



**BERRIEN**  
COMMUNITY FOUNDATION  
**For Good. For Ever.<sup>SM</sup>**

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION

December 31, 2018  
(with comparative totals for 2017)



St. Joseph, MI

BERRIEN COMMUNITY FOUNDATION, INC.  
ST. JOSEPH, MICHIGAN  
FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Berrien Community Foundation, Inc.  
St. Joseph, Michigan

We have audited the accompanying financial statements of Berrien Community Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statement of activities, statement of functional expenses and cash flows for the year 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 audit 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 of 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 Berrien Community Foundation, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**INDEPENDENT AUDITOR'S REPORT, CONCLUDED**

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information that is identified in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Report on Summarized Comparative Information**

We have previously audited Berrien Community Foundations Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 7, 2018. In our opinion, the summarized comparative 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.

Respectfully submitted,

A handwritten signature in blue ink that reads "Kruegel, Lawton & Company, LLC". The signature is written in a cursive style.

Certified Public Accountants

St. Joseph, Michigan  
April 7, 2019

**BERRIEN COMMUNITY FOUNDATION, INC.**  
**ST. JOSEPH, MICHIGAN**

STATEMENT OF FINANCIAL POSITION  
December 31, 2018  
*(with comparative totals for 2017)*

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 3,088,729	\$ 3,728,252
Other current assets	28,526	26,769
Investments	42,759,658	46,642,950
<b>Total Current Assets</b>	<u>\$ 45,876,913</u>	<u>\$ 50,397,971</u>
Non-current assets:		
Contributions receivable	\$ 1,031,360	\$ 1,031,360
Property and equipment, net	7,265	5,285
<b>Total Non-Current Assets</b>	<u>\$ 1,038,625</u>	<u>\$ 1,036,645</u>
<b>Total Assets</b>	<u>\$ 46,915,537</u>	<u>\$ 51,434,616</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Grants payable	\$ -	\$ 2,250
Accounts payable	-	630
Funds held as agency funds	12,281,408	13,907,324
Unearned discount	363,735	387,984
<b>Total Liabilities</b>	<u>\$ 12,645,143</u>	<u>\$ 14,298,188</u>
<b>Net Assets:</b>		
Without donor restrictions	\$ 33,602,769	\$ 36,493,052
With donor restrictions	667,625	643,376
<b>Total Net Assets</b>	<u>\$ 34,270,394</u>	<u>\$ 37,136,428</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 46,915,537</u>	<u>\$ 51,434,616</u>

*The Notes to Financial Statements are an integral part of this statement.*

**BERRIEN COMMUNITY FOUNDATION, INC.**  
**ST. JOSEPH, MICHIGAN**

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2018  
*(with comparative totals for 2017)*

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2018</u>	<u>2017</u>
<b>Revenues, Support, and Gains</b>				
Undesignated contributions	\$ 4,416	\$ -	\$ 4,416	\$ 114,340
Designated contributions	7,888,922	24,248	7,913,170	8,176,642
<i>Less: Amounts received for agency funds</i>	(52,512)	-	(52,512)	(875,512)
Net investment income	(3,856,952)	-	(3,856,952)	6,342,619
<i>Less: Investment income for agency funds</i>	1,091,554	-	1,091,554	(1,927,779)
Miscellaneous revenues	31,690	-	31,690	64,368
<b>Total Revenues, Support, and Gains</b>	<u>\$ 5,107,118</u>	<u>\$ 24,248</u>	<u>\$ 5,131,366</u>	<u>\$ 11,894,678</u>
<b>Expenses</b>				
Program Services:				
Grants & Scholarships	\$ 8,124,277	\$ -	\$ 8,124,277	\$ 6,618,438
<i>Less: Grants made for agency funds</i>	(586,873)	-	(586,873)	(301,088)
Other program expenses	239,438	-	239,438	230,674
Management and general expenses	176,126	-	176,126	145,580
Fundraising	44,432	-	44,432	31,594
<b>Total Expenses</b>	<u>\$ 7,997,400</u>	<u>\$ -</u>	<u>\$ 7,997,400</u>	<u>\$ 6,725,198</u>
<b>Change in Net Assets</b>	\$ (2,890,282)	\$ 24,248	\$ (2,866,034)	\$ 5,169,480
<b>Net Assets - beginning of year</b>	<u>36,493,051</u>	<u>643,377</u>	<u>37,136,428</u>	<u>31,966,948</u>
<b>Net Assets - end of year</b>	<u>\$ 33,602,769</u>	<u>\$ 667,625</u>	<u>\$ 34,270,394</u>	<u>\$ 37,136,428</u>

*The Notes to Financial Statements are an integral part of this statement.*

**BERRIEN COMMUNITY FOUNDATION, INC.**  
**ST. JOSEPH, MICHIGAN**

STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2018  
*(with comparative totals for 2017)*

	Program Services	Supporting Services		Total Support Services	Total 2018	Total 2017
		Management and General	Fundraising			
Grants Expense	\$ 7,361,519	\$ -	\$ -	\$ -	\$ 7,361,519	\$ 6,178,500
Scholarships	175,885	-	-	-	175,885	138,850
Foundation Administrative Fees	-	3,038	-	3,038	3,038	2,820
Salaries	149,630	117,977	20,142	138,120	287,750	226,770
Payroll Expenses	1,146	904	154	1,058	2,204	2,913
Payroll Taxes	12,899	10,171	1,736	11,907	24,807	20,880
Workers' Compensation	345	272	46	318	663	689
Development/Community Events	-	-	1,730	1,730	1,730	-
Development/Volunteer Events	-	-	5,030	5,030	5,030	-
Development/Sponsorship-Ads	-	-	3,979	3,979	3,979	3,904
Development/Web, etc.	1,526	-	654	654	2,180	1,968
Development/Events	8,044	-	-	-	8,044	37,150
Development/Recognition	350	-	-	-	350	15
Marketing/Printing	2,144	429	1,715	2,144	4,287	6,090
Marketing/Consultant	-	410	1,640	2,050	2,050	2,000
Marketing/Give Aways	741	-	1,111	1,111	1,852	-
Memberships	1,352	811	295	1,107	2,459	300
Dues & Subscriptions	143	86	31	117	260	1,073
Office Supplies & Expenses	4,412	2,787	542	3,329	7,741	7,486
Postage	2,386	1,507	293	1,800	4,186	3,524
Copier Lease/Maintenance	2,333	1,474	287	1,760	4,093	3,212
D & O Insurance	1,487	939	183	1,122	2,609	2,582
Training & Conferences	1,103	662	241	903	2,006	465
Board & Committee Meetings	-	1,044	-	1,044	1,044	753
Mileage & Travel Expenses	982	589	214	804	1,786	861
Audit Fees	-	8,000	-	8,000	8,000	7,500
Consulting	-	-	-	-	-	706
Computer Support	455	287	56	343	797	778
Software Support	13,008	8,216	1,598	9,813	22,822	16,210
Office Insurance	748	464	77	541	1,289	1,411
Rent	21,317	13,231	2,205	15,436	36,753	37,291
Utilities	1,142	709	118	827	1,969	2,241
Telephone/Internet/Security	2,419	1,502	250	1,752	4,171	4,290
Depreciation Expense	995	618	103	721	1,716	1,219
Miscellaneous	8,329	-	-	-	8,329	10,747
<b>Total Functional Expenses</b>	<b>\$ 7,776,842</b>	<b>\$ 176,126</b>	<b>\$ 44,432</b>	<b>\$ 220,557</b>	<b>\$ 7,997,400</b>	<b>\$ 6,725,198</b>

*The Notes to Financial Statements are an integral part of this statement.*

**BERRIEN COMMUNITY FOUNDATION, INC.**  
**ST. JOSEPH, MICHIGAN**

STATEMENT OF CASH FLOWS  
Year Ended December 31, 2018  
*(with comparative totals for 2017)*

	<u>2018</u>	<u>2017</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (2,866,034)	\$ 5,169,480
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized (gains ) losses	5,558,602	(4,704,227)
Depreciation	1,716	1,219
<i>Changes in current assets and liabilities:</i>		
Grants payable	(2,250)	(7,750)
Accounts payable	(630)	(452)
Funds held as agency funds	(1,625,916)	2,502,203
Other current assets	(1,757)	(6,890)
Unearned discount	(24,249)	(24,248)
<b>Net cash provided by operating activities</b>	<u>\$ 1,039,483</u>	<u>\$ 2,929,335</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	\$ (13,768,149)	\$ (11,820,745)
Proceeds from the sale of investments	12,092,839	11,190,802
Purchases of property and equipment	(3,696)	(3,099)
<b>Net cash used in investing activities</b>	<u>\$ (1,679,006)</u>	<u>\$ (633,042)</u>
<b>Change in Cash and Cash Equivalents</b>	\$ (639,523)	\$ 2,296,293
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>3,728,252</u>	<u>1,431,959</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 3,088,729</u>	<u>\$ 3,728,252</u>

*The Notes to Financial Statements are an integral part of this statement.*



**NOTE 1. NATURE OF BUSINESS**

Berrien Community Foundation Inc.'s (the "Foundation") purpose is to promote philanthropy by connecting the power of people who care with the causes and organizations that strengthen our communities. The vision is to build strong, vibrant, and sustainable communities.

The Foundation accomplishes this mission by:

- Building endowments and other funds and providing a broad range of flexible and cost-effective donor services
- Investing and managing funds prudently and professionally
- Providing grants to support a broad range of projects and programs that address community needs
- Serving as a leader, catalyst, and resource in our communities

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The financial statements of the Foundation have been prepared on the accrual basis.

The Foundation adheres to Financial Accounting Standards (FASB) Accounting Standards Codification (ASC) 958-205, which sets the standards for reporting on financial statements of nonprofit organizations. ASC 958-205 requires the classification and presentation of net assets in two categories: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and board of directors.

Net assets with donor restrictions are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

***Estimates***

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management estimates and assumptions regarding certain types of assets, liabilities, support, revenues, and expenses.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Net assets have been reclassified for 2017 due to the adoption of ASU 2016-14 as of December 31, 2018 as follows:

<b>Net Asset Classification December 31, 2017</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total Net Assets</b>
As previously presented:			
Unrestricted	\$ 36,493,052	\$ -	\$ 36,493,052
Temporarily restricted	-	643,376	643,376
Net assets as previously presented	<u>\$ 36,493,052</u>	<u>\$ 643,376</u>	<u>\$ 37,136,428</u>

***Cash and Cash Equivalents***

Included in cash are all highly liquid investments purchased with an original maturity of three months or less, which the Foundation considers to be cash equivalents.

***Investments***

In accordance with the requirements of Accounting for Certain Investments Held by Not-for-Profit Organizations Topic of FASB ASC 958-320, the Foundation reports investments in equity securities with readily determinable fair values and all investments in debt securities at fair value in the Statement of Financial Position. Gains and losses are reflected as increases or decreases in the unrestricted class of net assets unless the donor or relevant laws place temporary or permanent restrictions on the gains and losses.

Donated securities are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of the sales proceeds received.

***Property and Equipment***

Property and equipment are stated at their estimated market value at the date donated or at cost, if purchased. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The Foundation has established a capitalization policy for all expenditures in excess of \$750 and an estimated useful life of greater than one year.

***Contributions***

The Foundation records contributions, including promises to give when the contribution is deemed unconditional. Contributions are reflected in the financial statements at the earlier of the transfer of the assets or at the time an unconditional promise to give is made.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONCLUDED**

*Contributions, concluded*

Contributions received are considered to be available for current use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support that increases net assets with donor restrictions. A donor restriction expires when a stipulated time restriction ends or when a purpose restriction is accomplished. Upon expiration, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restrictions are met in the fiscal year in which the contributions are received.

*Functional Allocation of 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 dues and subscriptions, equipment rental and maintenance, liability insurance, office supplies, payroll taxes, postage, printing, rent, utilities, salaries and payroll expenses, mileage and travel, training and conferences, software and computer support, telephone, security, memberships and depreciation, all of which are allocated on the basis of estimates of time and effort, square footage or other reasonable basis.

*New Accounting Pronouncement*

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has adjusted the presentation of these statements accordingly. The ASU has been applied retroactively to all periods presented.

**NOTE 3. INCOME TAXES**

The Internal Revenue Service has ruled that the Foundation is a publicly supported organization, as described in Section 509(a)(1), 509(a)(3), and 170(b)(1)(A)(iv) of the Internal Revenue Code. Consequently, the Foundation is exempt from federal income tax through Section 501(c)(3) and certain excise taxes imposed on private foundations.

Management has elected to apply the provisions of FASB ASC 740-10, *Income Taxes*. Under FASB ASC 740-10 an entity must determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any appeals or litigation processes, based on technical merits of the position. As of December 31, 2018 the Foundation had no known liability due to the uncertainty of income taxes. The Foundation is no longer subject to U.S. federal income tax examinations by tax authorities for years before the year ended December 31, 2015.

**NOTE 4. LIQUIDITY AND AVAILABILITY**

Financial Assets available for general expenditure within one year of the balance sheet date:

**Financial assets at year end:**

Cash and cash equivalents	\$ 3,088,729
Contributions receivable	1,031,360
Investments	42,759,658
Undeposited funds	8,380

**Total financial assets** \$ 46,888,127

**Less amounts possibly not available to be used within one year:**

Net assets with donor restrictions	667,625
Contributions receivable	363,735
Donor and organization endowments less spend-rate distributions	17,851,924
Quasi endowment established by the board	1,094,414

\$ 19,977,698

**Financial assets available to meet general expenditures within one year** \$ 26,910,429

The assets above include \$10,877,331 held in donor advised funds. The Foundation generally uses these assets for grant making based on donor recommendations.

Our endowment funds consist of donor and organization endowments and funds designated by the board as endowments. These endowments are subject to an annual spending rate of 4.5 percent that can accumulate year to year if not used for grants. Although the donor and organization endowments' non spendable amounts are not available for general expenditure, these amounts could be made available, if necessary, if the circumstances adhere to the specific requirements for invoking variance power of the board.

Our board designated endowment of \$1,404,329 is subject to the 4.5% annual spending rate. 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.

As part of our liquidity management plan, we assess our immediate liquidity needs weekly. This timeframe is used to accommodate timely payments for unpredictable donor grant recommendations as well as our regularly scheduled general expenses and grant programs. The Foundation invests cash in excess of daily requirements in an interest bearing checking account and money market funds.

**NOTE 5. FAIR VALUE MEASUREMENTS**

The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1: Unadjusted quoted process in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2: Quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;
- Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement:

Assets at Fair Value as of December 31, 2018				
	Total	(Level 1)	(Level 2)	(Level 3)
Investments:				
Money market funds	\$ 2,497,365	\$ 2,497,365	\$ -	\$ -
Equities and mutual funds	37,825,007	37,825,007	-	-
Bonds and government securities	1,901,080	1,901,080	-	-
Alternative Investments	536,206	425,211	94,372	16,622
	<u>\$ 42,759,658</u>	<u>\$ 42,648,663</u>	<u>\$ 94,372</u>	<u>\$ 16,622</u>
Liabilities:				
Funds held as agency funds	\$ 12,281,408	\$ 12,281,408	\$ -	\$ -

**NOTE 6. GRANTS FOR CHARITABLE, EDUCATIONAL, AND OTHER AUTHORIZED PURPOSES**

Unconditional grants are recognized as an expense at the time of formal approval by the grant committee or full Board of Trustees. Conditional grants, if any, are recognized when such conditions are substantially met. The following summarizes the changes in grants payable:

	<b>2018</b>
Grants payable - beginning of year	\$ 2,250
Grants awarded	7,946,142
Payments made	(7,948,392)
Grants payable - end of year	<u>\$ -</u>

**NOTE 7. DONATED SERVICES**

The Foundation receives a significant amount of donated services from unpaid volunteers who assist in various activities. No amounts have been recognized in the statement of activities because the criteria for recognition under FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made*, have not been satisfied.

**NOTE 8. CONTRIBUTIONS RECEIVABLE (CHARITABLE REMAINDER TRUSTS)**

The Foundation has been named as the remainder beneficiary of certain charitable remainder trusts at the bequest of the various donors. Accordingly, the contributions to be received in the future have been discounted to their present value as of December 31, 2018 as follows:

Contributions receivable	\$ 1,031,360
Less: Unearned discount	<u>(363,735)</u>
Net contributions receivable	<u><u>\$ 667,625</u></u>

A discount rate of 8% had been used to reflect the present value, with the discount being accreted over the straight-line basis for the life expectancy of the respective donors at the time the gift was made and known to the Foundation.

**NOTE 9. CONCENTRATION OF CREDIT RISK**

The Foundation maintains a noninterest bearing checking account with one financial institution. The balance in this account is insured up to \$250,000 by the Federal Deposit Insurance Corporation as of December 31, 2018.

**NOTE 10. BOARD DESIGNATED NET ASSETS**

Included in net assets without donor restrictions are assets that have been board designated.

The Foundation's Board of Directors has designated net assets for the following at December 31, 2018:

Donor advised	\$ 10,877,331
Designated	10,174,298
Field-of-interest	5,592,917
Scholarship funds	<u>2,169,362</u>
<b>Total</b>	<u><u>\$ 28,813,908</u></u>

**NOTE 11. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes at December 31, 2018:

Charitable remainder trusts         \$    667,625

**NOTE 12. OPERATING LEASES**

The Foundation has a lease agreement for office space through June 30, 2019. This lease calls for \$3,107 in monthly payments (\$37,284 annually) through June 30, 2019, plus utilities and maintenance. Total rent expense for the year ended December 31, 2018 was \$37,170.

Future minimum office space rental obligations are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 21,683
	<u>    \$    21,683</u>

The Foundation leases a copier/scanner for \$248 a month under a five-year lease agreement starting in 2016. Total copier expense for the year (partial year at old lease) was \$2,976. Future minimum lease obligations are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 2,976
2020	1,984
	<u>    \$    4,960</u>

The Foundation leased a postage machine for \$204 a quarter under a lease agreement starting in 2013. Total postage machine expense for the year was \$816. Future minimum lease obligations are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 816
2020	816
2021	816
2022	816
	<u>    \$    3,264</u>

**NOTE 12. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31, 2018:

	<u>Estimated Asset Life</u>	
Leasehold improvements	15 years	\$ 20,636
Furniture and fixtures	5-7 years	28,571
Computer hardware	5 years	9,003
Computer software	5 years	4,480
Total cost		<u>\$ 62,690</u>
Less: allowance for depreciation		<u>(55,425)</u>
Net carrying amount		<u>\$ 7,265</u>

Total depreciation expense for the year ended December 31, 2018 was \$1,716.

**NOTE 13. FUNDS HELD AS AGENCY FUNDS**

The Foundation follows the provisions of FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made*. This statement establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both to another entity that is specified by the donor. FASB ASC 958-605 specifically requires that if a Not-for-Profit Organization (“NPO”) establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as agency funds.

The Foundation maintains variance power and legal ownership of agency funds and as such continues to report the funds as assets of the Foundation. However, in accordance with FASB ASC 958-605, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments which could possibly be made to the NPOs under certain conditions.

At December 31, 2018, the Foundation was the owner of several agency funds with a combined fair value market value of \$12,281,408. All financial activity for the year then ended related to these funds is segregated on the Statement of Activities and has been reclassified to the agency fund liability.



**NOTE 14. STATE PRUDENT MANAGEMENT INVESTMENT FIDUCIARY ACT (“SPMIFA”)**

The State of Michigan adopted SPMIFA effective September 1, 2009. The Board of Trustees, on the advice of legal counsel, has determined that SPMIFA does not apply to the majority of the Foundation’s net assets. The Foundation is governed subject to the Foundation’s articles and by-laws and most contributions are subject to its terms. Certain contributions are received subject to other trust instruments or are subject to specific agreements with the Foundation.

Under the terms of the articles and by-laws, the Board of Trustees has the ability to distribute so much of the corpus of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. As a result of the ability to distribute corpus, all contributions not specifically restricted by the gift instrument, are classified as unrestricted net assets for financial statement purposes. Contributions that are subject to other gift instruments may be recorded as permanently restricted, temporarily restricted or unrestricted, depending on the specific terms of the agreement. Generally, if the corpus of a contribution will at some future time become available for spending, it is recorded as temporarily restricted. If the corpus never becomes available for spending, it will be reported as permanently restricted. In addition, contributions that are promised to be given in a future period are presented as temporarily restricted until the payments are due.

**NOTE 15. RELATED PARTY**

In 2016, the Foundation formed BCF Giving, LLC (the “Giving Company”), a single-member limited liability company engaged in activity within the purpose for which a limited liability company may be formed under the Limited Liability Company Act of Michigan. The Giving Company is a disregarded entity in accordance with the 501(c)(3) organizational test, that “*The organization is organized exclusively for exempt purposes under 501(c)(3) of the Internal Revenue Code,*” and “*The organization may not carry on activities not permitted to be carried on by an organization described in section 501(c)(3).*” The purpose of the Giving Company is for the receipting and granting of hard to value assets. No transactions occurred within BCF Giving, LLC during the year ended December 31, 2018.

**NOTE 16. SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through April 7, 2019, the date the financial statements were available to be issued. No events or transactions occurred during this period which requires recognition or disclosure in the financial statements.

## SUPPLEMENTARY INFORMATION

<b><u>Fund Type</u></b>	<b><u>2018</u></b>
Donor Advised	\$ 1,891,169
Designated	5,153,721
Field-of-Interest	380,035
Planned Gifts	24,249
Scholarship	276,820
Agency	187,177
Undesignated	4,416
<b>Total</b>	<b>\$ 7,917,587</b>

<b><u>Reconciliation to Contributions on Statements of Activities</u></b>	<b><u>2018</u></b>
Undesignated	\$ 4,416
Designated	7,913,171
<b>Total</b>	<b>\$ 7,917,587</b>

For the Year Ended December 31, 2018

	<b>2018</b>
<b><u>Organizations Receiving Grants Totaling \$5,000 and over</u></b>	
100 Women Strong	\$ 22,500
14th Street Christian Reformed Church of Holland	7,000
All Soul's Episcopal Church	7,500
Alma College	5,000
Amazon Aid Foundation	97,907
American Council on Germany	50,000
American Red Cross of Southwest Michigan	5,000
Andrews University	32,100
ARS Arts & Culture Center	8,050
AXIS	7,000
Benton Harbor Area Schools	29,178
Benton Harbor Education Foundation	135,000
Benton Harbor Promise Foundation	25,000
Benton Harbor Street Ministry	6,860
Berrien Artist Guild, Inc.	33,437
Berrien County Cancer Service, Inc.	27,439
Berrien County Health Department	8,980
Berrien County Parks & Recreation	61,584
Berrien County Sheriff's Department	10,125
Berrien County Treasurer	18,500
Berrien County Victim Services Unit	5,000
Berrien County Youth Fair Association	12,500
Black Swamp Bird Observatory	40,000
Blessings in a Backpack of Bridgman Elementary	7,500
Boys & Girls Club of America - Atlanta	10,000
Boys & Girls Club of Benton Harbor Michigan	148,953
Calvin College	6,000
Caring Circle	92,925
CBN, Inc.	30,000
Central Michigan University	7,100
Children's Advocacy Center of Southwest Michigan	26,397
Children's Music Workshop	19,150
Citadel Dance & Music Center, Inc.	14,400
CJE SeniorLife	10,000
Coloma Charter Township	7,240
Community Healing Centers	50,250
Cornerstone Alliance	7,500
Council of Michigan Foundations	13,000
Curious Kids' Museum	5,250
Cycle-Re-Cycle	10,500
Davenport University	7,500
Eau Claire Public Schools	11,240
Ele's Place, Inc.	14,500
Epicpromise Employee Foundation	10,000
Feeding America West Michigan Food Bank	20,500
Fellowship of Christian Farmers International	5,000
Fernwood, Inc.	21,988

For the Year Ended December 31, 2018

**Organizations Receiving Grants Totaling \$5,000 and over, continued**

	<b><u>2018</u></b>
Ferry Street Resource Center, Inc.	28,000
First Church of God	168,044
First Congregational Church of St. Joseph	55,499
First Presbyterian Church in Benton Harbor	40,000
First Tee of Benton Harbor	32,120
First United Church of Saline	5,500
Fischhoff National Chamber Music Association	6,000
Foster Closet of Michigan, Berrien County	5,000
Friends of Loogootee Library	20,000
Gateway, Inc.	10,000
Ghostlight Productions Inc	18,000
Girl Scouts of Northern Indiana-Michiana	10,000
Good Grief of Northwest Ohio	19,200
Good Shepherd Montessori School, Inc.	6,000
Grace Christian School	11,500
Grand Valley State University	20,825
Hartford Public Schools Foundation for Quality Education	5,568
Heinz Prechter Bi-Polar Research Program	7,200
Heritage Museum and Cultural Center	116,934
Hillsdale Casa Inc	27,500
Hillsdale College	9,500
Historical Society of Michigan	10,000
Holy Name Cathedral	7,000
Homes for Our Troops	11,000
Hope College	7,000
Hope Resources	10,000
Hope Worldwide, Ltd.	27,000
Humane Society of Southwestern Michigan	285,571
Indiana University Foundation	11,000
International Crisis Aid, Inc.	5,000
International Justice Mission	5,000
Isha Care Clinic Incorporated	9,000
JDRF Michigan Great Lakes West Chapter	5,500
John Cook Family Foundation Inc.	50,000
Kalamazoo Valley Community College	10,200
Kinexus	11,000
Krasl Art Center, Inc.	451,721
LA Church of Christ	10,000
Lake Michigan Catholic Middle/High School	14,730
Lake Michigan College	98,500
Lake Michigan College Foundation	192,500
Lakeland Health Foundations	420,165
Lakeshore Excellence Foundation	430,596
Lest We Forget, Inc.	9,000
LM Vintners Inc.	75,000
Logan Community Resources, Inc.	38,700
Love Creek County Park	10,000

For the Year Ended December 31, 2018

<b><u>Organizations Receiving Grants Totaling \$5,000 and over, continued</u></b>	<b><u>2018</u></b>
Michigan State University	15,600
Michigan's Great Southwest Strategic Leadership Council	10,000
MI-Journey	5,825
Missionary Church World Partners	5,500
Morton House Museum	6,716
Mosaic Christian Community Development Association	390,309
MyTeam Triumph Southwest Michigan	5,000
Nat Society of the DAR - Algonquin Chapter DAR	20,000
National Audubon Society Corkscrew Swamp Sanctuary	7,000
New Buffalo Township	9,590
New Heights Christian Community Development Association	49,900
Niles Community Schools	87,374
Niles District Library	8,000
Northwest Presbyterian Church	12,000
Northwestern University	12,185
Novgorod Russia Mission Outreach	5,000
Oronoko Charter Township	5,000
OutCenter	38,000
Overflow Community Church	34,500
Performing Arts Workshops - PAW Inc	9,500
PGA REACH	50,000
Pilgrim Congregational United Church of Christ	7,439
Quality Services for the Autism Community	20,000
Ravi Zacharias International Ministries	5,000
Readiness Center, Inc.	20,171
REAL HEROES USA	11,000
Reclaiming, Equipping, And Directing Youth, Inc.	19,880
Reeths Puffer Education Inc	16,350
Region IV Area Agency on Aging	151,172
River Valley Senior Center	9,900
Road to Hope Food Pantry	10,000
Ronald McDonald House of Western Michigan	5,000
Rotary District 6360 Foundation	8,000
Salvation Army	12,500
Salvation Army of Benton Harbor	8,171
Sarett Nature Center	24,044
Silver Beach Carousel Society, Inc.	30,000
Soup Kitchen, Inc.	6,560
Southwest Michigan Community Action Agency	13,500
Southwest Michigan Symphony Orchestra	109,768
SS.John & Bernard Parish	18,010
St. Augustine of Canterbury Episcopal Church	15,500
St. Joseph Catholic Church	22,275
St. Joseph First United Methodist Church	31,100
St. Joseph Junior Foundation, Inc.	9,000

**Organizations Receiving Grants Totaling \$5,000 and over, concluded**

	<b><u>2018</u></b>
St. Joseph Public Schools	\$ 10,721
St. Joseph Public Schools Foundation	1,158,420
St. Joseph-Lincoln Senior Citizen Center	79,750
St. Paul's Lutheran Church	6,000
St. Sabina Church	137,000
Starkey Hearing Foundation	30,000
Storyline Church	5,350
The Avenue Family Network, Inc.	12,517
The Bark Angels	10,100
The Chapel	11,000
Therapeutic Equestrian Center	11,000
Trinity Lutheran Church	25,000
Tucson Centers for Women and Children	25,000
Turning Point LA Christian Church	13,000
Twin City Area Catholic School Fund, Inc.	7,487
Twin City Players	23,050
United Way of Southwest Michigan	170,764
University of Michigan	31,250
University of Michigan Regents	28,184
University of Notre Dame	7,500
Untermeyer Gardens Conservancy	74,490
Warrior Princess House of Benton Harbor	15,000
Water Street Glassworks	11,000
Well of GRACE Ministries	14,500
Western Michigan University	28,100
Westminster Presbyterian Church	12,000
Whirlpool Collective Impact Fund	18,000
World Gospel Mission	12,326
YMCA of Southwest Michigan	124,566
Young Life-Southwest Michigan	28,500
<b>Total for Organizations receiving Grants totaling \$5,000 and over</b>	<b>\$ 7,563,039</b>
<b>Total for Organizations receiving Grants under \$5,000</b>	<b>561,238</b>
<b>Total Grants</b>	<b><u>\$ 8,124,277</u></b>

**Grants by Program Area**

	<b><u>2018</u></b>
Arts & Culture, including Community Development	\$ 1,357,758
Education	2,615,102
Human Services, including Housing	1,293,341
Nurturing Our Children, Youth Leadership, and Development	561,325
Religious	617,769
Scholarships	175,885
Health, Seniors including Environment	1,503,096
<b>Total Grants</b>	<b><u>\$ 8,124,277</u></b>