2016</u>
Investment Income:		
Investment income	\$ 14,968	\$ 13,442
Gain and losses	374,874	136,710
Investment fees	(14,780)	(13,066)
	\$ 375,062	\$ 137,086
	375,062	137,086

BRANFORD COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 — FUNDS:

At year end the Foundation has the following funds:

	<u>2017</u>	<u>2016</u>
Unrestricted:		
General Fund	\$ 466,759	\$ 399,491
Dr. Thomas H.G. Aitkin Fund	323,963	292,796
Mobeck Family Fund	14,944	12,976
Andriole Family Fund	33,585	30,333
Lasala Family Fund	4,032	-
Darin G Etzel Fund	131,990	108,001
H Allen Carroll Fund	15,481	14,053
William & Barbara Lyons Fund	129,903	112,689
John & Carol Moss Fund	8,693	7,921
A Peter and Fae Delfini Memorial Fund	11,197	9,169
Clark Family Fund	12,280	10,089
Nobile Fund for Cultural & Artistic Innovation	2,033	-
Donald & Mary Lou Welch Fund	10,963	9,488
Donald & Carla Grigley Memorial Fund	57,887	69,289
Robert J Massey, Sr. Family Fund	18,505	16,745
Tom & Carol Gagliardi Fund	9,741	5,754
GSB Charitable Fund	59,968	33,813
Jane W. Rosenthal Fund	10,904	9,349
Thomas Hooker Fund	31,275	22,539
Peter Borgemeister Fund	16,011	14,524
William T Gorman Fund	22,343	18,683
Stephanie & Leonard Farber Fund	16,057	12,932
Jacqueline Trask Ulrich Fund	86,982	78,738
Linda Edsall & Walter Winward Music Fund	6,684	5,800
Joyce & Robert Mailhouse Fund	164,275	146,923
Page Family Legacy Fund	2,000	-
James F Ryan Fund	3,934	-
Deirde Schiffer Fund	39,485	-
John E Donegan Fund	35,607	27,903
Total unrestricted funds	<u>\$ 1,747,481</u>	<u>\$ 1,469,998</u>
Scholarship Funds:		
John B. Sliney Fund	\$ 12,309	\$ 11,012
Austin Ryer Fund	11,610	10,371
Vincent S. Giordano, Sr. Construction Ind.	52,037	45,479

BRANFORD COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

Note 4 continued:

	<u>2017</u>	<u>2016</u>
Robert Dow Scholarship Fund	9,052	8,142
Mari–Ellen Reed Fund	24,481	20,787
PJ Ferriolo Memorial Fund	48,338	42,745
Carol D. Redden Scholarship Fund	58,691	52,638
Kendra Martin Scholarship Fund	12,256	10,459
Linda Edsall Winward Scholarship Fund	24,472	21,901
Cathyann Roding Performing Arts Sch Fd	8,286	-
William Schwanfelder Scholarship Fund	145,077	129,730
Philip A. DeLise Scholarship Fund	12,290	10,651
Reynolds Scholarship Fund	7,463	5,041
Roberta Temple Scholarship Fund	1,782	-
Wheeler Scholarship Fund	20,000	-
D. William Owens, Jr. and Robert M.	19,828	16,386
Total scholarship funds	<u>\$ 467,972</u>	<u>\$ 385,342</u>
Total funds	<u>\$ 2,215,453</u>	<u>\$ 1,855,340</u>
Branford High School Scholarships	<u>\$ 204,943</u>	<u>\$ 181,571</u>

NOTE 5 — FIXED ASSETS:

Fixed assets totalling \$1,664 comprise computer equipment jointly purchased with another organization. Current year and accumulated depreciation total \$702 leaving a net value of \$962.

NOTE 6 — GRANTS AND SCHOLARSHIPS:

The following organizations benefitted from the Foundation’s work during the year:

		<u>Purpose</u>
Shoreline Arts Alliance	\$ 1,000	Round table forum
Children Development Center (FCC)	3,000	Playground reno
Branford HS Choral Program	3,500	Peace project
Special Olympics of CT	2,000	Uniforms
Branford Project Graduation	1,150	General use
St mary's School Junior Fife and Drum	1,000	Uniforms
Daniel Cosgrove Animal Shelter	1,000	Educational guests
Branford Electric Railway Assoc	850	Car repairs
Orchard House	2,500	General use
East Shore Regional Health Dept	2,500	Solar pump out boat

BRANFORD COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

Note 6 continued:

Volunteer Services Center	22,900	General use
Community Dining Room	5,000	General use
Branford Early Childhood Collaborative	2,000	General use
Camp Hazen	1,000	Branford campers
Clifford Beers Clinic	5,000	General use
James Blackstone Memorial Library	25,000	Capital campaign
	<u>\$ 79,400</u>	
Scholarships, Branford High School and others	<u>\$ 27,600</u>	

NOTE 7 — COMMITMENTS:

The following amounts have been computed toward multi-year pledges, projects for which certain conditions have not yet been met or projects which have not been completed.

Blackstone Memorial Library	\$ 75,000	multi-year pledge
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NOTE 8 — SUBSEQUENT EVENTS:

Subsequent events have been evaluated by management through January 24, 2019. The financial statements were available for issue on January 24, 2019.