




Branch County

community foundation SM

For **good.** For **ever.**[®]

Information Packet



2 West Chicago Street, Suite E-1, Coldwater, Michigan 49036-1602
(517) 278-4517 Fax (517) 279-2319
E-mail: info@brcofoundation.org
www.brcofoundation.org



WHAT IS A COMMUNITY FOUNDATION?

A community foundation is a tax-exempt public charity created by and for the people in a local area. It enables people with philanthropic interests to easily and effectively support the issues they care about — immediately, or through their will.

The **Branch County Community Foundation** is a non-profit organization and a state-certified, nationally-accredited community foundation begun in 1991 by local Rotary clubs. We serve communities in Branch County and Colon, Michigan.

For Good. Our mission is to build a permanent endowment by attracting funds from and providing services to a wide range of donors and to grant the income from those funds back to our community.

For Ever. Our endowment funds are preserved, invested, and managed to assure a steady stream of income for grants to organizations that serve our community.

We offer people of all means – no matter how great or small their personal resources – an opportunity to give back. Donors can contribute to one of over 90 funds or establish a new charitable fund at the foundation.

ROLES OF THE COMMUNITY FOUNDATION

The Community Foundation's three roles are **grantmaking**, serving as a **catalyst and convener** in the community, and building a permanent community **endowment**. Through grantmaking, the Foundation confers grants in support of the community. By remaining a neutral entity with only the community's best interest in mind, the Community Foundation serves as a catalyst and convener to bring people together to discuss, plan, and implement strategies that meet the needs of the community and that take advantage of opportunities available to the community. Through endowment development, the Foundation becomes a vehicle for channeling community resources.

Grantmaking

The Community Foundation is especially interested in supporting activities in the following areas: community and economic development, the needs of young people, educational advancement, health and social service enhancement, and cultural development.

The Foundation gives high priority to projects which promote development or strengthening of community assets; will have a positive long-term impact on program participants and/or the community; meet an immediate, short-term need and lead to prevention of recurring need; if the project is intended to be ongoing, it will be financially sustainable after the grant funding ends (without BCCF or other grant funding); promote cooperation among area organizations with related or supportive missions.

Community and Economic Development

We seek to use our resources to strengthen our area through community and economic development initiatives.

- Partner **HomeTown Competitiveness (HTC)**. BCCF has created a fund to help gather charitable assets and is working with local leaders to implement a county-wide “hometown” vision for all of our futures. HTC is a new approach that helps communities create a sustainable plan for community and economic development. Through HTC initiatives we can support *entrepreneurship* and maintain thriving farms and small businesses; create flexible *charitable assets* and retain local wealth; engage *youth* in positive ways and give young people a reason to return to their hometown to work and raise their families, and strengthen local *leadership capacity*. Learn about HTC at <http://www.branchareachamber.com/HTC.htm>
- Member **Branch County Area Chamber of Commerce**
- Member **Barry-Branch-Calhoun Workforce Development Board**
- Member **Branch County Employment & Training Council (ETC)**
- Member **Family Services Network (FSN)**. FSN is a coalition of educators, employers, service providers and others that help coordinate health and human services for Branch County families and re-allocate state and federal block grants aimed at strengthening Branch County families.
- Member of the **Department of Human Services** community funding re-allocation committee through FSN.

Health Initiatives

In order to optimize the financial and other resources in our community, we support programs that preserve, protect, and promote the health of our citizens.

- Member Branch-Hillsdale **Tobacco Reduction Action Coalition (TRAC)**. Tobacco-related illnesses drain a community’s resources in terms of lost work time and increases in health insurance and health-care costs. Our local health department, the Branch-Hillsdale-St. Joseph Community Health Agency (CHA), applies for funding each year through the Michigan Department of Community Health and the Centers for Disease Control and Prevention. The Branch-Hillsdale TRAC is a local coalition that assists the CHA with assessing community data and surveys and creating and implementing tobacco abuse reduction goals.
- Member **Healthy Communities Coalition (HCC)**. The HCC’s goal is to work toward increasing Branch County community members’ participation in physical activity, healthy eating behaviors, and tobacco-free lifestyles. The HCC promotes healthy behaviors for Branch County’s residents, thereby increasing residential demand and economics while improving the health of all community members.

Housing and Education Initiatives

We seek to help individuals and families through education and community support that leads to self-sufficiency.

- Member of the **10-Year Plan to End Homelessness** steering committee and the **Continuum of Care Allocation Committee**. In 2006, the Branch County Continuum of Care submitted its 10-Year Plan to End Homelessness to Michigan State Housing Development Authority (MSHDA). The plan includes strategies and action steps to prevent homelessness.
- Member **Early Childhood Investment Corporation – Great Start Branch**. ECIC is a statewide initiative that recognizes education begins at birth (not when a child enters school) and works to effectively focus early childhood efforts and leverage public and private support to expand the availability of high-quality early education and child care, including parenting education.

Building Nonprofit Capacity

One of our fundamental beliefs is that in **strengthening local nonprofits**, we help to strengthen the entire community. We actively seek opportunities to help build capacity in the areas of strategic planning,

Branch County Community Foundation
2 West Chicago Street, Suite E-1, Coldwater

(517) 278-4517
Fax (517) 279-2319

governance, financial management, human resources, communication, transparency and accountability, fundraising, information and technology, evaluation, and strategic alliances.

Building Endowments

Reasons to Give Through the Community Foundation

- We are a **local organization** with deep roots in the community.
- Our staff and volunteer committee and board members have **broad expertise** regarding community issues and needs.
- We provide highly **personalized service** tailored to each individual's charitable and financial interests.
- Our funds help people **invest in the causes** they care about most.
- We accept a wide **variety of assets**, and can facilitate even the most complex forms of giving.
- We partner with **professional advisors** to create highly effective approaches to charitable giving.
- We offer maximum **tax advantage** for most gifts under federal law.
- We **multiply the impact** of gift dollars by pooling them with other gifts and grants.
- We build **endowment funds** that benefit the community forever and help create personal legacies.
- We are a **community leader**, convening agencies and coordinating resources to create positive change.

No one person has the resources to find solutions to all the challenges faced by a diverse community. A significant impact can be made only when the financial and human resources of several individuals are combined.

Whether you desire to enrich the community with programs dealing with arts and culture, health, education, human services, the environment, or other areas of interest to you, we can help you by giving you flexible giving options.

What's The Difference Between a Community Foundation and a Commercial Gift Fund?

The Community Foundation is different from a commercial gift fund, like Fidelity, in that we offer more charitable products at the same, or less, service charge than commercial gift funds. We also offer the local, professional expertise of our staff to help connect you to the community causes you care about.

Is Giving Through the Community Foundation Right for You?

- Do you care deeply about your local community?
- Do you give to more than one charitable cause?
- Are you interested in creating a personal or family legacy in your community?
- Are you considering the creation of a private foundation, but concerned about cost and administrative complexity?
- Would you like to stay personally involved in the use of your gift dollars?
- Do you want to receive maximum tax benefits for your charitable contributions under Michigan and Federal law?
- Do you place a priority on sound financial management of your contributions?

BECOMING A DONOR

Your Dream. Your Community Foundation.

You dream it. We can help you do it. What would you like to do for your community?

Support the arts? Prevent homelessness? Build a bike trail? Enhance educational opportunities? Support your church? Help meet future community needs? The Branch County Community Foundation strengthens your community by supporting all of those things---and lots more!

The Community Foundation can work with you and your estate planning professionals to help you realize your dreams!

Types of Gifts

The Branch County Community Foundation is extremely flexible in the types of assets that may be used to make a contribution to an existing fund or start a new fund.* Donors may contribute gifts during their lifetimes or through wills or trusts. And gifts may be made in memory of or in honor of a friend or loved one.

Gifts of Cash

Gifts of cash are most popular for many people who make smaller contributions to the Foundation. The cash gifts contributed each year help the community's endowment fund grow and allow the Foundation to expand our support to the community through grants.

Securities

The Community Foundation gratefully accepts gifts of securities. If either public or private securities have appreciated over time, the owner may incur substantial capital gains taxes if the stock were sold outright. The donation of appreciated securities can offer the donor attractive income tax benefits, including relief from capital gains tax liability.

Outright Gifts

Securities may be given to the Community Foundation at their present market value as an outright gift. This way donors avoid all capital gains tax and also receive a charitable income tax deduction.

Source: *The Essentials of Planned Giving*, JOHN BROWN LIMITED, INC; 2nd Edition

CONSULT YOUR TAX ADVISOR FOR THE VALIDITY OF THIS INFORMATION TO YOUR PARTICULAR TAX SITUATION.

* In accordance with the Community Foundation's Gift Acceptance Policy, The Investment Committee must formally accept all gifts to the foundation with the exception of cash or negotiable instruments.

Branch County Community Foundation
2 West Chicago Street, Suite E-1, Coldwater

(517) 278-4517
Fax (517) 279-2319

Deferred Gifts

By using securities to fund charitable remainder trusts, charitable annuity trusts, and other planned giving vehicles, the donor can avoid capital gains tax liability and is eligible for a charitable income tax deduction upon transfer of the assets. A gift of securities left to the Community Foundation is deductible from the gross estate, reducing estate taxes.

Life Insurance Policies

Many people are surprised to learn that their life insurance policies can become a charitable gift. Life insurance is usually purchased to protect the family from financial loss due to the death and loss of income of one or more family members. Normally, the need for life insurance protection lessens as an individual grows older. Children are grown, self-supporting, and through college; the mortgage has been paid; and an estate of other assets has been acquired. The insurance has served its original purposes, and can become a gift to the Community Foundation. The donor receives an immediate tax deduction (usually equal to the cash surrender value).

Outright Gifts

If the donor decides to relinquish ownership of the policy by assigning all rights, titles, and interest in the policy to the Community Foundation, the donor may be eligible for a charitable income tax deduction for the present value or future premium payments on the policy. If ownership of the policy is donated to the Community Foundation, even if ownership is retained by the donor, any proceeds received by the Community Foundation will be deductible by the insured estate as a charitable contribution, thus reducing the estate tax.

Donors can also contribute insurance even though the policy is not fully paid up. The donor can name the Community Foundation the beneficiary, continue to maintain the policy, and receive a charitable tax deduction for premiums paid to keep the policy in force.

Deferred Gifts

Donors can contribute life insurance policies to fund a life income trust. These life income trusts (i.e. charitable remainder annuity trusts or charitable remainder unitrusts) are advantageous giving arrangements for many donors. A donor can make an irrevocable gift of an insurance policy's present value, yet reserve income for the donor or other beneficiaries for life.

Real Estate

Gifts of real estate can include homes, condominiums, apartments, undeveloped land, farmland, and rental property. Such gifts may help the donor alleviate management costs and responsibilities if the property were held, and capital gains tax and broker's fee if the property were sold.

When you give gifts of real estate to the Foundation, the Foundation in turn sells the property, and — depending on the amount — contributes the proceeds to an existing fund of your choice or opens (or increases) your own fund with the income from the sale. You receive a charitable tax deduction equal to the fair market value of the property, and you pay no capital gains tax on the sale.

Source: *The Essentials of Planned Giving*, JOHN BROWN LIMITED, INC; 2nd Edition

CONSULT YOUR TAX ADVISOR FOR THE VALIDITY OF THIS INFORMATION TO YOUR PARTICULAR TAX SITUATION.

Branch County Community Foundation
2 West Chicago Street, Suite E-1, Coldwater

(517) 278-4517
Fax (517) 279-2319

Outright Gifts

By making an outright gift of a piece of real estate, the donor avoids capital gains tax and receives a charitable income tax deduction.

Deferred Gifts

Trusts – If real estate is used to fund a charitable remainder unitrust or a charitable lead trust, a donor typically avoids the capital gains tax liability on the transfer of the asset to the trust.

Bequests – If a donor leaves real property to the Community Foundation by will, estate taxes are substantially reduced as the property is removed from the taxable estate.

Retained Life Estates – Making an irrevocable donation of real estate while retaining the right to use the property often results in the immediate benefit of a substantial tax deduction. The income tax deduction can mean significant tax savings in the year of the gift and may be carried forward for up to five additional years.

Source: *The Essentials of Planned Giving*, JOHN BROWN LIMITED, INC; 2nd Edition

CONSULT YOUR TAX ADVISOR FOR THE VALIDITY OF THIS INFORMATION TO YOUR PARTICULAR TAX SITUATION.

Branch County Community Foundation
2 West Chicago Street, Suite E-1, Coldwater

(517) 278-4517
Fax (517) 279-2319

Types of Funds

No matter what your philanthropic goals, the Community Foundation can help you determine which existing fund matches your passion, or we can assist you in creating a new fund. Ask us for our most recent list of existing funds and the description of what type of grants they support.

Unrestricted. 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.

Field-of-Interest. 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.

Donor Advised. 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 the annual income. 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.

Temporary donor advised funds work just like an endowed fund with the exception that the minimum establishing gift is \$1,000. Use this option for end-of-year giving to multiple charities. You can write a single check or give stock to your community foundation, get one gift acknowledgement for tax purposes, and still make gifts to several charities.

Designated. 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.

Agency Endowments. 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.

Special Project and Memorial Funds. The Foundation's primary mission is to establish permanent funds, but we recognize that at times it's more appropriate to serve the donor and the community through a temporary fund. Any type of fund can be a temporary fund; special project, memorial, and donor advised funds are the most common.

What to Expect as a Donor

As a donor to the Community Foundation, you are entitled to:

- receive a prompt gift acknowledgment and "thank you".
- receive information about the Foundation's administrative fees and its spending and investment policies.
- be listed in annual reports and other publications, unless you have requested anonymity.
- be added to the Community Foundation's mailing list and receive Community Foundation publications and changes in policies or operating procedures.
- be assured information about the size/nature of your gift will be held in confidence, and that it will be used for the purpose for which it was given.
- review the most recent tax Form 990, either by requesting it by mail, email, or by visiting the Community Foundation office.

As a donor who has established a separate fund, you have the right to:

- select the name of the fund, or have it remain anonymous.
- receive an annual financial statement showing the balance of the fund as well as a listing of donations received and grants awarded on behalf of the fund. If the fund is created as part of your estate plan, your family members can request the same information.
- be fully informed concerning the variance power of the Community Foundation. The variance power allows the Board of Directors of the Foundation to modify any restrictions or conditions on the distribution of funds for any specified charitable purposes or to specified organizations, if in its sole judgment, *cy pres*, (without approval of any trustee, agent, or custodian), such restrictions become, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area served by the Branch County Community Foundation.
- be part of an advisory committee that is created to recommend distributions from the fund you establish, or recommend committee membership---always being mindful that there is no conflict of interest inherent in the composition of the committee.

As a donor who has established a donor advised fund, you have the right to:

- the same rights which apply to donors of any established separate fund (stated above).
- recommend grants from the fund.
- have a clear understanding whether or not you will be able to recommend distributions of income only or income and principal. This issue should be resolved and described in the fund agreement when the fund is created.
- resolve the issue of the right of a spouse or succeeding generations to advise distributions from your fund. This should be determined at the time the fund is created.
- understand whether or not the Community Foundation will allow you to recommend distributions that benefit eligible recipients outside the normal geographic area served by the foundation. This should be determined at the time the fund is created.
- be apprised of the limitations of the uses of a donor advised fund---which include the following:
 - * There can be no benefit accruing to you, directly or indirectly, as a result of a distribution. This includes reimbursement for expenses related to fundraising or any other such activity.
 - * The uses of the fund must be charitable.
 - * You cannot suggest a distribution from a donor advised fund for scholarships.
 - * You cannot suggest a distribution from a donor advised fund to fulfill financial pledges.
 - * All the distributions you suggest must be approved by the Board of the Community Foundation.

Donor Recognition

Unless anonymity has been requested, the Community Foundation recognizes every donor—no matter what size their gift—in our newsletter, annual report, and other publications.

Donors' Circle

The Donors' Circle was created to give special recognition to donors who make significant gifts during the current fiscal year and those who have reached exceptional levels of giving during over time.

Current Donors (Fiscal Year)

Catalysts	Convenors
<u>Benefactor</u> \$5,000 +	<u>Founders</u> \$100,000 +
<u>Patron</u> \$2,500 +	<u>Presidents</u> \$50,000 +
<u>Partner</u> \$1,000 +)	<u>Governors</u> \$25,000 +
<u>Associate</u> \$500 +	<u>Leaders</u> \$10,000 +
<u>Friend</u> \$200 +	

Special Giving Levels

Continuous Giving	Life Time Gifts
<u>Evergreen</u> 10 years +	<u>Philanthropist</u> \$1,000,000 +
<u>Seedling</u> 5 years +	<u>Humanitarian</u> \$500,000 +
<u>Seed</u> 3 years +	<u>Ambassador</u> \$250,000 +
	<u>Champion</u> \$100,000 +
	<u>Sponsor</u> \$50,000 +

Legacy Society

The Branch County Community Foundation created the Legacy Society to show our appreciation for those generous community members who have expressed their intent to provide a gift for the future by naming the Branch County Community Foundation as a beneficiary through their estate plan or other means.

Legacy Society members are those who have given us permission to list their names (details of gifts are always kept confidential).

CREATING A FUND

Advantages

Many donors have chosen to create a fund within the Community Foundation rather than creating a private foundation. Even if you have already established a private foundation, you can transfer the assets to a new fund within the Community Foundation. The Foundation will administer the fund and prepare all the necessary reports. As a public charity, the Branch County Community Foundation does not pay excise tax; this increases the amount of income available to charity.

Consider these advantages to establishing a fund within the Branch County Community Foundation.

Tax Advantage

Gifts given to a permanently endowed fund are eligible for the state of Michigan income tax credit as well as a federal tax deduction. And taxpayers don't have to be eligible to itemize to use the **Michigan Tax Credit!**

Protection of Assets

If your goal is to set up a fund that is **permanent**, and you want to **protect the fund** from being depleted, then the Community Foundation is the perfect vehicle for you. The Fund Agreement sets the criteria the Community Foundation board must use when spending from the fund---including any prohibition about spending from principal.

Even if you don't want to permanently endow your Fund, there are still many reasons to create a fund within the Community Foundation.

Administration

The Community Foundation handles all administrative functions---including **audits**, filing of 990 **tax returns**, and other state and federal **reporting**---and sends the donor an annual financial statement showing the balance of the Fund as well as all Fund activity during the fiscal year.

Community Foundation staff sends **gift acknowledgements** to all donors to the Fund (no matter what the size of the gift). Donor histories are kept on a database to including date of gift, type of gift (cash, memorial, etc.) and amount of gift.

Knowledge & Experience

Community Foundation staff and board have over 10 years of experience as grantmakers. Advisors to the Fund can use the Foundation's expertise on questions with regard to grant/scholarship requests.

Our professional investment managers are experienced and thoughtful local residents who care about our community and doing the best job for the Community Foundation.

Fund Identity & Marketing

Funds are still able to retain their own identity and can be marketed by your board or committee in much the same way you would if you administered the fund yourself. All grants and scholarships are awarded in the name of the Fund. In addition, the Fund receives exposure in the annual report and other materials distributed by the Community Foundation. Contact our staff to discuss other marketing strategies.

Fees.

Branch County Community Foundation
2 West Chicago Street, Suite E-1, Coldwater

(517) 278-4517
Fax (517) 279-2319

Fees are assessed monthly, based on the market value of the asset. There are three types of fees regularly charged to each endowment fund: investment-related fees charged by investment firms, investment consultant fees, and administrative fees charged by the Community Foundation. Investment and consultant fees are charged based on each fund's portion of the Community Foundation's invested assets. Administrative fees vary from 1-2½ % depending on the amount of administrative time involved.

How Long Should the Fund Last?

The Branch County Community Foundation has developed several types of funds to meet donor and community needs. Our staff works with you and your advisor to help you determine which type is right for you.

Temporary Funds. Temporary funds will be completely spent for grants. These funds provide the ultimate in flexibility and allow the fund to make larger, immediate grants. Donations are eligible for a federal tax deduction (but *not* the Michigan Tax Credit). A temporary fund gives you the opportunity to decide if a permanent endowed fund is right for you. Note: Temporary funds will not share in investment income.

Long-Term Funds. Some donors create a fund that allows the Community Foundation to spend from principal if deemed appropriate. Donations are eligible for a federal tax deduction (but *not* the Michigan Tax Credit).

Permanent (Endowed) Funds. A permanent, endowed fund makes grants solely from investment income. Creating this type of fund ensures that your fund can continue to make grants throughout time. Donations are eligible for both a federal tax deduction *and* the Michigan Tax Credit.

A permanent endowment fund can be started with any gift amount, but must reach an established minimum balance to begin spending income from the fund. A fund established with the minimum balance, must be invested for at least one year before it is eligible to begin spending income.

You can split gifts between the permanent and grantmaking portions of the fund so that the fund can make larger, immediate grants *and* build investment income and principal to make grants throughout time. The entire gift is eligible for a federal tax deduction, and the portion that is endowed is eligible for the Michigan Tax Credit.

What is the Purpose of the Fund Agreement?

The donor and the Community Foundation sign a formal fund agreement that is designed to

- protect donor intent as long as the fund exists,
- help the BCCF understand its administrative responsibilities,
- help donors understand the limitations of the fund,
- assure that the goals of the fund are legal and charitable, and
- specify whether the fund is intended to be endowed (i.e. whether or not the principal can be spent).

When Do You Want to Make the Contribution?

	I want a fund that	What's Next?
Now	<ul style="list-style-type: none"> • is set up now for granting in my lifetime. • benefits charities now. • realizes tax benefits in my lifetime. • allows others to contribute to the fund. • memorializes or honors another individual. 	<ul style="list-style-type: none"> • Contribute the necessary amount to establish the fund and complete a Fund Agreement with the Community Foundation.
Later	<ul style="list-style-type: none"> • will go into effect after my lifetime. • legally provide for assets from my estate to be placed in the charitable fund. • create a vehicle that is ready to receive and distribute charitable gifts according to my wishes for the future. 	<ul style="list-style-type: none"> • Complete a testamentary Fund Agreement with the Community Foundation. (Note: may be modified at <i>any time</i> during your lifetime.) • Include the Community Foundation's recommended Will and Trust language in your estate planning documents.
Both	<ul style="list-style-type: none"> • is set up now for granting in my lifetime. • benefits charities now. • realizes tax benefits in my lifetime. • allows others to contribute to the fund. • memorializes or honors another individual. <p style="text-align: center;"><i>and</i></p> <ul style="list-style-type: none"> • provides for charitable intent through estate planning by creating a vehicle that is ready to receive and distribute charitable gifts according to my wishes for the future 	<ul style="list-style-type: none"> • Contribute the necessary amount to establish the fund and complete a Fund Agreement with the Community Foundation. • Include the Community Foundation's recommended Will and Trust language in your estate planning documents.

PRESERVING & INVESTING ENDOWMENTS

Investment Program

There are currently more than 100 separate endowed funds managed by the Community Foundation. As stewards of these funds, the Community Foundation converts contributions into community betterment. The Community Foundation uses a sound investment strategy designed to maintain the principal balance — those gifts and contributions received from the public — while maximizing the return on these investments for current grant-making and future growth purposes.

All of the endowment funds of the Community Foundation are pooled for investment purposes. They are carefully, expertly, and responsibly managed in a balanced portfolio. To assist us, BCCF contracts with GEM Asset Management, an independent financial planning and investment advisory firm (www.gemasset.net).

Independent auditors evaluate the financial position of the entire endowment on an annual basis. In addition, an audit committee provides guidance and technical review of the independent audit process. This audit committee reports directly to the Community Foundation Board of Trustees.

A consistent and complete review of the management and allocation of the Community Foundation resources is one of the highest priorities of operating the Community Foundation as a public trust on behalf of the donors and citizens of this community – a responsibility that is taken with the greatest sense of seriousness and professionalism.

The names of investment managers, fees charged (including investment and administrative fees), governing body or appointees responsible for investment oversight and investment are available upon request.

Endowment Investment Strategy

The Community Foundation's investment portfolio is designed with these goals in mind:

- preserving the inflation-adjusted value of the principal,
- assuring the investments will generate income for maximum distributions back to the community, and
- assuring enough growth to keep pace with inflation.¹

To achieve these goals the Community Foundation assumes a level of risk aimed at maximizing investment return but that is consistent with prudent investment practices. The Community Foundation's investment managers are charged with investing dollars based on investment policies approved by the Board. We use two local banks, Century Bank & Trust and Southern Michigan Bank & Trust, for investing, and we have three separate Schwab accounts, two of which are managed by the Community Foundation's Investment Committee---with advice from our professional consultant.

Spending from Endowment Funds

In addition to wise investment strategies, we preserve and grow our permanent endowments by limiting the distribution each year. Currently, the maximum amount available each fiscal year for spending (grants and administrative fees) is 5% of the market value over an average of 20 quarters.

¹ The rate of inflation is taken from US Government Consumers Price Index figures.

2008 BOARD & STAFF

The Community Foundation Board of Directors consists of donors from all of the communities we serve. These individuals make significant gifts of their "time, talent, and treasure". Board members serve limited terms and without compensation.

DIRECTORS

President, Bruce Bloom (Coldwater)
Vice President, Hillary Eley (Bronson)
Treasurer, Mary Jo Kranz (Quincy)
Secretary, Dave Wright (Coldwater)
Paul Creal (Bronson)
Sandy Davis (Colon)
Nancy Hutchins (Coldwater)
Scott Glascock (Coldwater)
Ted Gordon (Coldwater)
Sandi Jackson (Colon)
Remus Rigg (Coldwater)
Ron Rose (Litchfield)

DIRECTORS EMERITUS

Joe Ganger (Colon)
Robert Mayer (Bronson)
Patricia Klein Shoemaker (Coldwater)
Bruce Young (Coldwater)

STAFF

Colleen Knight, Executive Director & YAC Advisor
Susan Sparrow, Associate Director/Controller
Amy Gifford YAC Advisor
Jackson Bartlett, Assistant YAC Advisor
Amanda McCartney Assistant YAC Advisor

Individual Taxpayers Michigan Tax Credit Chart

	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.

** 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.

This chart was prepared by Clark Hill PLC on behalf of the Council of Michigan Foundations. The information is for illustrative purposes only. Check with your tax advisor about your personal circumstances.

Branch County Community Foundation
2 West Chicago Street, Suite E-1, Coldwater

(517) 278-4517
Fax (517) 279-2319