

**BRANFORD COMMUNITY
FOUNDATION, INC.**

Financial Statements
December 31, 2018 and 2017

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, 2018 and 2017, 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, 2018 and 2017, 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.

Report on Summarized Comparative Information

We have previously audited the Branford Community Foundation, Inc., financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 24, 2019. In our opinion, the summarized comparative financial information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kircaldie Randall & McNab LLC

North Haven, Connecticut
February 12, 2019

BRANFORD COMMUNITY FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

ASSETS	<u>2018</u>	<u>2017</u>
Current assets:		
Cash	\$ 80,392	\$ 31,667
Total current assets	<u>\$ 80,392</u>	<u>\$ 31,667</u>
Fixed assets	<u>\$ 611</u>	<u>\$ 962</u>
Long-term assets:		
Investments	\$ 2,191,067	\$ 2,420,396
Total assets	<u><u>\$ 2,272,070</u></u>	<u><u>\$ 2,453,025</u></u>
LIABILITIES		
Grants payable	-	25,000
Accounts payable	<u>3,102</u>	<u>10,041</u>
Total liabilities	<u>\$ 3,102</u>	<u>\$ 35,041</u>
NET ASSETS		
With donor restrictions:		
Purpose restrictions	\$ 181,490	\$ 204,943
Without donor restrictions:		
Unappropriated	1,571,807	1,712,440
Operating expenses	77,290	31,667
Fixed assets	611	962
Appropriated by Board for scholarships	<u>437,770</u>	<u>467,972</u>
Total net assets	<u>\$ 2,268,968</u>	<u>\$ 2,417,984</u>
Total liabilities and net assets	<u><u>\$ 2,272,070</u></u>	<u><u>\$ 2,453,025</u></u>

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BRANFORD COMMUNITY FOUNDATION, INC.
STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS
FOR THE YEARS DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Revenues, gains and other support:		
Contributions received	\$ 171,990	\$ 132,745
Special event revenue, net	18,245	-
Income on long-term investments	12,060	14,968
Net gain (loss) on long-term investments	<u>(133,404)</u>	<u>360,094</u>
Total revenues, gains, and other support	<u>\$ 68,891</u>	<u>\$ 507,807</u>
Expenses:		
Charitable giving:		
Grants	\$ 71,100	\$ 79,400
Nonprofit Workshop Series	3,050	4,250
Event sponsorships	5,290	5,720
Scholarships	32,350	27,600
Community impact programs	43,364	19,235
Total giving	<u>\$ 155,154</u>	<u>\$ 136,205</u>
Management and general	\$ 40,368	\$ 37,316
Fundraising	22,385	31,076
Total administrative	<u>\$ 62,753</u>	<u>\$ 68,392</u>
Total expenses	<u>\$ 217,907</u>	<u>\$ 204,597</u>
Change in net assets	\$ (149,016)	\$ 303,210
Net assets at beginning of year	<u>2,417,984</u>	<u>2,114,774</u>
Net assets at end of year	<u>\$ 2,268,968</u>	<u>\$ 2,417,984</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, 2018

(with summarized financial information for the year ended December 31, 2017)

	<u>Program Services</u>			<u>Support Services</u>			<u>2018 Total</u>	<u>2017 Total</u>
	<u>Allocations and Agency Relations</u>	<u>Community Impact Programs</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>		
Contributions, grants and community support	\$ 103,450	\$ 8,340	\$ 111,790				\$ 111,790	\$ 116,970
Community programming:								
Professional fees & salaries	\$ -	\$ 32,278	\$ 32,278	\$ 29,916	\$ 16,532	\$ 46,448	\$ 78,726	68,330
Postage	-	288	288	267	147	414	702	2,280
Dues	-	354	354	328	181	509	863	863
Advertising	-	175	175	162	89	251	426	632
Printing	-	4,706	4,706	4,362	2,410	6,772	11,478	7,989
Website expenses	-	2,155	2,155	1,998	1,104	3,102	5,257	1,727
Development	-	250	250	232	128	360	610	900
Administrative	-	2,272	2,272	2,106	1,164	3,270	5,542	2,318
Insurance	-	886	886	822	454	1,276	2,162	2,237
Total other expenses	\$ -	\$ 43,364	\$ 43,364	\$ 40,193	\$ 22,209	\$ 62,402	\$ 105,766	\$ 87,276
Depreciation and amortization	\$ -	\$ -	\$ -	\$ 175	\$ 176	\$ 351	\$ 351	\$ 351
Total community and agency services expenses	\$ -	\$ 43,364	\$ 43,364	\$ 40,368	\$ 22,385	\$ 62,753	\$ 106,117	\$ 87,627
Total	\$ 103,450	\$ 51,704	\$ 155,154	\$ 40,368	\$ 22,385	\$ 62,753	\$ 217,907	\$ 204,597

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BRANFORD COMMUNITY FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ (149,016)	\$ 303,210
Depreciation	351	351
Adjustment to reconcile change in net assets to net cash used by operating activities:		
Increase (decrease) in accounts payable	(6,939)	10,041
Increase (decrease) in grants payable	(25,000)	25,000
Net cash provided (used) by operating activities	<u>\$ (180,604)</u>	<u>\$ 338,602</u>
<u>Cash flows from investing activities:</u>		
Change in value of beneficial interest	\$ 229,329	\$ (383,485)
Purchase of fixed assets	-	(611)
Net cash provided (used) by investing activities	<u>\$ 229,329</u>	<u>\$ (384,096)</u>
<u>Cash flows from financing activities:</u>		
	\$ -	\$ -
Net cash provided (used) by financing activities	<u>\$ -</u>	<u>\$ -</u>
Change in net assets	\$ 48,725	\$ (45,494)
Cash at beginning of year	31,667	77,161
Cash at end of year	<u>\$ 80,392</u>	<u>\$ 31,667</u>

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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., (The Foundation) 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.

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.

Investments: Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Cash and Cash Equivalents: Cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Promises to Give: Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. We determine the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

Property and Equipment: Property and equipment additions over \$500 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 7

BRANFORD COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Net Assets: Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donated Services and In-Kind Contributions: Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Advertising Costs: Advertising costs are expensed as incurred, and approximated \$426 and \$632 during the years ended December 31, 2018 and 2017, respectively.

Functional Allocation of Expenses: The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

NOTE 2 — LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

BRANFORD COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

Cash and cash equivalents	\$ 77,290
Operating investments	<u>2,009,577</u>
	<u>\$ 2,086,867</u>

Our endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

Our board-designated endowment of \$2,009,577 is subject to an annual spending rate of 5.25 percent. Although we do not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary.

NOTE 3 — INVESTMENTS:

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 a 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 ASU 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 2018. 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 4 — 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

BRANFORD COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

reporting date.

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 interests held by CFGNH	<u>\$ -</u>	<u>\$ 2,191,067</u>
December 31, 2017:		
Beneficial interests held by CFGNH	<u>\$ -</u>	<u>\$ 2,420,396</u>
	2018	2017
Net Investment Income:		
Investment income	\$ 12,060	\$ 14,968
Gains and losses	(133,404)	374,874
Investment fees	(13,442)	(14,780)
	<u>\$ (134,786)</u>	<u>\$ 375,062</u>

NOTE 5 — FUNDS:

At year end the Foundation had the following funds:

	2018	2017
Unrestricted:		
General Fund	\$ 383,191	\$ 466,759
Dr. Thomas H.G. Aitkin Fund	270,524	323,963
Mobeck Family Fund	24,774	14,944
Andriole Family Fund	29,962	33,585

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Lasala Family Fund	15,667	4,032
Darin G Etzel Fund	121,127	131,990
H Allen Carroll Fund	13,756	15,481
William & Barbara Lyons Fund	109,668	129,903
John & Carol Moss Fund	7,726	8,693
A Peter and Fae Delfini Memorial Fund	10,000	11,197
Clark Family Fund	11,344	12,280
Nobile Fund for Cultural & Artistic Innovation	1,973	2,033
Donald & Mary Lou Welch Fund	9,940	10,963
Donald & Carla Grigley Memorial Fund	54,320	57,887
Robert J Massey, Sr. Family Fund	16,472	18,505
Tom & Carol Gagliardi Fund	9,790	9,741
GSB Charitable Fund	55,161	59,968
Jane W. Rosenthal Fund	9,719	10,904
Thomas Hooker Fund	33,445	31,275
Peter Borgemeister Fund	14,250	16,011
William T Gorman Fund	19,266	22,343
Stephanie & Leonard Farber Fund	14,491	16,057
Jacqueline Trask Ulrich Fund	77,589	86,982
Linda Edsall & Walter Winward Music Fund	6,206	6,684
Joyce & Robert Mailhouse Fund	148,033	164,275
Page Family Legacy Fund	1,894	2,000
James F Ryan Fund	10,990	3,934
Deirde Schiffer Fund	36,382	39,485
Torello Family Fund	7,211	-
Brain Injury, Brain Illness & Mental Health Fund	13,682	-
John E Donegan Fund	<u>33,254</u>	<u>35,607</u>
Total general funds	<u>\$ 1,571,807</u>	<u>\$ 1,747,481</u>

Scholarship Funds:

John B. Sliney Fund	10,953	12,309
Austin Ryer Fund	10,383	11,610
Vincent S. Giordano, Sr. Construction Ind. Mem. Sch.	47,013	52,037
Robert Dow Scholarship Fund	7,508	9,052
Mari–Ellen Reed Fund	23,007	24,481
PJ Ferriolo Memorial Fund	43,978	48,338
Carol D. Redden Scholarship Fund	52,400	58,691

KIRCALDIE, RANDALL & MGNAB LLC

BRANFORD COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

Kendra Martin Scholarship Fund	11,323	12,256
Linda Edsall Winward Scholarship Fund	21,858	24,472
Cathyann Roding Performing Arts Sch Fd	11,685	8,286
William Schwanfelder Scholarship Fund	129,744	145,077
Philip A. DeLise Scholarship Fund	10,981	12,290
Reynolds Scholarship Fund	8,819	7,463
Roberta Temple Scholarship Fund	1,687	1,782
Wheeler Scholarship Fund	28,547	20,000
D. William Owens, Jr. and Robert M. Owens Scholarship	17,884	19,828
Total funds designated by board for scholarship	<u>\$ 437,770</u>	<u>\$ 467,972</u>
Total funds with no donor restrictions	<u>\$ 2,009,577</u>	<u>\$ 2,215,453</u>
	<u>\$ 181,490</u>	<u>\$ 204,943</u>

NOTE 6 — FIXED ASSETS:

Fixed assets totaling \$1,664 comprise computer equipment jointly purchased with another organization. Current year and accumulated depreciation total \$1,053 leaving a net value of \$611.

NOTE 7 — GRANTS AND SCHOLARSHIPS:

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

James Blackstone Memorial Library	\$ 25,000	Capital campaign
Friends of the Farm River Estuary	1,000	General use
Literacy Volunteers	6,100	General purposes
Branford Early Learning Center	5,000	Enrichment programs
East Shore Regional Adult Day Care	4,000	Feed the Need to be Needed
Read to Grow	3,500	Books for Kids program
Clifford Beers Child Guidance Clinic	3,000	General use for Bfd res.
Shoreline Arts Alliance	2,000	2 Hamlet Abridged perf’s
Branford Project Graduation	1,000	General use
Feed Branford Kids	2,500	General use
Branford Counseling Center	10,000	Security deposit assistance
First Church of Christ Branford	6,000	Camp Totokett
Branford High School	2,000	Robotics Club
	<u>\$ 71,100</u>	

KIRCALDIE, RANDALL & MGNAB LLC

BRANFORD COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 — 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.

James Blackstone Memorial Library	\$	50,000	Multi-year pledge
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NOTE 9 — SHARED SERVICES:

The Foundation has teamed with similar organization for shared administrative and management services. Services are allocated based on time spent on each organization and billed by the other organization to the Branford Foundation Inc. Total billed services were \$68,842 and \$63,155 for 2018 and 2017 respectively.

NOTE 10 — FUNCTIONALIZED EXPENSES:

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

NOTE 11 — SUBSEQUENT EVENTS:

Subsequent events have been evaluated by management through February 12, 2019. The financial statements were available for issue on February 28, 2019.