



November 2008

Dear Community Foundation Donors:

I'd like to take this opportunity to thank you for your past contributions. As a donor, you know the impact we are making through our grantmaking and leadership roles. We granted nearly **\$200,000** for local projects and for scholarships during our 2008 fiscal year, and several funds were created. Please take a look at the enclosed list.

We also provided management and board training to grantees and other nonprofits in our area. We served on the board for workforce development in our region, and we're part of a new local and regional community and economic development initiative. We were part of public-private-philanthropic partnerships that work to assure that our most vulnerable citizens---our children---can reach their full potential. We worked with state and county government and other community leaders to select, network, and support local providers of quality early education, safe and affordable child care and foster care, and programs which help families give their children safe and supportive home environments. **Your generous contributions in the past have made all this possible.**

I would like to thank Hal & Lillian Creal for their generous sponsorship of the first ever Branch County Philanthropy Day held October 21. If you weren't able to attend any of the events, it was a great day and be sure to get all the details from our 2007-2008 Annual Report coming out in early 2009!

Hal & Lillian have also been kind enough to offer a matching grant to the Branch Area Food Pantry (BAFP). For every \$2 donated to BAFP between now and December 31 they will be donating \$1, up to a maximum of \$5,000. Don't forget that your gift to BAFP can be claimed under the Michigan Tax Credit program on your state tax return, in addition to your gift to the Community Foundation. For your convenience, we've enclosed a tax credit chart showing the impact of the credit on your out-of-pocket cost.

You may like to know what we're doing in consideration of the current financial picture. We don't want to minimize the financial conditions that the global economy is facing, but neither do we want to make rash decisions based on emotion and media bytes rather than sound information from our financial and investment advisors. As we always do, we will be working closely with those advisors, and we will be reviewing and evaluating our investment strategies and spending policies to account for a longer-term Bear market. If you have questions about our investment and other financial info you can go to our website (www.brcofoundation.org) or contact me directly.

The market will eventually go up again. In the meantime, we plan to use this fiscal year's endowment allocations through 2011. That will be difficult. Total grantmaking dollars from endowed funds will decrease and, consequently, fewer projects will be supported. There will be fewer scholarships given out.

But, we're maintaining a positive, forward-looking stance while at the same time turning a critical eye to our business model: how we operate and what we do in the community. We believe this is a perfect time to find more efficient ways to do things on an administrative level and to evaluate our process for reviewing grant proposals and the impact our grants have on the people in the communities we serve.

If you can, it's also a good time to give. The market now has a greater potential to go up over the next two years; new gifts will be an important part of the recovery of these community endowments. Along those lines, something good has come out of an economic period that has not been encouraging. As part of the Emergency Economic Stabilization Act of 2008 the Charitable IRA legislation has been extended through December 31, 2009.

Even though most people's retirement fund is less healthy than a few years ago, some of today's retirees, thanks to decades of deliberate saving, have more money in their IRAs than they need for daily living expenses and long-term care. And unfortunately for larger estates, a good portion of IRA wealth goes to estate taxes and income taxes of beneficiaries; experts estimate heirs may receive less than 50% of IRA assets that pass through estates.

During 2008 and 2009 only, holders of traditional IRAs who are at least 70½ years old can share the wealth by giving retirement savings directly to charity – and bypassing income tax. The Community Foundation can help donors execute the transfers and choose from several charitable fund options for their gifts. And I did have someone come in just before Thanksgiving to start the process of a rollover; we're working out the details as this letter goes out. Please contact me if you would like more information on how to take advantage of this wonderful opportunity.

Let me know if you have any questions about anything I've mentioned in the letter or anything else to do with charitable giving in our community.

Best wishes,



Colleen Knight, Executive Director

Enclosures: Fund Listing
Michigan Income Tax Credit Chart



CURRENT FUND LISTING – DECEMBER 2008

UNRESTRICTED FUNDS

The most flexible funds within the Foundation, unrestricted funds are those for which the donor allows the Foundation discretion in the use of the annual income for a broad range of community projects. This provides the Community Foundation the opportunity to respond to changing community needs.

Branch County General Endowment
Community Foundation Operating Fund *

FIELD-OF-INTEREST FUNDS

With field-of-interest funds, the donor directs the Community Foundation to utilize the annual income in a certain program area. The Community Foundation determines the specific grant recipients. Educational scholarships may be awarded from field-of-interest funds. An educational field-of-interest fund can be used for scholarships, but *can also be used* for other types of educational support.

Bike Branch County Fund *
Branch County Area Chamber of Commerce Fund
Branch County HomeTown Competitiveness Fund
Branch County Projects Fund
Branch County Youth Project Fund
Coldwater Holiday Decoration Endowment
Colon Foundation Fund

Colon Youth Project Fund
Early Childhood Investment Fund
Irv & Kathryn Harris Memorial Fund
Healthy Senior Fund
Healthy Youth Fund
Homelessness Prevention Fund
Silent Observer Program Fund *

SPECIAL PROJECT FUNDS

Special Project funds are temporary and are held for a limited length of time (typically two years or less).

*Brandon Martin "Give Something Back" Initiative **
Colon Area Community Park *
Colon Township Library Building Fund *
Community Unlimited Youth Program Fund *
Rachel's Challenge Fund *

MEMORIAL FUNDS

Memorial funds are temporary and are held for a limited length of time (typically two years or less).

Rae Ann Archer Aker & Thomas Archer Memorial Fund *
*Lonnie Avra Memorial Fund **
Steven Carter Scholarship *
*Creative Health Institute Fund **
William Hacker & Robert Mumby Agriculture Education Fund *
Catherine Russell Educational Fund

ORGANIZATIONAL ENDOWMENT AND DESIGNATED FUNDS

Other nonprofit organizations often place their endowment funds within the Community Foundation for management and investment purposes. The Community Foundation regularly distributes the annual income back to these agencies to help them accomplish their charitable purposes. Designated funds are funds in which a donor has specified the charitable recipient, or recipients, of the income at the time the fund is established.

Altrusa International of Branch County G. Louise Wallace Scholarship
Gordon Bowerman Agricultural Endowment Scholarship
Branch Area Careers Center Scholarship
Branch County 2-1-1 Fund
Branch Interfaith Hospitality Network Endowment
Bronson Community Endowment Fund
Bronson Community Schools Endowment
Bronson High School Alumni Association Endowment
Bronson Library Fund
Bronson United Methodist Church Fund
Coldwater Community Schools Foundation Fund
Coldwater Community Schools Scholarship
Coldwater Jaycees Endowment
Coldwater Noon Exchange Club Scholarship
Colon Community Historical Society Endowment

Colon Kiwanis Club Educational Fund
Colon Township Library Endowment
Community Health Center Foundation
Community Unlimited Endowment
Early Bird Exchange Club Scholarship
Velma & Chauncey French Memorial Scholarship
Elmer S. Houghton Administrative Endowment
Leo & Mabel Jane Kimble Fund
Gerald LaBelle Memorial H & C Burnside Foundation Fund
Michigan Association of Retired School Personnel Scholarship Fund
Quincy Rotary Projects Fund
Refurbished Pets of Southern Michigan Endowment
Rosenberg Family Endowment Fund
Charles A. Ryan Quincy Student Loan Foundation Fund

DONOR ADVISED FUNDS

Donor advised funds allow the donor to actively participate in the grantmaking process by recommending to the Community Foundation the purpose and organizations that receive grants. Some donors specify a particular field of interest for the fund they create. Grants can be made to a wide variety of organizations including religious, charitable, scientific, literary, educational, or governmental organizations. Recommendations are referred to the Community Foundation's Board of Directors for approval. Many advised funds become unrestricted on the death of the donor or at the end of a specified period.

Dr. & Mrs. P.C. Baldwin Fund *
Richard L. & M. Marie Bettinger Family Endowment Fund
Scott Brayton Memorial Fund
Coldwater Rotary Endowment Fund
F. Harold & Lillian Creal Endowment
Dan & Judy Dobson Fund *
Elmer Dobson Memorial Fund

Faith Based Initiatives Fund
Stanley G. Godfrey Endowment Fund for the Arts
Milvayeti Rice Fund for Understanding
Patricia Klein Shoemaker Endowment
Howard M. & Marian W. Teeter Endowment
Greg Thomas Memorial Endowment
Bruce G. & Ruth A. Young Endowment

SCHOLARSHIP FUNDS

These funds provide a vehicle for donors wishing to set aside funds for education awards to assist those who pursue higher education. The donor may identify an area of study, educational institutions, or other criteria.

A and G Fund *
Asama/Gokoh Scholarship
Lyndsay Sharp Bingaman Scholarship
Branch County Student Ambassador Scholarship*
Evelyn Jean Broker Memorial Scholarship
Orla & Cholie Burke Memorial Scholarship
Lucile Burnside Scholarship
Annette Marie Clarke-Diaz Scholarship
Shawn R. Cockrell Wrestling Scholarship
Robert Corson Memorial Scholarship
Dart Family Memorial Scholarship *
Kenneth Michael Daugherty Scholarship
Irma L. English Memorial Music Scholarship
Fiorell/Johnson Scholarship
Jason Gentz Memorial Scholarship
Jeri L. Holt Memorial Scholarship
Mildred G. Hutchins Loan Fund
Blanche Marie Jones Garn/Glema E. Jones Scholarship

W.H. Judd Scholarship
John & Marguerite Kenyon Scholarship
E. John Klein Memorial Scholarship
Blaque & Arlouine Knirk Educational Fund
Joseph & Ethel Linteau Scholarship
Marie Green McMahan Scholarship
May E. & John Losey Moore Family Scholarship
President's Student Service Scholarship
Rhoades Memorial Teacher's Grant
Kenny Ryan Memorial Scholarship
Philip & Jeanette Sattler Scholarship
Alice C. Shafer Memorial Fund
Emory L. Sechrist Scholarship Fund
Southern Michigan Bank & Trust Lester Wise Scholarship
Janette Molby Stephens Scholarship *
Weston, McCurley, Gerth Scholarship
Ralph & Gene Widener Memorial Fund
James F. York Memorial Scholarship



Branch County
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 For good. For ever.®

Michigan Tax Credit Chart
Individual Taxpayers

	Single, Nonitemizer	Married, Nonitemizer	Single, Itemizer	Married, Itemizer	Single, Itemizer	Married, Itemizer	Single, Itemizer	Married, Itemizer	Single, Itemizer	Married, Itemizer	Single, Itemizer	Married, Itemizer
<u>Federal Marginal Income Tax Rate</u>	N/A	N/A	15%	15%	25%	25%	28%	28%	33%	33%	35%	35%
<u>Impact on State Taxes:</u> *												
Amount of Gift x	\$200	\$400	\$200	\$400	\$200	\$400	\$200	\$400	\$200	\$400	\$200	\$400
State Tax Credit	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
= State Tax Savings	\$100	\$200	\$100	\$200	\$100	\$200	\$100	\$200	\$100	\$200	\$100	\$200
<u>Impact on Federal Taxes:</u>												
Amount of Gift x	\$200	\$400	\$200	\$400	\$200	\$400	\$200	\$400	\$200	\$400	\$200	\$400
Marginal Federal Tax Rate	N/A	N/A	15%	15%	25%	25%	28%	28%	33%	33%	35%	35%
= Federal Tax Savings	\$ 0	\$ 0	\$ 30	\$ 60	\$ 50	\$100	\$ 56	\$112	\$ 66	\$132	\$ 70	\$140
<u>Total Tax Savings:</u>												
Federal Tax Savings	\$ 0	\$ 0	\$ 30	\$ 60	\$ 50	\$100	\$ 56	\$112	\$ 66	\$132	\$ 70	\$140
+ State Tax Savings	100	200	100	200	100	200	100	200	100	200	100	200
= Total Tax Savings**	\$100	\$200	\$130	\$260	\$150	\$300	\$156	\$312	\$166	\$332	\$170	\$340
<u>Actual Cost of Gift:</u>												
Amount of gift -	\$200	\$400	\$200	\$400	\$200	\$400	\$200	\$400	\$200	\$400	\$200	\$400
Total Tax Savings =	100	200	130	260	150	300	156	312	166	332	170	340
Donor's Actual Cost	\$100	\$200	\$ 70	\$140	\$ 50	\$100	\$ 44	\$ 88	\$ 34	\$ 68	\$ 30	\$ 60

* State tax liability must be at least \$100 for single, \$200 for married persons.
 ** Please note that the savings in Michigan taxes may reduce the amount of the State income tax deduction on the Federal return the following year.

Footnote: This example assumes that there is no reduction in the state and local tax deduction on the U. S. individual income tax return for the subsequent year. Some taxpayers may have a reduction in the state and local tax deduction if the credit results in a refund check from the State. Other taxpayers will not have a reduction in the state and local tax deduction because they are either not itemizing deductions or the itemized deductions are subject to phase-out.