



FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
September 30, 2022
(with comparative totals for 2021)

BRANCH COUNTY COMMUNITY FOUNDATION, INC.
COLDWATER, MICHIGAN
FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

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.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

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 Branch County Community Foundation, Inc.'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 Branch County Community Foundation, Inc.'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.

Other Matter

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

INDEPENDENT AUDITOR'S REPORT, CONCLUDED

Report on Summarized Comparative Information

We have previously audited Branch County Community Foundation, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Respectfully submitted,

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

Certified Public Accountants

St. Joseph, Michigan
January 6, 2023

**BRANCH COUNTY COMMUNITY FOUNDATION
COLDWATER, MICHIGAN**

STATEMENT OF FINANCIAL POSITION
September 30, 2022
(with comparative totals for 2021)

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 513,974	\$ 562,729
Prepaid expenses	5,086	5,160
Investments	7,143,336	9,095,335
Investment pool - non-endowed	97,055	-
Property and equipment, net	5,175	10,987
Total Assets	<u>\$ 7,764,626</u>	<u>\$ 9,674,211</u>
Liabilities		
Accounts payable	\$ 3,250	\$ 4,841
Accrued wages	7,667	7,779
Funds held as agency funds	122,448	149,296
Total Liabilities	<u>\$ 133,365</u>	<u>\$ 161,916</u>
Net Assets		
Without Donor Restriction	\$ 5,320,021	\$ 6,586,989
With Donor Restrictions	2,311,240	2,925,306
Total Net Assets	<u>\$ 7,631,261</u>	<u>\$ 9,512,295</u>
Total Liabilities and Net Assets	<u>\$ 7,764,626</u>	<u>\$ 9,674,211</u>

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

BRANCH COUNTY COMMUNITY FOUNDATION
COLDWATER, MICHIGAN

STATEMENT OF ACTIVITIES
Year Ended September 30, 2022
(with comparative totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	2022	2021
Public Support and Revenues				
Contributions (including in-kind of \$13,967)	\$ 458,925	\$ 12,940	\$ 471,865	\$ 350,204
Interest and dividends	154,694	70,059	224,753	157,446
Realized gains	305,292	139,407	444,699	178,267
Unrealized gains (losses)	(1,562,509)	(712,830)	(2,275,339)	1,402,952
Agency fees	2,650	-	2,650	1,300
Other grant income	-	-	-	25,020
Total Public Support and Revenues	\$ (640,948)	\$ (490,424)	\$ (1,131,372)	\$ 2,115,189
Net assets released from restriction	\$ 123,642	\$ (123,642)	\$ -	\$ -
Expenses				
Program services	\$ 557,446	\$ -	\$ 557,446	\$ 466,233
Management and general	34,434	-	34,434	31,077
Fundraising	157,782	-	157,782	114,428
Total Expenses	\$ 749,662	\$ -	\$ 749,662	\$ 611,738
Change in Net Assets	\$ (1,266,968)	\$ (614,066)	\$ (1,881,034)	\$ 1,503,451
Net Assets - beginning of year	6,586,989	2,925,306	9,512,295	8,008,844
Net Assets - end of year	\$ 5,320,021	\$ 2,311,240	\$ 7,631,261	\$ 9,512,295

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

**BRANCH COUNTY COMMUNITY FOUNDATION
COLDWATER, MICHIGAN**

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2022
(with comparative totals for 2021)

	<u>Supporting Services</u>			<u>2022</u>	<u>2021</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Grants and scholarships	\$ 385,438	\$ -	\$ -	\$ 385,438	\$ 278,062
Wages and benefits	\$ 50,604	\$ 18,340	\$ 69,173	\$ 138,117	\$ 117,446
Office-Related Expenses					
Occupancy (in-kind)	\$ 5,028	\$ 2,933	\$ 6,006	\$ 13,967	\$ 13,968
Telephone and web hosting fees	5,697	291	12,725	18,713	13,346
Insurance	851	1,703	851	3,405	3,551
Postage and printing	345	201	412	958	753
Office supplies	3,271	2,841	3,793	9,905	1,596
Total Office-Related Expenses	<u>\$ 15,192</u>	<u>\$ 7,969</u>	<u>\$ 23,787</u>	<u>\$ 46,948</u>	<u>\$ 33,214</u>
Other Expenses					
Investment management fees	\$ 52,382	\$ 371	\$ 1,272	\$ 54,025	\$ 56,346
Special project expense	28,468	-	-	28,468	56,009
Accounting and legal fees	7,020	4,095	8,385	19,500	19,400
Travel	597	-	978	1,575	548
Dues and memberships	2,512	1,956	2,652	7,120	3,772
Marketing	11,980	-	47,918	59,898	39,612
Conferences and meetings	667	194	528	1,389	1,752
Depreciation	2,092	1,221	2,499	5,812	5,577
Repairs and maintenance	494	288	590	1,372	-
Total Other Expenses	<u>\$ 106,212</u>	<u>\$ 8,125</u>	<u>\$ 64,822</u>	<u>\$ 179,159</u>	<u>\$ 183,016</u>
Total Expenses	<u>\$ 557,446</u>	<u>\$ 34,434</u>	<u>\$ 157,782</u>	<u>\$ 749,662</u>	<u>\$ 611,738</u>

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

**BRANCH COUNTY COMMUNITY FOUNDATION
COLDWATER, MICHIGAN**

STATEMENT OF CASH FLOWS
Year Ended September 30, 2022
(with comparative totals for 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (1,881,034)	\$ 1,503,451
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	5,812	5,577
Net realized (gain) loss on sale of investments	(444,699)	(178,267)
Net unrealized (gain) loss on sale of investments	2,275,339	(1,402,952)
<i>Changes in current assets and liabilities:</i>		
Prepaid expenses	74	250
Accounts payable	(1,591)	(1,655)
Accrued wages	(112)	4,519
PPP loan	-	(25,020)
Funds held as agency funds	(26,848)	38,921
Net cash provided by (used in) operating activities	<u>\$ (73,059)</u>	<u>\$ (55,176)</u>
Cash Flows from Investing Activities		
Proceeds from sale of investments	\$ 957,591	\$ 810,717
Purchase of investments	(933,287)	(824,144)
Purchase of equipment	-	(1,060)
Net cash provided by (used in) investing activities	<u>\$ 24,304</u>	<u>\$ (14,487)</u>
Change in Cash and Cash Equivalents and Restricted Cash	\$ (48,755)	\$ (69,663)
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	562,729	632,392
Cash and Cash Equivalents and Restricted Cash, End of Year	<u><u>\$ 513,974</u></u>	<u><u>\$ 562,729</u></u>

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

NOTE 1. 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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

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

Financial Statement Presentation

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

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

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

Estimates

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Cash and Cash Equivalents

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

Investments

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

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

Property and Equipment

Property and equipment are stated at their estimated market value at the date donated or at cost, if purchased. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The Foundation has established a capitalization policy for all expenditures in excess of \$2,500 and an estimated useful life of greater than one year.

Revenue Recognition

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONCLUDED

Functional Allocation of Expenses

The costs of providing the program and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated between program and supporting services based up personnel time and space utilized for the related activities.

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and wages;	
contracted services	Time and Effort

All other allocated expenses are allocated using estimated actual usage.

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%. For the year ended September 30, 2022, the Foundation generated \$136,620 in administrative fees.

NOTE 3. FAIR VALUE MEASUREMENTS

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

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

NOTE 3. FAIR VALUE MEASUREMENTS, CONCLUDED

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

Assets at Fair Value as of September 30, 2022				
	Total	(Level 1)	(Level 2)	(Level 3)
Investments:				
Corporate stocks	\$ 706,547	\$ 706,547	\$ -	\$ -
Equities and mutual funds	4,312,110	4,312,110	-	-
Corporate bonds	1,828,104	1,828,104	-	-
Fixed Income	296,575	296,575	-	-
Non-Endowed Investments	97,055	97,055	-	-
Investments	<u>\$ 7,240,391</u>	<u>\$ 7,240,391</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities:				
Funds held as agency funds	\$ 122,448	\$ 122,448	\$ -	\$ -

NOTE 4. LIQUIDITY AND AVAILABILITY

As of September 30, 2022, the Foundation has working capital of \$385,695 and average day's cash on hand of 252.

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

Financial assets at year end:	
Cash and cash equivalents	\$ 513,974
Investments	7,143,336
Non-Endowed Investments	97,055
Total financial assets	<u>\$ 7,754,365</u>
Less: Endowed/Designated/Restricted financial assets	
Donor endowed assets	\$ (6,210,391)
Board-designated assets	(699,742)
Other donor-imposed restricted assets	(34,910)
	<u>\$ (6,945,043)</u>
Financial assets available to meet general expenditures within one year	<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 Community Foundation does not intend to spend from board-designated endowments, these amounts could be made available, if necessary, towards general expenditures.

NOTE 4. LIQUIDITY AND AVAILABILITY, CONCLUDED

Our endowment of \$7,143,336 is 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 5. INCOME TAXES

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

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

NOTE 6. DONATED OCCUPANCY

Certain donated goods and services are recognized as contributions in accordance with FASB 958-605, *Accounting for Contributions Received and Contributions Made*. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. 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. The Foundation also receives donated goods and supplies for special events which assist in the accomplishment of its mission. These donations are recorded in the financial statements as in-kind revenue and expenses at their estimated fair market value. In-kind revenue and expenses for occupancy were estimated to be \$13,967 for the year ended September 30, 2022.

NOTE 7. CONCENTRATION OF CREDIT RISK

The Foundation maintains a noninterest bearing checking account with one financial institution. The balance in this account is insured up to \$250,000 by the Federal Deposit Insurance Corporation as of September 30, 2022.

NOTE 8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30, 2022:

	Estimated Asset Life	2022
Furniture and fixtures	5-7 years	\$ 1,755
Office equipment	3-10 years	60,420
Less: allowance for depreciation		(57,000)
Net carrying amount		<u>\$ 5,175</u>

Total depreciation expense for the year ended September 30, 2022 was \$5,812.

NOTE 9. 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.

NOTE 9. FUNDS HELD AS AGENCY ENDOWMENT FUNDS, CONCLUDED

Agency activity by the Foundation consisted of the following for the year ended September 30, 2022:

Agency liability - beginning of year	<u>\$ 149,296</u>
Revenues	
Interest and dividends	\$ 3,690
Realized gains/(losses)	7,361
Unrealized gains/(losses)	(37,989)
Gifts and contributions	5,495
Total revenues	<u>\$ (21,443)</u>
Expenses	
Grants	\$ (2,000)
General and administrative	(3,405)
Total expenses	<u>\$ (5,405)</u>
Net change	<u>(26,848)</u>
Agency liability - end of year	<u><u>\$ 122,448</u></u>

NOTE 10. 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.

The State of Michigan adopted UPMIFA effective September 1, 2009.

In accordance with 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

NOTE 10. 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

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.

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.

NOTE 10. ENDOWMENTS, CONTINUED

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Funds:			
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
COLDWATER, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 10. ENDOWMENTS, CONCLUDED

Net assets as of September 30, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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 11. PURPOSE OF NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with Donor Restrictions consist of the following at September 30, 2022:

For the arts	\$ 28,276
Enhancement of school programs	338,865
Enhancement of library programs	14,881
Church programming	18,423
Needs of children only	13,835
Community youth programs	789,252
Scholarships	1,051,488
Healthy youth/seniors	56,220
Total Net Assets with Donor Restrictions	<u>\$ 2,311,240</u>

NOTE 12. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through January 6, 2023, the date the financial statements were available to be issued. No events or transactions occurred during this period which require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

**BRANCH COUNTY COMMUNITY FOUNDATION
COLDWATER, MICHIGAN**

**SCHEDULE OF ENDOWMENTS
Year Ended September 30, 2022**

Fund	Without Donor Restrictions	With Donor Restrictions	Total 2022
Field of Interest			
Youth Grantmakers Endowment (Branch)	\$ -	\$ 621,844	\$ 621,844
Youth Grantmakers Endowment (Colon)	-	167,408	167,408
Colon Foundation Fund	67,699	-	67,699
HomeTown Competitiveness Fund	8,015	-	8,015
Harris Memorial Fund	-	13,835	13,835
Coldwater Holiday Decoration Endowment	17,515	-	17,515
Healthy Seniors Fund	-	27,639	27,639
Healthy Youth Fund	-	28,581	28,581
Quincy Rotary Projects Fund	254,473	-	254,473
McLaughlin Fund-Ralph and Rosella	71,613	-	71,613
Total field of interest	\$ 419,315	\$ 859,307	\$ 1,278,622
Donor Advised			
Brayton Memorial Fund - Scott	\$ 34,741	\$ -	\$ 34,741
Creal Endowment - F. Harold & Lillian	331,309	-	331,309
Greg Thomas Memorial Endowment	15,589	-	15,589
Stanley G. Godfrey Endowment Fund for the Arts	-	28,276	28,276
Dobson Memorial Fund Elmer	19,839	-	19,839
Young Endowment Bruce G. & Ruth A.	36,102	-	36,102
Rice Family Fund for Understanding	19,279	-	19,279
Faith Based Initiatives Fund	54,800	-	54,800
Bettinger Family Endowment Richard L. & Marie	26,403	-	26,403
Mayer Family Endowment	97,644	-	97,644
Ratkowski Family Fund	46,461	-	46,461
Thomas Bott Donor Advised Fund	966,142	-	966,142
Wendorf Family Fund	24,912	-	24,912
Total donor advised	\$ 1,673,221	\$ 28,276	\$ 1,701,497

**BRANCH COUNTY COMMUNITY FOUNDATION
COLDWATER, MICHIGAN**

**SCHEDULE OF ENDOWMENTS
Year Ended September 30, 2022**

Fund	Without Donor Restrictions	With Donor Restrictions	Total 2022
Designated Purpose			
Coldwater Community Schools Scholarship	\$ 69,826	\$ -	\$ 69,826
Branch Area Career Center Scholarship	242,257	-	242,257
Bowerman Agricultural Scholarship	2,435	-	2,435
Early Bird Exchange Club Scholarship	11,242	-	11,242
Michigan Association of Retired School Personnel Scholarship	85,059	-	85,059
Bronson Community Endowment Fund	19,404	-	19,404
Bronson High School Alumni Designated Fund	30,172	-	30,172
Colon Township Library Endowment	29,339	-	29,339
Colon Community Historical Society Endowment	20,576	-	20,576
Family Promise of Branch County	13,843	-	13,843
Community Unlimited Endowment Fund of Union City	27,940	-	27,940
Altrusa International of Branch County G Louise Wallace	37,919	-	37,919
Rosenburg Family Endowment	58,129	-	58,129
H&C Burnside Foundation Fund Gerald LaBelle Memorial	10,608	-	10,608
Quincy Educational Endowment	117,065	-	117,065
Coldwater USBC Youth Bowling Fund	14,809	-	14,809
Rigg Memorial Fund for First Baptist Church Early Childhood Dev.	44,247	-	44,247
Community Literacy Fund	647	-	647
Bronson Community Schools Endowment	-	81,217	81,217
Ryan Quincy Student Loan Foundation Fund	-	89,165	89,165
French Memorial Scholarship	-	18,563	18,563
First United Methodist Church Fund	-	18,423	18,423
Bronson Library Fund	-	14,881	14,881
Coldwater Community Schools Enrichment Fund	-	133,573	133,573
Coldwater Exchange Club Scholarship	-	72,828	72,828
LifeCare Ambulance Designated Fund	16,733	-	16,733
Fund for the First Presbyterian Health	5,930	-	5,930
Union Township Friends of the Library Endowment	126,378	-	126,378
Domestic Violence Prevention & Education Fund	36,542	-	36,542
BACC Joe Bakle Auto Body/Repair Scholarship	210,549	-	210,549
Yes for Bronson Schools Fund	16,383	-	16,383
Total designated purpose	\$ 1,248,032	\$ 428,650	\$ 1,676,682

**BRANCH COUNTY COMMUNITY FOUNDATION
COLDWATER, MICHIGAN**

**SCHEDULE OF ENDOWMENTS
Year Ended September 30, 2022**

Fund	Without Donor Restrictions	With Donor Restrictions	Total 2022
Scholarship			
McMahan Scholarship Marie Green	\$ 6,064	\$ -	\$ 6,064
Southern Michigan Bank & Trust Lester Wise Scholarship	37,032	-	37,032
York Memorial Scholarship	-	5,627	5,627
Fiorell/Johnson Scholarship	-	275,937	275,937
W.H. Judd Memorial Scholarship	-	27,486	27,486
Asama/Gokoh Scholarship	-	58,218	58,218
Knirk Educational Fund	-	244,445	244,445
Hutchins Loan Fund	-	18,220	18,220
Kenyon Scholarship	-	50,257	50,257
Sattler Scholarship	-	22,352	22,352
Linteau Scholarship	-	13,107	13,107
Sharp Bingaman Nursing Scholarship	22,130	-	22,130
President's Student Service Scholarship	8,063	-	8,063
Cockrell Wrestling Scholarship	38,231	-	38,231
Burke Memorial Scholarship	33,985	-	33,985
Broker Memorial Scholarship	85,195	-	85,195
Ryan Memorial Scholarship	8,121	-	8,121
Losey Moore Family Scholarship	33,429	-	33,429
Clarke-Diaz Scholarship	19,228	-	19,228
Sechrist Scholarship	25,203	-	25,203
Corson Memorial Scholarship	23,683	-	23,683
Weston, McCurley, Gerth Scholarship	15,327	-	15,327
Rhoades Memorial Teacher's Grant	24,215	-	24,215
Jones Scholarship	-	63,000	63,000
Burnside Scholarship	-	148,389	148,389
Gentz Memorial Scholarship	7,279	-	7,279
Daugherty Scholarship	27,175	-	27,175
English Memorial Music Scholarship	40,047	-	40,047
Russell Scholarship	1,933	-	1,933
Benjamin Memorial Scholarship	-	33,059	33,059
Barnes Journalism Scholarship	31,040	-	31,040
Schragg Memorial Scholarship	48,912	-	48,912
Catalyst Fund (BCCF Scholarship)	13,248	-	13,248
Colon Kiwanas Club Educational Fund	43,953	-	43,953
Total scholarship	\$ 593,493	\$ 960,097	\$ 1,553,590