



**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

**For the Years Ended September 30, 2024 and 2023**

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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, 2024 and 2023, 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, 2024 and 2023, 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 14, 2025

**Branch County Community Foundation, Inc.**  
**Statements of Financial Position**  
**September 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 849,021	\$ 761,350
Investments - endowed	9,009,437	7,603,155
Current portion of notes receivable	28,640	15,600
Prepaid expenses	4,282	5,158
Total Current Assets	<u>9,891,380</u>	<u>8,385,263</u>
Property and Equipment		
Furniture and fixtures	1,755	1,755
Office equipment	60,419	60,420
	<u>62,174</u>	<u>62,175</u>
Accumulated depreciation	(61,956)	(61,174)
Net Property and Equipment	<u>218</u>	<u>1,001</u>
Other Assets		
Notes receivable, net current portion	<u>206,095</u>	<u>237,015</u>
<b>Total Assets</b>	<b><u>\$ 10,097,693</u></b>	<b><u>\$ 8,623,279</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 2,870	\$ 3,167
Accrued wages	7,650	5,770
Funds held as agency funds	162,875	137,654
Total Liabilities	<u>173,395</u>	<u>146,591</u>
Net Assets		
Without donor restrictions	7,060,157	6,004,195
With donor restrictions	2,864,141	2,472,493
	<u>9,924,298</u>	<u>8,476,688</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 10,097,693</u></b>	<b><u>\$ 8,623,279</u></b>

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**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
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 and other	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>
<b>Change in Net Assets</b>	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>
<b>Net Assets at End of Year</b>	<u><b>\$ 7,060,157</b></u>	<u><b>\$ 2,864,141</b></u>	<u><b>\$ 9,924,298</b></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, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Support, Revenue and Releases from Restrictions			
Contributions	\$ 516,439	\$ 27,638	\$ 544,077
Interest and dividends	146,270	64,857	211,127
Realized gains	180,323	84,314	264,637
Unrealized gains	366,860	167,055	533,915
Agency fees	2,775	-	2,775
Net assets released from restrictions	182,611	(182,611)	-
Total Support and Revenue	<u>1,395,278</u>	<u>161,253</u>	<u>1,556,531</u>
Expenses			
Program services	516,015	-	516,015
Management and general	35,559	-	35,559
Fundraising	159,530	-	159,530
Total Expenses	<u>711,104</u>	<u>-</u>	<u>711,104</u>
<b>Change in Net Assets</b>	684,174	161,253	845,427
Net Assets at Beginning of Year	<u>5,320,021</u>	<u>2,311,240</u>	<u>7,631,261</u>
<b>Net Assets at End of Year</b>	<u><b>\$ 6,004,195</b></u>	<u><b>\$ 2,472,493</b></u>	<u><b>\$ 8,476,688</b></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
<b>Expenses</b>				
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
<b>Total Expenses</b>	<b>\$ 544,773</b>	<b>\$ 33,053</b>	<b>\$ 153,180</b>	<b>\$ 731,006</b>

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, 2023**

	Program	Management and General	Fundraising	Total
<b>Expenses</b>				
Grants and scholarships	\$ 362,850	\$ -	\$ -	\$ 362,850
Wages	44,438	16,193	60,867	121,498
Payroll taxes	3,323	1,167	4,490	8,980
Benefits	4,439	1,559	5,998	11,996
Occupancy (in-kind)	5,028	2,933	6,007	13,968
Communications	5,694	291	12,717	18,702
Insurance	981	1,964	982	3,927
Postage and printing	481	280	574	1,335
Office supplies	1,145	994	1,328	3,467
Investment management fees	53,184	377	1,291	54,852
Special project expense	5,792	-	-	5,792
Accounting and legal fees	11,642	6,791	13,907	32,340
Travel	758	-	1,241	1,999
Dues and memberships	1,969	1,533	2,080	5,582
Marketing	11,203	-	44,808	56,011
Conferences and meetings	1,113	324	880	2,317
Depreciation expense	1,502	877	1,795	4,174
Repairs and maintenance	473	276	565	1,314
<b>Total Expenses</b>	<b>\$ 516,015</b>	<b>\$ 35,559</b>	<b>\$ 159,530</b>	<b>\$ 711,104</b>

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, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,447,610	\$ 845,427
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	782	4,174
Net realized gain on sale of investments	(321,842)	(264,637)
Net unrealized gain on investments	(1,179,137)	(533,915)
Contribution of notes receivable	-	(267,554)
Change in current assets and liabilities:		
Prepaid expenses	876	(72)
Accounts payable	(297)	(83)
Accrued wages	1,880	(1,897)
Funds held as agency funds	25,221	15,206
Net Cash Used in Operating Activities	<u>(24,907)</u>	<u>(203,351)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Collection of notes receivable	17,880	14,939
Proceeds from sale of investments	513,212	559,271
Purchase of investments	(418,514)	(123,483)
Net Cash provided by Investing Activities	<u>112,578</u>	<u>450,727</u>
<b>Change in Cash and Cash Equivalents</b>	<b>87,671</b>	<b>247,376</b>
Cash and Cash Equivalents at Beginning of Year	<u>761,350</u>	<u>513,974</u>
<b>Cash and Cash Equivalents at End of Year</b>	<b><u>\$ 849,021</u></b>	<b><u>\$ 761,350</u></b>

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, 2024 and 2023**

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**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 and not subject to donor (or certain grantor) 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, 2024, approximately \$250,000 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.

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.

**Branch County Community Foundation, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended September 30, 2024 and 2023**

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**NOTE A – Summary of Significant Accounting Policies (Continued)**

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.

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.

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, 2024 and 2023**

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**NOTE A – Summary of Significant Accounting Policies (Continued)**

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 \$137,340 and \$103,857 in administrative fees during the years ended September 30, 2024 and 2023, 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, 2024 and 2023. 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. See Note B for donated notes receivable received by the Foundation during the year ended September 30, 2023.

Change in Accounting Principle

The Financial Accounting Standards Board issued Accounting Standards Update No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, in June 2016. The standard replaced the incurred loss impairment methodology with a new methodology that reflects current expected credit losses ("CECL") on financial assets, including receivables and certain off statement of financial position commitments. The new methodology requires the measurement of all expected credit losses based on historical experience, current economic conditions, and reasonable and supportable forecasts. The standard also expands the required quantitative and qualitative disclosures for expected credit losses. On October 1, 2023, the Foundation adopted the standard using a modified retrospective method. As a result of this adoption, there was no changes to beginning of year net assets.

**Branch County Community Foundation, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended September 30, 2024 and 2023**

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**NOTE B – Notes Receivable**

During the year ended September 30, 2023, the Foundation received the donation of nine mortgage loans related to Habitat for Humanity homes with an aggregate outstanding principal amount of approximately \$459,000 (before discount for interest rate subsidy). The Foundation did not originate these notes directly. Individual loan balances ranged from \$5,800 to \$144,000 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 able to collect all amounts due according to the contractual terms of loan agreement. No allowances have been recorded as of September 30, 2024 or 2023.

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

2025	\$	28,640
2026		26,000
2027		26,000
2028		26,000
2029		26,100
Thereafter		297,459
Less: Interest subsidy		<u>(195,464)</u>
Total notes receivable		234,735
Less: current portion		<u>(28,640)</u>
Long-term notes receivable	\$	<u><u>206,095</u></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>2024</u>	<u>2023</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 849,021	\$ 761,350
Investments	9,009,437	7,603,155
Current portion of notes receivable	<u>28,640</u>	<u>15,600</u>
Total financial assets	<u>9,887,098</u>	<u>8,380,105</u>
Less: Endowed/Designated/Restricted financial assets		
Donor endowed assets	(8,202,732)	(6,990,583)
Board-designated assets	(947,159)	(792,687)
Other donor-imposed restricted assets	<u>(21,511)</u>	<u>(23,438)</u>
	<u>(9,171,402)</u>	<u>(7,806,708)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 715,696</u>	<u>\$ 573,397</u>

**Branch County Community Foundation, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended September 30, 2024 and 2023**

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**NOTE C – Liquidity and Availability (Continued)**

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 \$8,202,732 and \$6,990,583 at September 30, 2024 and 2023, 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.

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.

**Branch County Community Foundation, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended September 30, 2024 and 2023**

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**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	\$ -	\$ -
Equities and mutual Funds	3,262,323	3,262,323	-	-
Corporate bonds	2,059,783	-	2,059,783	-
Fixed income	303,508	303,508	-	-
Investments	<u>\$ 9,009,437</u>	<u>\$ 6,949,654</u>	<u>\$ 2,059,783</u>	<u>\$ -</u>

Liabilities:

Funds held as agency funds	<u>\$ 162,875</u>	<u>\$ 162,875</u>	<u>\$ -</u>	<u>\$ -</u>
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The following table summarizes the investments at September 30, 2023:

Investments:	Total	(Level 1)	(Level 2)	(Level 3)
Corporate stocks	\$ 2,836,176	\$ 2,836,176	\$ -	\$ -
Equities and mutual Funds	2,760,070	2,760,070	-	-
Corporate bonds	1,840,183	-	1,840,183	-
Fixed income	166,726	166,726	-	-
Investments	<u>\$ 7,603,155</u>	<u>\$ 5,762,972</u>	<u>\$ 1,840,183</u>	<u>\$ -</u>

Liabilities:

Funds held as agency funds	<u>\$ 137,654</u>	<u>\$ 137,654</u>	<u>\$ -</u>	<u>\$ -</u>
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**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



**Branch County Community Foundation, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended September 30, 2024 and 2023**

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**NOTE E – Endowments (Continued)**

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.

**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.

**Branch County Community Foundation, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended September 30, 2024 and 2023**

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**NOTE E – Endowments (Continued)**

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)
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	\$ 818,574	\$ 393,575	\$ 1,212,149
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, 2024 and 2023**

**NOTE E – Endowments (Continued)**

Changes in endowment net assets for the year ended September 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	\$ 3,934,061	\$ 2,276,330	\$ 6,210,391
Contributions	\$ 49,773	\$ 5,855	\$ 55,628
Investment return, net	568,573	316,226	884,799
Investment fees	(29,653)	(16,283)	(45,936)
Special events	-	(65)	(65)
Interfund non grants / expense	165,161	(38,662)	126,499
Amounts appropriated for expenditure	(146,387)	(94,346)	(240,733)
Change in Endowment Net Assets	\$ 607,467	\$ 172,725	\$ 780,192
Endowment Net Assets, End of Year	<u>\$ 4,541,528</u>	<u>\$ 2,449,055</u>	<u>\$ 6,990,583</u>

Endowment net asset composition by type of fund as of September 30, 2023:

Endowment Funds:	Without Donor Restrictions	With Donor Restrictions	Total
Field of Interest	\$ 470,536	\$ 922,438	\$ 1,392,974
Donor Advised	1,824,219	31,577	1,855,796
Designated	1,427,953	453,938	1,881,891
Scholarship	818,820	1,041,102	1,859,922
Total	<u>\$ 4,541,528</u>	<u>\$ 2,449,055</u>	<u>\$ 6,990,583</u>

Net assets as of September 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds	\$ 4,541,528	\$ 2,449,055	\$ 6,990,583
Non-Endowed Funds	669,980	23,438	693,418
Board Designated - Quasi Endowments	792,687	-	792,687
Total Net Assets - End of Year	<u>\$ 6,004,195</u>	<u>\$ 2,472,493</u>	<u>\$ 8,476,688</u>

**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.

**Branch County Community Foundation, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended September 30, 2024 and 2023**

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**NOTE F – Funds Held as Agency Endowment Funds (Continued)**

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:

	2024	2023
Beginning of Year:	\$ 137,654	\$ 122,448
Revenues:		
Investment return, net	30,557	17,131
Gifts and contributions	-	3,174
Total Revenues	<u>30,557</u>	<u>20,305</u>
Expenses:		
Grants	(1,500)	(2,000)
General and administrative expenses	(3,836)	(3,099)
Total Expenses	<u>(5,336)</u>	<u>(5,099)</u>
Ending Agency Liability	<u>\$ 162,875</u>	<u>\$ 137,654</u>

**NOTE G – Purpose of Net Assets with Donor Restrictions**

Net Assets with donor restrictions consisted of the following at September 30:

	2024	2023
For the arts	\$ 39,133	\$ 31,577
Enhancement of school programs	387,544	322,536
Enhancement of library programs	19,554	16,469
Church programming	16,085	13,583
Needs to children only	16,884	14,749
Community youth programs	959,303	845,640
Scholarships	1,330,771	1,142,452
Healthy youth/seniors	73,356	62,049
Other restrictions	21,511	23,438
Total Net Assets with Donor Restrictions	<u>\$ 2,864,141</u>	<u>\$ 2,472,493</u>

**NOTE H – Subsequent Events**

The Foundation has evaluated subsequent events through February 14, 2025, 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, 2024**

Fund	Without Donor Restrictions	With Donor Restrictions	Total
<b>Field of Interest</b>			
Youth Grantmakers Endowment (Branch)	\$ -	\$ 770,652	\$ 770,652
Youth Grantmakers Endowment (Colon)	-	188,651	188,651
Colon Foundation Fund	94,883	-	94,883
HomeTown Competitiveness Fund	10,315	-	10,315
Harris Memorial Fund	-	16,884	16,884
Coldwater Holiday Decoration Endowment	23,099	-	23,099
Healthy Seniors Fund	-	36,055	36,055
Healthy Youth Fund	-	37,301	37,301
Branch County Housing Endowment Fund	(236)	-	(236)
Quincy Rotary Fund	169,664	-	169,664
Quincy Rotary Projects Fund	3,039	-	3,039
McLaughlin Fund-Ralph and Rosella	87,377	-	87,377
Total Field of Interest	\$ 388,141	\$ 1,049,543	\$ 1,437,684
<b>Donor Advised</b>			
Brayton Memorial Fund - Scott	\$ 47,424	\$ -	\$ 47,424
Creal Endowment - F. Harold & Lillian	429,062	-	429,062
Greg Thomas Memorial Endowment	20,506	-	20,506
Stanley G. Godfrey Endowment Fund for the Arts	-	39,133	39,133
Dobson Memorial Fund Elmer	26,225	-	26,225
Young Endowment Bruce G. & Ruth A.	48,212	-	48,212
Rice Family Fund for Understanding	21,853	-	21,853
Faith Based Initiatives Fund	69,051	-	69,051
Mayer Family Endowment	133,288	-	133,288
Ratkowski Family Fund	48,375	-	48,375
Thomas Bott Donor Advised Fund	1,264,755	-	1,264,755
Wendorf Family Fund	38,700	-	38,700
Total Donor Advised	\$ 2,147,451	\$ 39,133	\$ 2,186,584

**Branch County Community Foundation, Inc.**  
**Schedule of Endowments**  
**For the Year Ended September 30, 2024**

Fund	Without Donor Restrictions	With Donor Restrictions	Total
<b>Designated Purpose</b>			
Coldwater Community Schools Scholarship	\$ 101,274	\$ -	\$ 101,274
Branch Area Career Center Scholarship	310,103	-	310,103
Bowerman Agricultural Scholarship	1,951	-	1,951
Early Bird Exchange Club Scholarship	14,657	-	14,657
Michigan Association of Retired School Personnel Scholarship	109,851	-	109,851
Bronson Community Endowment Fund	25,533	-	25,533
Bronson High School Alumni Designated Fund	35,833	-	35,833
Colon Township Library Endowment	44,549	-	44,549
Colon Community Historical Society Endowment	27,823	-	27,823
Family Promise of Branch County	19,036	-	19,036
Community Unlimited Endowment Fund of Union City	37,970	-	37,970
Altrusa International of Branch County G. Louise Wallace	49,056	-	49,056
Rosenburg Family Endowment	74,826	-	74,826
H&C Burnside Foundation Fund Gerald LaBelle Memorial	13,803	-	13,803
Quincy Educational Endowment	161,587	-	161,587
Coldwater USBC Youth Bowling Fund	19,242	-	19,242
Rigg Memorial Fund for First Baptist Church Early Childhood Dev.	57,005	-	57,005
Community Literacy Fund	897	-	897
Bronson Community Schools Endowment	-	93,819	93,819
Ryan Quincy Student Loan Foundation Fund	-	119,512	119,512
French Memorial Scholarship	-	24,508	24,508
First United Methodist Church Fund	-	16,085	16,085
Bronson Library Fund	-	19,554	19,554
Coldwater Community Schools Enrichment Fund	-	174,213	174,213
Coldwater Exchange Club Scholarship	-	96,174	96,174
LifeCare Ambulance Designated Fund	27,487	-	27,487
Fund for the First Presbyterian Health	7,569	-	7,569
Union Township Friends of the Library Endowment	160,053	-	160,053
Domestic Violence Prevention & Education Fund	49,892	-	49,892
BACC Joe Bakle Auto Body/Repair Scholarship	279,617	-	279,617
Yes for Bronson Schools Fund	26,590	-	26,590
Branch County 4-H Foundation Fund	52,467	-	52,467
Total Designated Purpose	\$ 1,708,671	\$ 543,865	\$ 2,252,536

**Branch County Community Foundation, Inc.**  
**Schedule of Endowments**  
**For the Year Ended September 30, 2024**

Fund	Without Donor Restrictions	With Donor Restrictions	Total
<b>Scholarship</b>			
Marie Green McMahan Scholarship	\$ (236)	\$ -	\$ (236)
Southern Michigan Bank & Trust Lester Wise Scholarship	46,258	-	46,258
James F. York Memorial Scholarship	-	(236)	(236)
Fiorell/Johnson Scholarship	-	355,575	355,575
W.H. Judd Memorial Scholarship	-	33,630	33,630
Asama/Gokoh Scholarship	-	72,518	72,518
Knirk Educational Fund	-	317,833	317,833
Hutchins Loan Fund	-	23,393	23,393
Kenyon Scholarship	-	59,393	59,393
Sattler Scholarship	-	29,070	29,070
Linteau Scholarship	-	14,506	14,506
Sharp Bingaman Nursing Scholarship	30,488	-	30,488
President's Student Service Scholarship	10,379	-	10,379
Cockrell Wrestling Scholarship	46,670	-	46,670
Burke Memorial Scholarship	41,699	-	41,699
Broker Memorial Scholarship	112,115	-	112,115
Ryan Memorial Scholarship	9,745	-	9,745
Losey Moore Family Scholarship	41,016	-	41,016
Clarke-Diaz Scholarship	24,017	-	24,017
Sechrist Scholarship	30,678	-	30,678
Corson Memorial Scholarship	30,265	-	30,265
Weston, McCurley, Gerth Scholarship	16,603	-	16,603
Rhoads Memorial Teacher's Grant	31,531	-	31,531
Jones Scholarship	-	81,665	81,665
Burnside Scholarship	-	187,347	187,347
Jason Gentz Memorial Scholarship	(236)	-	(236)
Daugherty Scholarship	42,708	-	42,708
English Memorial Music Scholarship	43,700	-	43,700
Russell Scholarship	(166)	-	(166)
Benjamin Memorial Scholarship	-	35,395	35,395
Barnes Journalism Scholarship	40,736	-	40,736
Schragg Memorial Scholarship	59,014	-	59,014
Catalyst Fund (BCCF Scholarship)	40,205	-	40,205
Colon Kiwanis Club Educational Fund	54,352	-	54,352
Reeder Theater Arts Memorial Scholarship	56,290	-	56,290
Wendorf Family Scholarship	138,766	-	138,766
Quincy Rotary Scholarship Fund	169,242	-	169,242
Total Scholarship	\$ 1,115,839	\$ 1,210,089	\$ 2,325,928