

**THE BRANFORD COMMUNITY
FOUNDATION, INC.**

Financial Statements
December 31, 2019 and 2018

Independent Auditor's Report

Board of Directors
The 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, 2019, 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, 2019, 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.'s, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 12, 2019. In our opinion, the summarized comparative financial information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kircaldie Randall & McNab LLC

North Haven, Connecticut
September 7, 2021

THE BRANFORD COMMUNITY FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets:		
Cash	\$ 125,758	\$ 80,392
Total current assets	<u>\$ 125,758</u>	<u>\$ 80,392</u>
Fixed assets	<u>\$ 260</u>	<u>\$ 611</u>
Long-term assets:		
Investments	\$ 2,492,646	\$ 2,191,067
Total assets	<u><u>\$ 2,618,664</u></u>	<u><u>\$ 2,272,070</u></u>
LIABILITIES		
Accounts payable	6,637	3,102
Amounts held on behalf of others	50,000	-
Total liabilities	<u>\$ 56,637</u>	<u>\$ 3,102</u>
NET ASSETS		
With donor restrictions:		
Purpose restrictions	\$ 197,687	\$ 181,490
Without donor restrictions:		
Unappropriated	1,790,873	1,571,807
Operating expenses	69,121	77,290
Fixed assets	260	611
Appropriated by Board for scholarships	504,086	437,770
Total net assets	<u>\$ 2,562,027</u>	<u>\$ 2,268,968</u>
Total liabilities and net assets	<u><u>\$ 2,618,664</u></u>	<u><u>\$ 2,272,070</u></u>

KIRCALDIE, RANDALL & MGNAB LLC

See independent auditor's report and notes to the financial statements

THE BRANFORD COMMUNITY FOUNDATION, INC.
STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Revenues, gains and other support:		
Contributions received	\$ 140,318	\$ 171,990
Special event revenue, net	15,280	18,245
Income on long-term investments	8,343	12,060
Net gain (loss) on long-term investments	344,887	(133,404)
Total revenues, gains, and other support	<u>\$ 508,828</u>	<u>\$ 68,891</u>
Expenses:		
Charitable giving:		
Grants	\$ 72,000	\$ 71,100
Nonprofit Workshop Series	1,963	3,050
Event sponsorships	6,675	5,290
Scholarships	37,250	32,350
Community impact programs	39,987	43,364
Total giving	<u>\$ 157,875</u>	<u>\$ 155,154</u>
Management and general	\$ 37,236	\$ 40,368
Fundraising	20,656	22,385
Total administrative	<u>\$ 57,892</u>	<u>\$ 62,753</u>
Total expenses	<u>\$ 215,767</u>	<u>\$ 217,907</u>
Change in net assets	\$ 293,061	\$ (149,016)
Net assets at beginning of year	<u>2,268,968</u>	<u>2,417,984</u>
Net assets at end of year	<u>\$ 2,562,029</u>	<u>\$ 2,268,968</u>

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See independent auditor's report and notes to the financial statements

THE BRANFORD COMMUNITY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

(with summarized financial information for the year ended December 31, 2018)

	<u>Program Services</u>			<u>Support Services</u>			<u>2019 Total</u>	<u>2018 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	\$ 109,250	\$ 8,638	\$ 117,888				\$ 117,888	\$ 111,790
Community programming:								
Professional fees & salaries	\$ -	\$ 29,945	\$ 29,945	\$ 27,754	\$ 15,338	\$ 43,092	\$ 73,037	78,726
Postage	-	638	638	591	327	918	1,556	702
Dues	-	446	446	413	229	642	1,088	863
Advertising	-	351	351	326	180	506	857	426
Printing	-	1,968	1,968	1,824	1,007	2,831	4,799	11,478
Website expenses	-	2,095	2,095	1,941	1,073	3,014	5,109	5,257
Development	-	614	614	569	314	883	1,497	610
Administrative	-	2,953	2,953	2,737	1,512	4,249	7,202	5,542
Insurance	-	977	977	906	500	1,406	2,383	2,162
Total other expenses	\$ -	\$ 39,987	\$ 39,987	\$ 37,061	\$ 20,480	\$ 57,541	\$ 97,528	\$ 105,766
Depreciation and amortization	\$ -	\$ -	\$ -	\$ 175	\$ 176	\$ 351	\$ 351	\$ 351
Total community and agency services expenses	\$ -	\$ 39,987	\$ 39,987	\$ 37,236	\$ 20,656	\$ 57,892	\$ 97,879	\$ 106,117
Total	\$ 109,250	\$ 48,625	\$ 157,875	\$ 37,236	\$ 20,656	\$ 57,892	\$ 215,767	\$ 217,907

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THE BRANFORD COMMUNITY FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ 293,061	\$ (149,016)
Depreciation	351	351
Adjustment to reconcile change in net assets to net cash used by operating activities:		
Increase (decrease) in accounts payable	3,535	(6,939)
Increase (decrease) in amounts held on for others	50,000	-
Increase (decrease) in grants payable	-	(25,000)
Net cash provided (used) by operating activities	<u>\$ 346,947</u>	<u>\$ (180,604)</u>
<u>Cash flows from investing activities:</u>		
Change in value of beneficial interest	\$ (301,581)	\$ 229,329
Purchase of fixed assets	-	-
Net cash provided (used) by investing activities	<u>\$ (301,581)</u>	<u>\$ 229,329</u>
<u>Cash flows from financing activities:</u>		
	<u>\$ -</u>	<u>\$ -</u>
Net cash provided (used) by financing activities	<u>\$ -</u>	<u>\$ -</u>
Change in net assets	\$ 45,366	\$ 48,725
Cash at beginning of year	80,392	31,667
Cash at end of year	<u>\$ 125,758</u>	<u>\$ 80,392</u>

KIRCALDIE, RANDALL & MGNAB LLC

See independent auditor's report and notes to the financial statements

THE 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

THE 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 \$857 and \$426 during the years ended December 31, 2019 and 2018, 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:

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NOTES TO THE FINANCIAL STATEMENTS

Cash and cash equivalents	\$ 125,758
Operating investments	<u>2,294,959</u>
	<u>\$ 2,420,717</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 \$2,229,959 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 2016. 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 2019. 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

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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, 2019:		
Beneficial interests held by CFGNH	<u>\$ -</u>	<u>\$ 2,492,646</u>
December 31, 2018:		
Beneficial interests held by CFGNH	<u>\$ -</u>	<u>\$ 2,191,067</u>
	2019	2018
Net Investment Income:		
Investment income	\$ 8,343	\$ 12,060
Gains and losses	371,780	(133,404)
Investment fees	(26,893)	(13,442)
	<u>\$ 353,230</u>	<u>\$ (134,786)</u>

NOTE 5 — FUNDS:

At year end the Foundation had the following funds:

	2019	2018
Unrestricted:		
General Fund	\$ 432,735	\$ 383,191
Dr. Thomas H.G. Aitkin Fund	295,937	270,524
Mobeck Family Fund	37,935	24,774
Andriole Family Fund	33,007	29,962

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Lasala Family Fund	18,192	15,667
Darin G Etzel Fund	138,590	121,127
H Allen Carroll Fund	15,046	13,756
William & Barbara Lyons Fund	120,234	109,668
John & Carol Moss Fund	8,459	7,726
A Peter and Fae Delfini Memorial Fund	11,325	10,000
Clark Family Fund	13,476	11,344
Nobile Fund for Cultural & Artistic Innovation	2,188	1,973
Donald & Mary Lou Welch Fund	11,016	9,940
Donald & Carla Grigley Memorial Fund	62,948	54,320
Robert J Massey, Sr. Family Fund	18,164	16,472
Tom & Carol Gagliardi Fund	12,121	9,790
GSB Charitable Fund	73,662	55,161
Jane W. Rosenthal Fund	10,890	9,719
Thomas C Hooker Fund	42,459	33,445
Peter Borgemeister Fund	15,624	14,250
William T Gorman Fund	21,140	19,266
Stephanie & Leonard Farber Fund	18,092	14,491
Jacqueline Trask Ulrich Fund	85,201	77,589
Linda Edsall & Walter Winward Music Fund	6,475	6,206
Joyce & Robert Mailhouse Fund	163,921	148,033
Page Family Legacy Fund	4,200	1,894
James F Ryan Fund	12,457	10,990
Deirde Schiffer Fund	40,294	36,382
Faricelli Fund	2,788	-
Torello Family Fund	8,427	7,211
Brain Injury, Brain Illness & Mental Health Fund	15,256	13,682
John E Donegan Fund	38,614	33,254
Total general funds	<u>\$ 1,790,873</u>	<u>\$ 1,571,807</u>

Scholarship Funds:

John B. Sliney Fund	12,004	10,953
Austin Ryer Fund	12,091	10,383
Vincent S. Giordano, Sr. Construction Ind. Mem. Sch.	52,795	47,013
Robert Dow Scholarship Fund	7,570	7,508
Mari-Ellen Reed Fund	26,673	23,007
PJ Ferriolo Memorial Fund	49,131	43,978

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NOTES TO THE FINANCIAL STATEMENTS

Carol D. Redden Scholarship Fund	57,509	52,400
Kendra Martin Scholarship Fund	13,625	11,323
Linda Edsall Winward Scholarship Fund	24,064	21,858
Cathyann Roding Performing Arts Sch Fd	12,896	11,685
William Schwanfelder Scholarship Fund	142,712	129,744
Philip A. DeLise Scholarship Fund	12,036	10,981
Reynolds Scholarship Fund	10,694	8,819
Roberta Temple Scholarship Fund	52	1,687
Joyce Watson Potts & Carl E Potts Scholarship Fund	19,954	-
Wheeler Scholarship Fund	30,525	28,547
D. William Owens, Jr. and Robert M. Owens Scholarship	19,755	17,884
Total funds designated by board for scholarship	<u>\$ 504,086</u>	<u>\$ 437,770</u>
Total funds with no donor restrictions	<u>\$ 2,294,959</u>	<u>\$ 2,009,577</u>
 Branford High School Scholarship Funds	 <u>\$ 197,687</u>	 <u>\$ 181,490</u>

NOTE 6 — FIXED ASSETS:

Fixed assets totaling \$1,664 comprise computer equipment jointly purchased with another organization. Current year and accumulated depreciation total \$1,404 leaving a net value of \$260.

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
Legacy Theater	5,000	Production on Town Green
Literacy Volunteers	3,000	Train volunteer tutors
Branford Early Learning Center	5,000	General purposes
Orchard House	4,000	“Lest We Forget” program
Tabor Arts Branford	2,500	Items for stage
Clifford Beers Child Guidance Clinic	3,500	General use for Bfd res.
Branford Compassion Club	700	Neutering
Branford Project Graduation	1,200	General use
Feed Branford Kids	5,000	Backpack program support
Special Olympics of Connecticut	1,000	Equipment and training
Connecticut Fund for the Environment	2,000	Farm River Watershed

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Woman & Life Family Center	3,500	Support Branford residents
VNA Community Healthcare	2,000	Hospice program
Tail to Paw Animal Support	1,100	Assist residents with pets
Read to Grow	2,000	Books for kids program
Community Dining Room	2,500	General use
Camp Hazen	1,000	Aid for campers
Branford High School	2,000	Robotics Club
	<u>\$ 72,000</u>	

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	\$ 25,000	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 \$73,037 and \$68,842 for 2019 and 2018, 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 Event – Coronavirus Pandemic:

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Foundation’s operations. Future potential impacts may include disruptions or restrictions on our employees’

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ability to work, donor's ability to give and returns on the endowment. Operating functions that may be changed include ability of vendors to provide services and the needs of the community and supported organization. Changes to the operating environment may increase operating costs. The future effects of these issues are unknown.

Subsequent events have been evaluated by management through September 7, 2021. The financial statements were available for issue on September 7, 2021.