



FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

For the Years Ended September 30, 2023 and 2022

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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 statement of financial position as of September 30, 2023, and the related statement of activities, functional expenses, and cash flows for the year 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, 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 audit 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.

Prior Period Financial Statements

The financial statements of Branch County Community Foundation, Inc. were audited by other auditors whose report dated January 6, 2023, expressed an unmodified opinion on those statements.

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
January 22, 2024

Branch County Community Foundation
Statements of Financial Position
September 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 761,350	\$ 513,974
Investments - endowed	7,603,155	7,143,336
Investment - non-endowed	-	97,055
Current portion of notes receivable	15,600	-
Prepaid expenses	5,158	5,086
Total Current Assets	<u>8,385,263</u>	<u>7,759,451</u>
Property and Equipment		
Furniture and fixtures	1,755	1,755
Office equipment	60,420	60,420
	<u>62,175</u>	<u>62,175</u>
Accumulated depreciation	(61,174)	(57,000)
Net Property and Equipment	<u>1,001</u>	<u>5,175</u>
Other Assets		
Notes receivable, net current portion	<u>237,015</u>	<u>-</u>
Total Assets	<u><u>\$ 8,623,279</u></u>	<u><u>\$ 7,764,626</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 3,167	\$ 3,250
Accrued wages	5,770	7,667
Funds held as agency funds	137,654	122,448
Total Liabilities	<u>146,591</u>	<u>133,365</u>
Net Assets		
Without donor restrictions	6,004,195	5,320,021
With donor restrictions	2,472,493	2,311,240
	<u>8,476,688</u>	<u>7,631,261</u>
Total Liabilities and Net Assets	<u><u>\$ 8,623,279</u></u>	<u><u>\$ 7,764,626</u></u>

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

Branch County Community Foundation
Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
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>
Change in Net Assets	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>
Net Assets at End of Year	<u>\$ 6,004,195</u>	<u>\$ 2,472,493</u>	<u>\$ 8,476,688</u>

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

Branch County Community Foundation
Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue and Releases from Restrictions			
Contributions	\$ 458,925	\$ 12,940	\$ 471,865
Interest and dividends	154,694	70,059	224,753
Realized gains	305,292	139,407	444,699
Unrealized gains (losses)	(1,562,509)	(712,830)	(2,275,339)
Agency fees	2,650	-	2,650
Net assets released from restrictions	123,642	(123,642)	-
Total Support and Revenue	<u>(517,306)</u>	<u>(614,066)</u>	<u>(1,131,372)</u>
Expenses			
Program Services	557,446	-	557,446
Management and general	34,434	-	34,434
Fundraising	157,782	-	157,782
Total Expenses	<u>749,662</u>	<u>-</u>	<u>749,662</u>
Change in Net Assets	(1,266,968)	(614,066)	(1,881,034)
Net Assets at Beginning of Year	<u>6,586,989</u>	<u>2,925,306</u>	<u>9,512,295</u>
Net Assets at End of Year	<u>\$ 5,320,021</u>	<u>\$ 2,311,240</u>	<u>\$ 7,631,261</u>

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

**Branch County Community Foundation
Statement of Functional Expenses
For the Year Ended September 30, 2023**

	Program	Management and General	Fundraising	Total
Expenses				
Grants and scholarships	\$ 362,850	\$ -	\$ -	\$ 362,850
Wages	52,200	18,919	71,355	142,474
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
Total Expenses	\$ 516,015	\$ 35,559	\$ 159,530	\$ 711,104

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

Branch County Community Foundation
Statement of Functional Expenses
For the Year Ended September 30, 2022

	Program	Management and General	Fundraising	Total
Expenses				
Grants and scholarships	\$ 385,438	\$ -	\$ -	\$ 385,438
Wages	50,604	18,340	69,173	138,117
Occupancy (in-kind)	5,028	2,933	6,006	13,967
Communications	5,697	291	12,725	18,713
Insurance	851	1,703	851	3,405
Postage and printing	345	201	412	958
Office supplies	3,271	2,841	3,793	9,905
Investment management fees	52,382	371	1,272	54,025
Special project expense	28,468	-	-	28,468
Accounting and legal fees	7,020	4,095	8,385	19,500
Travel	597	-	978	1,575
Dues and memberships	2,512	1,956	2,652	7,120
Marketing	11,980	-	47,918	59,898
Conferences and meetings	667	194	528	1,389
Depreciation expense	2,092	1,221	2,499	5,812
Repairs and maintenance	494	288	590	1,372
Total Expenses	\$ 557,446	\$ 34,434	\$ 157,782	\$ 749,662

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

Branch County Community Foundation
Statements of Cash Flows
For the Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 845,427	\$ (1,881,034)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,174	5,812
Net realized (gain) loss on sale of investments	(264,637)	(444,699)
Net unrealized (gain) loss on sale of investments	(533,915)	2,275,339
Contribution of notes receivable	(267,554)	-
Change in current assets and liabilities:		
Prepaid expenses	(72)	74
Accounts payable	(83)	(1,591)
Accrued Wages	(1,897)	(112)
Funds held as agency funds	15,206	(26,848)
Net Cash Used in Operating Activities	<u>(203,351)</u>	<u>(73,059)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Collection of notes receivable	14,939	-
Proceeds from sale of investments	559,271	957,591
Purchase of investments	(123,483)	(933,287)
Net Cash provided by Investing Activities	<u>450,727</u>	<u>24,304</u>
Change in Cash and Cash Equivalents	247,376	(48,755)
Cash and Cash Equivalents at Beginning of Year	<u>513,974</u>	<u>562,729</u>
Cash and Cash Equivalents at End of Year	<u>\$ 761,350</u>	<u>\$ 513,974</u>

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

Branch County Community Foundation
Notes to Financial Statements
For the Years Ended September 30, 2023 and 2022

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, 2023, approximately \$113,000 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
Notes to Financial Statements
For the Years Ended September 30, 2023 and 2022

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
Notes to Financial Statements
For the Years Ended September 30, 2023 and 2022**

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 \$103,857 and \$136,620 in administrative fees during the years ended September 30, 2023 and 2022, 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, 2023 and 2022. 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.

NOTE B – Notes Receivable

The Foundation currently has nine loans outstanding to mortgage borrowers related to Habitat for Humanity homes with an aggregate outstanding principal amount of approximately \$459,000 (before discount for interest rate subsidy). These notes were contributed to the Foundation from Habitat for Humanity during the year ended September 30, 2023; the Foundation did not originate these notes directly. Individual loan balances range 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, 2023.

**Branch County Community Foundation
Notes to Financial Statements
For the Years Ended September 30, 2023 and 2022**

NOTE B – Notes Receivable (Continued)

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

	2024	\$	15,600
	2025		12,800
	2026		11,000
	2027		11,700
	2028		12,500
	Thereafter		395,459
Less: Interest subsidy			(206,444)
Total notes receivable			<u>252,615</u>
Less: current portion			(15,600)
Long-term notes receivable		\$	<u><u>237,015</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>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 761,350	\$ 513,974
Investments	7,603,155	7,143,336
Current portion of notes receivable	15,600	-
Non-endowed Investments	-	97,055
Total financial assets	<u>8,380,105</u>	<u>7,754,365</u>
Less: Endowed/Designated/Restricted financial assets		
Donor endowed assets	(6,990,583)	(6,210,391)
Board-designated assets	(792,687)	(699,742)
Other donor-imposed restricted assets	(23,438)	(34,910)
	<u>(7,806,708)</u>	<u>(6,945,043)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 573,397</u>	<u>\$ 809,322</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 \$6,990,583 and \$6,210,391 at September 30, 2023 and 2022, 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
Notes to Financial Statements
For the Years Ended September 30, 2023 and 2022

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, 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>

**Branch County Community Foundation
Notes to Financial Statements
For the Years Ended September 30, 2023 and 2022**

NOTE D – Fair Value Measurements (Continued)

The following table summarizes the investments at September 30, 2022:

Investments:	Total	(Level 1)	(Level 2)	(Level 3)
Corporate Stocks	\$ 803,602	\$ 803,602	\$ -	\$ -
Equities and mutual Funds	4,312,110	4,312,110	-	-
Corporate bonds	1,828,104	1,828,104	-	-
Fixed income	296,575	-	296,575	-
Investments	<u>\$ 7,240,391</u>	<u>\$ 6,943,816</u>	<u>\$ 296,575</u>	<u>\$ -</u>
Liabilities:				
Funds held as agency funds	<u>\$ 122,448</u>	<u>\$ 122,448</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

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.

Branch County Community Foundation
Notes to Financial Statements
For the Years Ended September 30, 2023 and 2022

NOTE E – Endowments (Continued)

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 quarters' average balance of the market value of the endowment ending September 30, with a 0- 5% payout amount. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional growth through the endowment.

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
Interfund non gifts / revenues	22,770	25	22,795
Interest and dividends	118,219	64,857	183,076
Realized gains (losses)	152,908	84,314	237,222
Unrealized gains (losses)	297,446	167,055	464,501
Investment fees	(29,653)	(16,283)	(45,936)
Special events	-	(65)	(65)
Interfund non grants/expense/transfers	142,391	(38,687)	103,704
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	\$ 4,541,528	\$ 2,449,055	\$ 6,990,583

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	\$ 4,541,528	\$ 2,449,055	\$ 6,990,583

Branch County Community Foundation
Notes to Financial Statements
For the Years Ended September 30, 2023 and 2022

NOTE E – Endowments (Continued)

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 Endowment:	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>

Changes in endowment net assets for the year ended September 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	\$ 5,026,038	\$ 2,922,960	\$ 7,948,998
Contributions	\$ 81,415	\$ 12,940	\$ 94,355
Interfund non gifts / revenues	6,425	-	6,425
Interest and dividends	120,241	70,059	190,300
Realized gains (losses)	239,295	139,407	378,702
Unrealized gains (losses)	(1,225,852)	(712,830)	(1,938,682)
Investment fees	-	(58,248)	(58,248)
Special events	(3,925)	(59)	(3,984)
Interfund non grants / expense	-	(48,325)	(48,325)
Amounts appropriated for expenditure	(309,576)	(49,574)	(359,150)
Change in Endowment Net Assets	<u>\$ (1,091,977)</u>	<u>\$ (646,630)</u>	<u>\$ (1,738,607)</u>
Endowment Net Assets, End of Year	<u>\$ 3,934,061</u>	<u>\$ 2,276,330</u>	<u>\$ 6,210,391</u>

Endowment net asset composition by type of fund as of September 30, 2022:

Endowment Funds:	Without Donor Restrictions	With Donor Restrictions	Total
Field of Interest	\$ 419,315	\$ 859,307	\$ 1,278,622
Donor Advised	1,673,221	28,276	1,701,497
Designated	1,248,032	428,650	1,676,682
Scholarship	593,493	960,097	1,553,590
Total	<u>\$ 3,934,061</u>	<u>\$ 2,276,330</u>	<u>\$ 6,210,391</u>

Branch County Community Foundation
Notes to Financial Statements
For the Years Ended September 30, 2023 and 2022

NOTE E – Endowments (Continued)

Net assets as of September 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds	\$ 3,934,061	\$ 2,276,330	\$ 6,210,391
Non-Endowed Funds	686,218	34,910	721,128
Board Designated - Quasi Endowments	699,742	-	699,742
Total Net Assets - End of Year	<u>\$ 5,320,021</u>	<u>\$ 2,311,240</u>	<u>\$ 7,631,261</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.

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:

	2023	2022
Beginning of Year:	\$ 122,448	\$ 149,296
Revenues:		
Interest and dividends	3,572	3,690
Realized gains/(losses)	4,603	7,361
Unrealized gains/(losses)	8,956	(37,989)
Gifts and contributions	3,174	5,495
Total Revenues	<u>20,305</u>	<u>(21,443)</u>
Expenses:		
Grants	(2,000)	(2,000)
General and administrative expenses	(3,099)	(3,405)
Total Expenses	<u>(5,099)</u>	<u>(5,405)</u>
Ending Agency Liability	<u>\$ 137,654</u>	<u>\$ 122,448</u>

Branch County Community Foundation
Notes to Financial Statements
For the Years Ended September 30, 2023 and 2022

NOTE G – Purpose of Net Assets with Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
For the arts	\$ 31,577	\$ 28,276
Enhancement of school programs	322,536	338,865
Enhancement of library programs	16,469	14,881
Church programming	13,583	18,423
Needs to children only	14,749	13,835
Community youth programs	845,640	789,252
Scholarships	1,142,452	1,051,488
Healthy youth/seniors	62,049	56,220
Other restrictions	23,438	-
Total Net Assets with Donor Restrictions	<u>\$ 2,472,493</u>	<u>\$ 2,311,240</u>

NOTE H – Subsequent Events

The Foundation has evaluated subsequent events through January 22, 2024, 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
Schedule of Endowments
For the Year Ended September 30, 2023**

Fund	Without Donor Restrictions	With Donor Restrictions	Total
Field of Interest			
Youth Grantmakers Endowment (Branch)	\$ -	\$ 662,862	\$ 662,862
Youth Grantmakers Endowment (Colon)	-	182,778	182,778
Colon Foundation Fund	77,319	-	77,319
HomeTown Competitiveness Fund	8,780	-	8,780
Harris Memorial Fund	-	14,749	14,749
Coldwater Holiday Decoration Endowment	19,419	-	19,419
Healthy Seniors Fund	-	30,501	30,501
Healthy Youth Fund	-	31,548	31,548
Quincy Rotary Projects Fund	285,020	-	285,020
McLaughlin Fund-Ralph and Rosella	79,998	-	79,998
Total Field of Interest	\$ 470,536	\$ 922,438	\$ 1,392,974
Donor Advised			
Brayton Memorial Fund - Scott	\$ 39,662	\$ -	\$ 39,662
Creal Endowment - F. Harold & Lillian	370,812	-	370,812
Greg Thomas Memorial Endowment	17,261	-	17,261
Stanley G. Godfrey Endowment Fund for the Arts	-	31,577	31,577
Dobson Memorial Fund Elmer	22,021	-	22,021
Young Endowment Bruce G. & Ruth A.	40,318	-	40,318
Rice Family Fund for Understanding	21,394	-	21,394
Faith Based Initiatives Fund	59,356	-	59,356
Mayer Family Endowment	110,166	-	110,166
Ratkowski Family Fund	51,834	-	51,834
Thomas Bott Donor Advised Fund	1,063,693	-	1,063,693
Wendorf Family Fund	27,702	-	27,702
Total Donor Advised	\$ 1,824,219	\$ 31,577	\$ 1,855,796

**Branch County Community Foundation
Schedule of Endowments
For the Year Ended September 30, 2023**

Fund	Without Donor Restrictions	With Donor Restrictions	Total
Designated Purpose			
Coldwater Community Schools Scholarship	\$ 81,183	\$ -	\$ 81,183
Branch Area Career Center Scholarship	267,754	-	267,754
Bowerman Agricultural Scholarship	2,214	-	2,214
Early Bird Exchange Club Scholarship	12,394	-	12,394
Michigan Association of Retired School Personnel Scholarship	93,920	-	93,920
Bronson Community Endowment Fund	22,256	-	22,256
Bronson High School Alumni Designated Fund	31,694	-	31,694
Colon Township Library Endowment	35,431	-	35,431
Colon Community Historical Society Endowment	23,350	-	23,350
Family Promise of Branch County	15,839	-	15,839
Community Unlimited Endowment Fund of Union City	31,554	-	31,554
Altrusa International of Branch County G. Louise Wallace	42,278	-	42,278
Rosenburg Family Endowment	64,259	-	64,259
H&C Burnside Foundation Fund Gerald LaBelle Memorial	11,684	-	11,684
Quincy Educational Endowment	126,920	-	126,920
Coldwater USBC Youth Bowling Fund	16,388	-	16,388
Rigg Memorial Fund for First Baptist Church Early Childhood Dev.	49,354	-	49,354
Community Literacy Fund	645	-	645
Bronson Community Schools Endowment	-	78,272	78,272
Ryan Quincy Student Loan Foundation Fund	-	99,654	99,654
French Memorial Scholarship	-	20,592	20,592
First United Methodist Church Fund	-	13,583	13,583
Bronson Library Fund	-	16,469	16,469
Coldwater Community Schools Enrichment Fund	-	144,610	144,610
Coldwater Exchange Club Scholarship	-	80,758	80,758
LifeCare Ambulance Designated Fund	20,845	-	20,845
Fund for the First Presbyterian Health	6,496	-	6,496
Union Township Friends of the Library Endowment	137,828	-	137,828
Domestic Violence Prevention & Education Fund	41,548	-	41,548
BACC Joe Bakle Auto Body/Repair Scholarship	234,573	-	234,573
Yes for Bronson Schools Fund	18,138	-	18,138
Branch County 4-H Foundation Fund	39,408	-	39,408
Total Designated Purpose	\$ 1,427,953	\$ 453,938	\$ 1,881,891

**Branch County Community Foundation
Schedule of Endowments
For the Year Ended September 30, 2023**

Fund	Without Donor Restrictions	With Donor Restrictions	Total
Scholarship			
Southern Michigan Bank & Trust Lester Wise Scholarship	\$ 39,948	\$ -	\$ 39,948
Fiorell/Johnson Scholarship	-	304,275	304,275
W.H. Judd Memorial Scholarship	-	29,335	29,335
Asama/Gokoh Scholarship	-	62,665	62,665
Knirk Educational Fund	-	272,146	272,146
Hutchins Loan Fund	-	19,957	19,957
Kenyon Scholarship	-	54,062	54,062
Sattler Scholarship	-	24,630	24,630
Linteau Scholarship	-	12,390	12,390
Sharp Bingaman Nursing Scholarship	24,608	-	24,608
President's Student Service Scholarship	8,834	-	8,834
Cockrell Wrestling Scholarship	39,035	-	39,035
Burke Memorial Scholarship	36,553	-	36,553
Broker Memorial Scholarship	94,425	-	94,425
Ryan Memorial Scholarship	8,824	-	8,824
Losey Moore Family Scholarship	35,979	-	35,979
Clarke-Diaz Scholarship	20,382	-	20,382
Sechrist Scholarship	26,854	-	26,854
Corson Memorial Scholarship	25,383	-	25,383
Weston, McCurley, Gerth Scholarship	15,886	-	15,886
Rhoads Memorial Teacher's Grant	26,698	-	26,698
Jones Scholarship	-	68,833	68,833
Burnside Scholarship	-	160,271	160,271
Daugherty Scholarship	35,572	-	35,572
English Memorial Music Scholarship	39,640	-	39,640
Russell Scholarship	59	-	59
Benjamin Memorial Scholarship	-	32,538	32,538
Barnes Journalism Scholarship	34,350	-	34,350
Schragg Memorial Scholarship	54,127	-	54,127
Catalyst Fund (BCCF Scholarship)	34,936	-	34,936
Colon Kiwanis Club Educational Fund	47,623	-	47,623
Reeder Theater Arts Memorial Scholarship	49,224	-	49,224
Wendorf Family Scholarship	119,880	-	119,880
Total Scholarship	\$ 818,820	\$ 1,041,102	\$ 1,859,922