



FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

For the Years Ended September 30, 2025 and 2024

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SEBER TANS, PLC

CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Branch County Community Foundation, Inc.
Coldwater, Michigan

We have audited the accompanying financial statements of Branch County Community Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Branch County Community Foundation, Inc. as of September 30, 2025 and 2024, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Branch County Community Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Branch County Community Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of endowments is presented for 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.

Seber Tans, PLC

Seber Tans, PLC
Kalamazoo, Michigan
February 23, 2026

Branch County Community Foundation, Inc.
Statements of Financial Position
September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 729,003	\$ 849,021
Investments - endowed	9,773,814	9,009,437
Current portion of notes receivable	25,500	28,640
Prepaid expenses	3,327	4,282
Total Current Assets	<u>10,531,644</u>	<u>9,891,380</u>
Property and Equipment		
Furniture and fixtures	1,755	1,755
Office equipment	60,419	60,419
	<u>62,174</u>	<u>62,174</u>
Accumulated depreciation	(62,174)	(61,956)
Net Property and Equipment	<u>-</u>	<u>218</u>
Other Assets		
Notes receivable, net current portion	<u>187,009</u>	<u>206,095</u>
Total Assets	<u>\$ 10,718,653</u>	<u>\$ 10,097,693</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 15,684	\$ 2,870
Accrued wages	9,311	7,650
Funds held as agency funds	162,027	162,875
Total Liabilities	<u>187,022</u>	<u>173,395</u>
Net Assets		
Without donor restrictions	7,580,484	7,060,157
With donor restrictions	2,951,147	2,864,141
	<u>10,531,631</u>	<u>9,924,298</u>
Total Liabilities and Net Assets	<u>\$ 10,718,653</u>	<u>\$ 10,097,693</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

Branch County Community Foundation, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support, Revenue and Releases from Restrictions			
Contributions	\$ 436,853	\$ 47,976	\$ 484,829
Interest and dividends	161,616	70,416	232,032
Realized gains	162,067	71,012	233,079
Unrealized gains	254,576	110,887	365,463
Agency fees and other	5,867	-	5,867
Net assets released from restrictions	213,285	(213,285)	-
Total Support and Revenue	<u>1,234,264</u>	<u>87,006</u>	<u>1,321,270</u>
Expenses			
Program services	487,291	-	487,291
Management and general	56,662	-	56,662
Fundraising	169,984	-	169,984
Total Expenses	<u>713,937</u>	<u>-</u>	<u>713,937</u>
Change in Net Assets	520,327	87,006	607,333
Net Assets at Beginning of Year	<u>7,060,157</u>	<u>2,864,141</u>	<u>9,924,298</u>
Net Assets at End of Year	<u>\$ 7,580,484</u>	<u>\$ 2,951,147</u>	<u>\$ 10,531,631</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

Branch County Community Foundation, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support, Revenue and Releases from Restrictions			
Contributions	\$ 392,984	\$ 30,225	\$ 423,209
Interest and dividends	164,005	75,803	239,808
Realized gains	224,381	97,461	321,842
Unrealized gains	810,948	368,189	1,179,137
Agency fees	14,620	-	14,620
Net assets released from restrictions	180,030	(180,030)	-
Total Support and Revenue	<u>1,786,968</u>	<u>391,648</u>	<u>2,178,616</u>
Expenses			
Program services	544,773	-	544,773
Management and general	33,053	-	33,053
Fundraising	153,180	-	153,180
Total Expenses	<u>731,006</u>	<u>-</u>	<u>731,006</u>
Change in Net Assets	1,055,962	391,648	1,447,610
Net Assets at Beginning of Year	<u>6,004,195</u>	<u>2,472,493</u>	<u>8,476,688</u>
Net Assets at End of Year	<u>\$ 7,060,157</u>	<u>\$ 2,864,141</u>	<u>\$ 9,924,298</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

Branch County Community Foundation, Inc.
Statement of Functional Expenses
For the Year Ended September 30, 2025

Expenses	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 339,148	\$ -	\$ -	\$ 339,148
Wages	49,292	18,485	55,454	123,231
Payroll taxes	3,862	1,448	4,345	9,655
Employee benefits	8,755	3,283	9,850	21,888
Occupancy (In-Kind)	5,587	2,095	6,286	13,968
Communications	7,329	2,749	8,246	18,324
Insurance	2,470	927	2,780	6,177
Postage & Printing	617	231	693	1,541
Office Supplies	1,122	421	1,262	2,805
Investment management fees	23,829	10,044	30,131	64,004
Special project expense	5,822	2,183	6,550	14,555
Accounting and legal fees	21,285	7,982	23,946	53,213
Travel	1,270	477	1,430	3,177
Dues and memberships	3,840	1,439	4,318	9,597
Marketing	11,644	4,366	13,098	29,108
Conferences and meetings	1,306	489	1,468	3,263
Depreciation expense	87	33	98	218
Repairs and maintenance	26	10	29	65
Total Expenses	<u><u>\$ 487,291</u></u>	<u><u>\$ 56,662</u></u>	<u><u>\$ 169,984</u></u>	<u><u>\$ 713,937</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements.

Branch County Community Foundation, Inc.
Statement of Functional Expenses
For the Year Ended September 30, 2024

	Program	Management and General	Fundraising	Total
Expenses				
Grants and scholarships	\$ 373,567	\$ -	\$ -	\$ 373,567
Wages	38,154	13,903	52,260	104,317
Payroll taxes	2,966	1,042	4,007	8,015
Benefits	4,436	227	9,906	14,569
Occupancy (in-kind)	5,169	1,815	6,984	13,968
Communications	6,004	307	13,409	19,720
Insurance	1,249	2,500	1,249	4,998
Postage and printing	426	248	508	1,182
Office supplies	415	360	481	1,256
Investment management fees	59,267	420	1,439	61,126
Special project expense	21,757	-	-	21,757
Accounting and legal fees	16,660	9,718	19,902	46,280
Travel	737	-	1,206	1,943
Dues and memberships	2,047	1,594	2,162	5,803
Marketing	9,351	-	37,399	46,750
Conferences and meetings	1,982	577	1,567	4,126
Depreciation expense	281	164	337	782
Repairs and maintenance	305	178	364	847
Total Expenses	\$ 544,773	\$ 33,053	\$ 153,180	\$ 731,006

The Accompanying Notes are an Integral Part of These Financial Statements.

Branch County Community Foundation, Inc.
Statements of Cash Flows
For the Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 607,333	\$ 1,447,610
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	218	782
Net realized gain on sale of investments	(233,079)	(321,842)
Net unrealized gain on investments	(365,463)	(1,179,137)
Change in current assets and liabilities:		
Prepaid expenses	955	876
Accounts payable	12,814	(297)
Accrued wages	1,661	1,880
Funds held as agency funds	(848)	25,221
Net Cash Provided by (Used in) Operating Activities	<u>23,591</u>	<u>(24,907)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Collection of notes receivable	22,226	17,880
Proceeds from sale of investments	1,150,500	513,212
Purchase of investments	<u>(1,316,335)</u>	<u>(418,514)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(143,609)</u>	<u>112,578</u>
Change in Cash and Cash Equivalents	(120,018)	87,671
Cash and Cash Equivalents at Beginning of Year	<u>849,021</u>	<u>761,350</u>
Cash and Cash Equivalents at End of Year	<u>\$ 729,003</u>	<u>\$ 849,021</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

Branch County Community Foundation, Inc.
Notes to Financial Statements
For the Years Ended September 30, 2025 and 2024

NOTE A – Summary of Significant Accounting Policies

Nature of Business

Branch County Community Foundation (the “Foundation”) is a public foundation established to aggregate funds created by individuals, families and corporations to benefit programs and services primarily for people in the Branch County, Michigan area.

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

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation 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 grantor restrictions. The Bylaws of the Foundation include a variance provision that allows the Board of the Foundation to vary the use of substantially all contributions received. The Board strives to honor a donor’s charitable intent, unless in their sole judgment that intent becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community, or area served by the Foundation. Based on this variance provision, substantially all net assets of the Foundation have been classified as without donor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor-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, or when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

The Foundation considers cash in checking and savings accounts as well as all highly liquid investments with maturity dates of three months or less to be cash equivalents.

The Foundation maintains its cash in bank deposits which may, at times, exceed federally insured limits. At September 30, 2025, approximately \$409,000 of the Foundation’s cash and cash equivalent deposit balances were above federal insurance coverage limitations. The Foundation has not experienced any losses in their deposit accounts.

Branch County Community Foundation, Inc.
Notes to Financial Statements
For the Years Ended September 30, 2025 and 2024

NOTE A – Summary of Significant Accounting Policies (Continued)

Investments and Investment Income

Investments are stated at fair value based on quoted market prices. Unless donor or law restricts the income or loss, investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the increase or decrease in net assets without donor restrictions. Investment income is recognized on the accrual basis of accounting.

The Foundation's investments are subject to various risks such as interest rate, credit and overall market risks. Further, due to the significance of the investments to the Foundation's financial position and the level of inherent risk, it is reasonably possible that changes in the fair value of the investments could occur in the near term and that such changes could materially affect the financial statements.

Notes Receivable

Notes receivables are reported at the original issue, less interest rate subsidy amount plus accrued interest, less principal repaid.

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 \$2,500 and an estimated useful life of greater than one year.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions that are restricted by the donor are typically reported as net assets with donor restrictions. However, contributions that are received that do not have donor-imposed restrictions but are restricted for time and are received in the same year they are promised, are recorded as unrestricted contributions. When the restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized by function in the statements of activities. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Such allocations are determined by management on an equitable basis and are consistently applied. Wages and contracted services were allocated on estimates of time and effort. All other expenses are allocated using estimated actual usage. Although these methods of allocation are considered appropriate, other methods could be used that would produce different results.

Branch County Community Foundation, Inc.
Notes to Financial Statements
For the Years Ended September 30, 2025 and 2024

NOTE A – Summary of Significant Accounting Policies (Continued)

Grants and Scholarships Payable

Grants and scholarships authorized (by the Board of Directors) and agreements signed by a recipient that are unpaid at year-end are charged to the respective donor fund as an expense and are reported as liabilities.

Administrative Fees

The Foundation's administrative operating fund charges a management fee to each donor fund to support the cost of its administrative operating budget. This fee is 1.50% of the average fund balance, with the exception of scholarship funds that are charged 2.0% and designated/agency funds that are charged 1.25%. The Foundation generated \$137,064 and \$137,340 in administrative fees during the years ended September 30, 2025 and 2024, respectively.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Tax Status

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.

Donated Materials and Services

The Foundation receives free facility rent and records this value as a contribution using estimated fair values at the date of receipt. The Foundation recognized donated rents of \$14,000 during each of the years ended September 30, 2025 and 2024. Additionally, A substantial number of volunteers have made significant contributions of their time to the Foundation's program services. The value of this contributed time is not reflected in these financial statements since the volunteer time does not require specialized skills.

NOTE B – Notes Receivable

Notes receivable on the statements of financial position represents eight individual loan balances ranging from \$25,000 to \$130,000 and are secured by a first mortgage. The loans are non-interest bearing and have final maturities ranging from 2025 through 2049. The Foundation has discounted the notes receivable by using an imputed interest rate subsidy ranging from 5.9% through 7.10%, depending on when the loan was originated. The interest rate subsidy amortizes as the loans become due. The Foundation considers a receivable to be impaired when, based on current information and events, it is probable that the Foundation will not be unable to collect all amounts due according to the contractual terms of loan agreement. No allowances have been recorded as of September 30, 2025 or 2024.

Branch County Community Foundation, Inc.
Notes to Financial Statements
For the Years Ended September 30, 2025 and 2024

NOTE B – Notes Receivable (Continued)

Current maturities of notes receivable are as follows for the years ended September 30:

2026	\$ 25,500
2027	25,500
2028	25,500
2029	25,500
2030	25,500
Thereafter	269,995
Less: Interest Subsidy	<u>(184,986)</u>
Total Notes Receivable	212,509
Less: Current Portion	<u>(25,500)</u>
Long-Term Notes Receivable	<u>\$ 187,009</u>

NOTE C – Liquidity and Availability

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations are due. Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprised the following as of September 30:

	<u>2025</u>	<u>2024</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 729,003	\$ 849,021
Investments	9,773,814	9,009,437
Current portion of notes receivable	<u>25,500</u>	<u>28,640</u>
Total financial assets	<u>10,528,317</u>	<u>9,887,098</u>
Less: Endowed/Designated/Restricted financial assets		
Donor endowed assets	(8,857,127)	(8,202,732)
Board-designated assets	(989,015)	(947,159)
Other donor-imposed restricted assets	<u>(14,165)</u>	<u>(21,511)</u>
	<u>(9,860,307)</u>	<u>(9,171,402)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 668,010</u>	<u>\$ 715,696</u>

Our endowment funds consist of donor and organization endowments and funds designated by the board as endowments. These endowments are subject to a variable annual spending rate of 0-5% percent of the average market value over the previous twenty quarters. Although the Foundation does not intend to spend from board-designated endowments, these amounts could be made available, if necessary, towards general expenditures.

Our endowment assets of \$8,857,127 and \$8,202,732 at September 30, 2025 and 2024, respectively, are subject to the variable annual spending rate. Although we do not intend to spend from this 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.

Branch County Community Foundation, Inc.
Notes to Financial Statements
For the Years Ended September 30, 2025 and 2024

NOTE C – Liquidity and Availability (Continued)

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 savings account.

NOTE D – Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). In instances whereby inputs used to measure fair value fall into different levels of the hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Fund's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

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.

The following table summarizes the investments at September 30, 2025:

Investments:	Total	(Level 1)	(Level 2)	(Level 3)
Money market mutual funds	\$ 72,629	\$ 72,629	\$ -	\$ -
Corporate stocks	2,138,210	2,138,210	-	-
Mutual Funds	7,546,377	7,546,377	-	-
Corporate bonds	16,598	-	16,598	-
Investments	<u>\$ 9,773,814</u>	<u>\$ 9,757,216</u>	<u>\$ 16,598</u>	<u>\$ -</u>
Liabilities:				
Funds held as agency funds	<u>\$ 162,027</u>	<u>\$ 162,027</u>	<u>\$ -</u>	<u>\$ -</u>

Branch County Community Foundation, Inc.
Notes to Financial Statements
For the Years Ended September 30, 2025 and 2024

NOTE D – Fair Value Measurements (Continued)

The following table summarizes the investments at September 30, 2024:

Investments:	Total	(Level 1)	(Level 2)	(Level 3)
Corporate stocks	\$ 3,383,823	\$ 3,383,823	\$ -	\$ -
Mutual Funds	5,305,109	5,305,109	-	-
Corporate bonds	16,997	-	16,997	-
Fixed income	303,508	303,508	-	-
Investments	<u>\$ 9,009,437</u>	<u>\$ 8,992,440</u>	<u>\$ 16,997</u>	<u>\$ -</u>
Liabilities:				
Funds held as agency funds	<u>\$ 162,875</u>	<u>\$ 162,875</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE E – Endowments

The Foundation's endowments consist of both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

In accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Foundation considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation, the nature of the endowment fund, and donor restrictions
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

The Foundation's agreements with donors include a variance provision, giving the Board the power to vary the use of endowed funds if a restriction becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area served by the Foundation. Based on these provisions, most contributions received by the Foundation are reported as unrestricted support. Any gift received that is not established in accordance with the aforementioned are subject to UPMIFA and are classified as either temporarily or permanently restricted assets.

Investment Policy

Return Objectives and Risk Parameters - The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets; the Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of endowment assets. The current long-term objective is to return 7.85%, net of investment fees. Actual returns in any given year may vary from this amount.

Branch County Community Foundation, Inc.
Notes to Financial Statements
For the Years Ended September 30, 2025 and 2024

NOTE E – Endowments (Continued)

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term objectives within prudent risk parameters.

Spending Policy

The spending policy calculates the amount of money annually distributed from the Foundation's various endowment funds, for grant making, scholarships and administration. The current spending policy is based on the previous twenty-eight quarters' moving average balance of the market value of the endowment ending September 30th, with an average 4.5% payout amount (agency funds 4.75% and all other funds 4.25%) for granting and an average administrative fee of 1.50%. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment assets to grow at an average rate of approximately 1.64% annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment returns. The Foundation's Board reviews and modifies the spending policy annually based on economic conditions.

Changes in endowment net assets for the year ended September 30, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	\$ 5,360,102	\$ 2,842,630	\$ 8,202,732
Contributions	\$ 256,436	\$ 25,075	\$ 281,511
Investment return, net	488,907	252,315	741,222
Investment fees	(37,018)	(19,230)	(56,248)
Interfund non grants/expense/transfers	53,862	-	53,862
Amounts appropriated for expenditure	(202,144)	(163,808)	(365,952)
Change in Endowment Net Assets	\$ 560,043	\$ 94,352	\$ 654,395
Endowment Net Assets, End of Year	\$ 5,920,145	\$ 2,936,982	\$ 8,857,127

Endowment net asset composition by type of fund as of September 30, 2025:

Endowment Funds:	Without Donor Restrictions	With Donor Restrictions	Total
Field of Interest	\$ 404,528	\$ 1,054,537	\$ 1,459,065
Donor Advised	2,285,147	43,068	2,328,215
Designated	1,821,962	590,541	2,412,503
Memorial	131,058	-	131,058
Scholarship	1,277,450	1,248,836	2,526,286
Total	\$ 5,920,145	\$ 2,936,982	\$ 8,857,127

Branch County Community Foundation, Inc.
Notes to Financial Statements
For the Years Ended September 30, 2025 and 2024

NOTE E – Endowments (Continued)

Net assets as of September 30, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds	\$ 5,920,145	\$ 2,936,982	\$ 8,857,127
Non-Endowed Funds	671,324	14,165	685,489
Board Designated - Quasi Endowments	989,015	-	989,015
Total Net Assets - End of Year	<u>\$ 7,580,484</u>	<u>\$ 2,951,147</u>	<u>\$ 10,531,631</u>

Changes in endowment net assets for the year ended September 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	\$ 4,541,528	\$ 2,449,055	\$ 6,990,583
Contributions	\$ 381,547	\$ 8,625	\$ 390,172
Investment return, net	1,006,628	541,453	1,548,081
Investment fees	(33,197)	(17,859)	(51,056)
Special events	-	-	-
Interfund non grants/expense/transfers	(83,275)	(62,060)	(145,335)
Amounts appropriated for expenditure	(453,129)	(76,584)	(529,713)
Change in Endowment Net Assets	<u>\$ 818,574</u>	<u>\$ 393,575</u>	<u>\$ 1,212,149</u>
Endowment Net Assets, End of Year	<u>\$ 5,360,102</u>	<u>\$ 2,842,630</u>	<u>\$ 8,202,732</u>

Endowment net asset composition by type of fund as of September 30, 2024:

Endowment Funds:	Without Donor Restrictions	With Donor Restrictions	Total
Field of Interest	\$ 388,141	\$ 1,049,543	\$ 1,437,684
Donor Advised	2,147,451	39,133	2,186,584
Designated	1,708,671	543,865	2,252,536
Scholarship	1,115,839	1,210,089	2,325,928
Total	<u>\$ 5,360,102</u>	<u>\$ 2,842,630</u>	<u>\$ 8,202,732</u>

Net assets as of September 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds	\$ 5,360,102	\$ 2,842,630	\$ 8,202,732
Non-Endowed Funds	752,896	21,511	774,407
Board Designated - Quasi Endowments	947,159	-	947,159
Total Net Assets - End of Year	<u>\$ 7,060,157</u>	<u>\$ 2,864,141</u>	<u>\$ 9,924,298</u>

Branch County Community Foundation, Inc.
Notes to Financial Statements
For the Years Ended September 30, 2025 and 2024

NOTE F – Funds Held as Agency Endowment 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.

Agency activity consisted of the following for the years ended September 30:

	2025	2024
Beginning of Year:	\$ 162,875	\$ 137,654
Revenues:		
Investment return, net	14,408	30,557
Expenses:		
Grants	(11,200)	(1,500)
General and administrative expenses	(4,056)	(3,836)
Total Expenses	(15,256)	(5,336)
Ending Agency Liability	<u>\$ 162,027</u>	<u>\$ 162,875</u>

NOTE G – Purpose of Net Assets with Donor Restrictions

Net Assets with Donor Restrictions consisted of the following at September 30:

	2025	2024
For the arts	\$ 43,068	\$ 39,133
Enhancement of school programs	425,563	387,544
Enhancement of library programs	20,687	19,554
Church programming	16,969	16,085
Needs to children only	17,826	16,884
Community youth programs	966,874	959,303
Scholarships	1,376,158	1,330,771
Healthy youth/seniors	69,837	73,356
Other restrictions	14,165	21,511
Total Net Assets with Donor Restrictions	<u>\$ 2,951,147</u>	<u>\$ 2,864,141</u>

Branch County Community Foundation, Inc.
Notes to Financial Statements
For the Years Ended September 30, 2025 and 2024

NOTE H – Subsequent Events

The Foundation has evaluated subsequent events through February 23, 2026, the date the financial statements were available to be issued. No events or transactions occurred during this period which require recording or disclosure.

SUPPLEMENTARY INFORMATION

Branch County Community Foundation, Inc.
Schedule of Endowments
For the Year Ended September 30, 2025

Fund	Without Donor Restrictions	With Donor Restrictions	Total
Field of Interest			
Youth Grantmakers Endowment (Branch)	\$ -	\$ 778,043	\$ 778,043
Youth Grantmakers Endowment (Colon)	-	188,831	188,831
Colon Foundation Fund	99,996	-	99,996
HomeTown Competitiveness Fund	10,782	-	10,782
Harris Memorial Fund	-	17,826	17,826
Coldwater Holiday Decoration Endowment	24,488	-	24,488
Healthy Seniors Fund	-	34,257	34,257
Healthy Youth Fund	-	35,580	35,580
Branch County Housing Endowment Fund	(532)	-	(532)
Quincy Rotary Fund	183,958	-	183,958
McLaughlin Fund-Ralph and Rosella	85,836	-	85,836
Total Field of Interest	<u>\$ 404,528</u>	<u>\$ 1,054,537</u>	<u>\$ 1,459,065</u>
Donor Advised			
Brayton Memorial Fund - Scott	\$ 43,524	\$ -	\$ 43,524
Creal Endowment - F. Harold & Lillian	444,180	-	444,180
Greg Thomas Memorial Endowment	21,708	-	21,708
Stanley G. Godfrey Endowment Fund for the Arts	-	43,068	43,068
Dobson Memorial Fund Elmer	27,340	-	27,340
Young Endowment Bruce G. & Ruth A.	64,779	-	64,779
Rice Family Fund for Understanding	21,983	-	21,983
Faith Based Initiatives Fund	71,430	-	71,430
Mayer Family Endowment	141,000	-	141,000
Ratkowski Family Fund	49,238	-	49,238
Thomas Bott Donor Advised Fund	1,358,751	-	1,358,751
Wendorf Family Fund	41,214	-	41,214
Total Donor Advised	<u>\$ 2,285,147</u>	<u>\$ 43,068</u>	<u>\$ 2,328,215</u>
Memorial			
Curtis Ferree Memorial Fund	<u>\$ 131,058</u>	<u>\$ -</u>	<u>\$ 131,058</u>

Branch County Community Foundation, Inc.
Schedule of Endowments
For the Year Ended September 30, 2025

Fund	Without Donor Restrictions	With Donor Restrictions	Total
Designated Purpose			
Coldwater Community Schools Scholarship	\$ 109,537	\$ -	\$ 109,537
Branch Area Career Center Scholarship	332,024	-	332,024
Bowerman Agricultural Scholarship	1,675	-	1,675
Early Bird Exchange Club Scholarship	15,438	-	15,438
Michigan Association of Retired School Personnel	115,691	-	115,691
Bronson Community Endowment Fund	28,141	-	28,141
Bronson High School Alumni Designated Fund	36,782	-	36,782
Colon Township Library Endowment	47,485	-	47,485
Colon Community Historical Society Endowment	29,552	-	29,552
Family Promise of Branch County	20,132	-	20,132
Community Unlimited Endowment Fund of Union City	40,431	-	40,431
Altrusa International of Branch County G. Louise Wallace	51,523	-	51,523
Rosenburg Family Endowment	79,944	-	79,944
H&C Burnside Foundation Fund Gerald LaBelle Memorial	11,465	-	11,465
Quincy Educational Endowment	171,141	-	171,141
Coldwater USBC Youth Bowling Fund	19,853	-	19,853
Rigg Memorial Fund for First Baptist Church Early	59,537	-	59,537
Community Literacy Fund	821	-	821
Bronson Community Schools Endowment	-	100,306	100,306
Ryan Quincy Student Loan Foundation Fund	-	127,923	127,923
French Memorial Scholarship	-	25,116	25,116
First United Methodist Church Fund	-	16,969	16,969
Bronson Library Fund	-	20,687	20,687
Coldwater Community Schools Enrichment Fund	-	197,334	197,334
Coldwater Exchange Club Scholarship	-	102,206	102,206
LifeCare Ambulance Designated Fund	30,981	-	30,981
Fund for the First Presbyterian Health	7,839	-	7,839
Union Township Friends of the Library Endowment	165,005	-	165,005
Domestic Violence Prevention & Education Fund	53,212	-	53,212
BACC Joe Bakle Auto Body/Repair Scholarship	298,411	-	298,411
Yes for Bronson Schools Fund	28,913	-	28,913
Branch County 4-H Foundation Fund	55,973	-	55,973
Union City Society for Historic Preservation Fund	10,456	-	10,456
Total Designated Purpose	\$ 1,821,962	\$ 590,541	\$ 2,412,503

Branch County Community Foundation, Inc.
Schedule of Endowments
For the Year Ended September 30, 2025

Fund	Without Donor Restrictions	With Donor Restrictions	Total
Scholarship			
Southern Michigan Bank & Trust Lester Wise Scholarship	\$ 46,779	\$ -	\$ 46,779
Fiorell/Johnson Scholarship	-	371,201	371,201
W.H. Judd Memorial Scholarship	-	34,406	34,406
Asama/Gokoh Scholarship	-	76,306	76,306
Knirk Educational Fund	-	327,552	327,552
Hutchins Loan Fund	-	22,379	22,379
Kenyon Scholarship	-	59,647	59,647
Sattler Scholarship	-	27,475	27,475
Linteau Scholarship	-	15,134	15,134
Sharp Bingaman Nursing Scholarship	31,070	-	31,070
President's Student Service Scholarship	10,851	-	10,851
Cockrell Wrestling Scholarship	49,758	-	49,758
Burke Memorial Scholarship	42,457	-	42,457
Broker Memorial Scholarship	118,826	-	118,826
Ryan Memorial Scholarship	10,076	-	10,076
Losey Moore Family Scholarship	40,166	-	40,166
Clarke-Diaz Scholarship	24,196	-	24,196
Sechrist Scholarship	32,314	-	32,314
Corson Memorial Scholarship	30,605	-	30,605
Weston, McCurley, Gerth Scholarship	16,319	-	16,319
Rhoads Memorial Teacher's Grant	33,220	-	33,220
Jones Scholarship	-	84,392	84,392
Burnside Scholarship	-	194,062	194,062
Daugherty Scholarship	42,536	-	42,536
English Memorial Music Scholarship	43,152	-	43,152
Russell Scholarship	76	-	76
Benjamin Memorial Scholarship	-	36,282	36,282
Barnes Journalism Scholarship	41,023	-	41,023
Schragg Memorial Scholarship	57,199	-	57,199
Catalyst Fund (BCCF Scholarship)	39,976	-	39,976
Colon Kiwanis Club Educational Fund	55,377	-	55,377
Reeder Theater Arts Memorial Scholarship	59,531	-	59,531
Wendorf Family Scholarship	212,161	-	212,161
Quincy Rotary Scholarship Fund	183,300	-	183,300
Diana K Milliman Trust Endowed Scholarship	56,482	-	56,482
Total Scholarship	\$ 1,277,450	\$ 1,248,836	\$ 2,526,286