Mt. Pleasant Area Community Foundation

Financial Statements

December 31, 2023 and 2022



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Independent Auditors' Report

Management and the Board of Trustees
Mt. Pleasant Area Community Foundation
Mt. Pleasant, Michigan

Qualified Opinion

We have audited the accompanying financial statements of the Mt. Pleasant Area Community Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Mt. Pleasant Area Community Foundation as of December 31, 2023, and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As explained in Note 1 to the financial statements, the Mt. Pleasant Area Community Foundation has a controlling interest in the William and Janet Strickler Nonprofit Center, for which accounting principles generally accepted in the United States of America requires consolidation in the financial statements. Management has elected not to consolidate the activities of this entity in the financial statements. The effects on the accompanying financial statements of the failure to consolidate the activities of the William and Janet Nonprofit Center have not been determined.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Mt. Pleasant Area Community Foundation 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 the Mt. Pleasant Area Community Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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, including omissions, 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 Mt. Pleasant Area Community Foundation'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 Mt. Pleasant Area Community Foundation'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 accompanying supplementary information 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.

Yeo & Yeo, P.C.

Alma, Michigan
April 5, 2024

Mt. Pleasant Area Community Foundation
Statement of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	**$ 981,632**	$ 986,009
Current portion, beneficial interests in trust	**66,856**	66,923
Current portion, promises to give	**18,300**	18,100
Current portion, student loans receivable	**-**	2,445
Accrued interest	**1,688**	-
Prepaid expenses	**4,291**	4,126
Total current assets	**1,072,767**	1,077,603
Noncurrent assets		
Investments	**27,286,714**	23,781,794
Beneficial interests in trust, less current portion	**983,289**	927,494
Promises to give, less current portion	**2,850**	2,800
Student loans receivable, less current portion, less allowance	**-**	9,684
Life insurance - cash surrender value	**11,294**	15,495
Property and equipment, net of accumulated depreciation	**417,509**	419,017
Total noncurrent assets	**28,701,656**	25,156,284
Total assets	**$ 29,774,423**	$ 26,233,887
Liabilities and Net Assets		
Current liabilities		
Accrued expenses	**$ 6,589**	$ 8,506
Deferred revenue	**7,800**	5,526
Grants payable	**38,862**	36,665
Total current liabilities	**53,251**	50,697
Assets held for others (agency)	**5,151,966**	4,625,426
Total liabilities	**5,205,217**	4,676,123
Net assets		
Without donor restrictions	**23,486,617**	20,526,952
With donor restrictions	**1,082,589**	1,030,812
Total net assets	**24,569,206**	21,557,764
Total liabilities and net assets	**$ 29,774,423**	$ 26,233,887

See Accompanying Notes to the Financial Statements

Mt. Pleasant Area Community Foundation
Statement of Activities
Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains (losses) and other support						
Contributions (net of amounts received as agency endowments)	**$ 1,346,182**	**$ 13,294**	**$ 1,359,476**	$ 1,468,601	$ 800	$ 1,469,401
Administrative fees	**48,140**	**-**	**48,140**	46,091	-	46,091
Change in value of beneficial interest	**-**	**112,798**	**112,798**	-	(57,391)	(57,391)
Special event	**58,500**	**-**	**58,500**	60,700	-	60,700
Less: costs of direct benefit to donors	**(17,159)**	**-**	**(17,159)**	(14,148)	-	(14,148)
Other income	**10,191**	**-**	**10,191**	7,368	-	7,368
Net investment return	**2,873,448**	**-**	**2,873,448**	(3,466,690)	265	(3,466,425)
Total revenues, gains (losses) and other support	**4,319,302**	**126,092**	**4,445,394**	(1,898,078)	(56,326)	(1,954,404)
Net assets released from restrictions						
Restrictions satisfied by payments and time	**74,315**	**(74,315)**	**-**	78,805	(78,805)	-
Expenses						
Program services						
Grants (net of amounts granted from agency endowments)	**971,640**	**-**	**971,640**	1,058,592	-	1,058,592
Other program services	**136,319**	**-**	**136,319**	141,655	-	141,655
Total program services	**1,107,959**	**-**	**1,107,959**	1,200,247	**-**	1,200,247
Management and general	**281,824**	**-**	**281,824**	234,207	-	234,207
Fundraising	**44,169**	**-**	**44,169**	47,559	-	47,559
Total expenses	**1,433,952**	**-**	**1,433,952**	1,482,013	-	1,482,013
Change in net assets	**2,959,665**	**51,777**	**3,011,442**	(3,301,286)	(135,131)	(3,436,417)
Net assets - beginning of the year	**20,526,952**	**1,030,812**	**21,557,764**	23,828,238	1,165,943	24,994,181
Net assets - end of the year	**$ 23,486,617**	**$ 1,082,589**	**$ 24,569,206**	$ 20,526,952	$ 1,030,812	$ 21,557,764

See Accompanying Notes to the Financial Statements

Mt. Pleasant Area Community Foundation
Statement of Functional Expenses
Years Ended December 31, 2023 and 2022

	2023				2022			
	Program Services	**Management and General**	**Fundraising**	**Total**	Program Services	Management and General	Fundraising	Total
Grants	**$ 971,640**	**$ -**	**$ -**	**$ 971,640**	$ 1,058,592	$ -	$ -	$ 1,058,592
Payroll								
Salaries and wages	**116,412**	**65,302**	**30,325**	**212,039**	120,049	76,631	31,107	227,787
Employee benefits	**7,551**	**4,258**	**1,967**	**13,776**	10,767	6,117	2,790	19,674
Payroll taxes	**8,906**	**5,464**	**2,320**	**16,690**	9,184	5,882	2,380	17,446
Total payroll	**132,869**	**75,024**	**34,612**	**242,505**	140,000	88,630	36,277	264,907
Office-related expenses								
Computer maintenance and software	**-**	**30,115**	**-**	**30,115**	-	28,154	-	28,154
Equipment rental and maintenance	**-**	**1,356**	**-**	**1,356**	-	1,322	-	1,322
Postage and shipping	**-**	**1,745**	**-**	**1,745**	-	3,438	-	3,438
Supplies and office expense	**-**	**5,478**	**-**	**5,478**	-	4,683	-	4,683
Telephone	**-**	**2,412**	**-**	**2,412**	-	2,371	-	2,371
Total office-related expenses	**-**	**41,106**	**-**	**41,106**	-	39,968	-	39,968
Other expenses								
Annual report/newsletter	**-**	**11,344**	**-**	**11,344**	-	10,394	-	10,394
Bad debt expense	**-**	**13,930**	**-**	**13,930**	-	-	-	-
Depreciation	**-**	**16,729**	**-**	**16,729**	-	16,174	-	16,174
Dues and subscriptions	**-**	**8,445**	**-**	**8,445**	-	7,951	-	7,951
Insurance	**-**	**6,710**	**-**	**6,710**	-	7,869	-	7,869
Miscellaneous	**3,450**	**-**	**190**	**3,640**	1,655	-	1,480	3,135
Printing and publicity	**-**	**7,461**	**-**	**7,461**	-	2,344	-	2,344
Professional development	**-**	**6,262**	**-**	**6,262**	-	6,755	-	6,755
Professional service fees	**-**	**28,114**	**-**	**28,114**	-	22,525	-	22,525
Sponsored events and development	**-**	**46,043**	**9,367**	**55,410**	-	12,373	9,802	22,175
Travel expenses	**-**	**837**	**-**	**837**	-	2,455	-	2,455
Trustee development	**-**	**6,708**	**-**	**6,708**	-	3,719	-	3,719
Utilities	**-**	**13,111**	**-**	**13,111**	-	13,050	-	13,050
Total other expenses	**3,450**	**165,694**	**9,557**	**178,701**	1,655	105,609	11,282	118,546
Total expenses	**$ 1,107,959**	**$ 281,824**	**$ 44,169**	**$ 1,433,952**	$ 1,200,247	$ 234,207	$ 47,559	$ 1,482,013

See Accompanying Notes to the Financial Statements

Mt. Pleasant Area Community Foundation
Statement of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Cash received from contributors	**$ 1,102,818**	$ 1,493,738
Miscellaneous income received	**12,465**	7,368
Interest and dividends received	**688,300**	639,960
Proceeds from sale of donated securities	**250,728**	10,544
Grants paid	**(1,053,128)**	(1,158,304)
Payments for payroll	**(244,422)**	(265,573)
Payments for investment fees	**(89,519)**	(92,740)
Payments to vendors	**(208,273)**	(156,614)
Net cash flows provided by operating activities	**458,969**	478,379
Cash flows from investing activities		
Purchase of property and equipment	**(15,221)**	-
Net collections of student loans receivable	**-**	1,006
Proceeds from sale of investments	**5,839,600**	13,615,910
Purchases of investments	**(6,287,725)**	(14,028,905)
Net cash flows used by investing activities	**(463,346)**	(411,989)
Change in cash and cash equivalents	**(4,377)**	66,390
Cash and cash equivalents - beginning of the year	**986,009**	919,619
Cash and cash equivalents - end of the year	**$ 981,632**	$ 986,009

See Accompanying Notes to the Financial Statements

Note 1 - Nature of Activities and Significant Accounting Policies

The Mt. Pleasant Area Community Foundation ("the Foundation") is a collection of local funds given by individuals, corporations and foundations to enhance and support the quality of life for all the people in the Mt. Pleasant area.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net assets with donor restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor imposed restrictions are temporarily 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. The Foundation does not have any net assets whereby the donor imposed restriction is perpetual in nature as of December 31, 2023 and 2022.

The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified in the statement of activities as net assets released from restrictions.

Fund Accounting

The Foundation has determined that the use of fund accounting to segregate assets, liabilities, net assets, income and expenses, although not required by accounting principles generally accepted in the United States of America, is a meaningful practice to continue for internal purposes only. The financial activities of the Foundation are recorded in separate internal funds, described as follows:

Administrative Funds

These funds include resources that represent the portion of expendable funds available for support of the Foundation and Hersee House operations, including amounts expended for equipment.

Pass Through Funds

Pass Through Funds are used to account for assets held by the Foundation that are not endowed, but will be expended in their entirety on a specific project or for a specific cause.

Endowment Funds

These funds have been established by a gift instrument describing either the general or specific purpose for which grants from the individual funds are to be made. The individual funds have been classified and reported as follows:

Community Impact – funds over which the Board has discretionary control and are available for grant making and other purposes.

Agency – funds established to support specific charitable organizations.

Field of Interest – funds established to benefit specific but broadly defined, charitable purposes.

Donor Advised – funds established to make grants according to the charitable interests of their founders.

Designated – funds designated by donors to support specific charitable organizations.

Scholarship – funds established to provide scholarships to individuals.

Cash and Cash Equivalents
For purposes of the statements of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk
As of December 31, 2023, $488,224 of the $988,224 cash held in financial institutions balance was uninsured by a federal agency.

Beneficial Interests in Trust
Charitable Lead Annuity Trust – The Foundation is an income beneficiary of a charitable lead annuity trust. The annuity is measured and reported at the present value of estimated future cash flows expected to be realized by the Foundation using a five year average rate of return of 8.20% and 5.37% for the years ended December 31, 2023 and 2022, respectively. Changes in value each year are reported in the statement of activities.

Charitable Lead Unitrust – The Foundation is an income beneficiary of a charitable lead unitrust. The annuity is measured and reported at the present value of estimated future cash flows expected to be realized by the Foundation using a five year average rate of return of 1.39% and (1.85)% for the years ended December 31, 2023 and 2022, respectively. Changes in value each year are reported in the statement of activities.

Charitable Remainder Trust – The Foundation is a beneficiary of a charitable remainder trust. The annuity is measured and reported at the present value of estimated future cash flows expected to be realized by the Foundation using a rate of return of (2.78)% and (7.21)% for the years ended December 31, 2023 and 2022, respectively. The rate of return going forward will be averaged annually until a five year average is established. Changes in value each year are reported in the statement of activities.

Promises to Give
Promises to give have been recorded as current or noncurrent assets, depending upon their maturity, and include all amounts pledged to the Foundation. Based upon the nature and reputation of donors, as well as past collection history, pledges are all considered collectible. No amounts were written off for the years ending December 31, 2023 and 2022.

Student Loans Receivable
Student loans receivable have been recorded at the amount granted to individuals through the loan program less repayments received. The Foundation is no longer granting loan funds, but instead grants scholarships which do not require repayment. The allowance for doubtful accounts was $0 and $2,823 for the years ending December 31, 2023 and 2022, respectively. All remaining student loan receivable balances were written off during 2023.

Investments
Investments are stated at fair value. Donated investments are reflected as contributions at their fair values at date of receipt. Investment income is reported net of direct investment expenses.

Life Insurance – Cash Surrender Value
The Foundation is listed as the beneficiary of a donor's life insurance policy. The cash surrender value of the policy is recorded in the statement of financial position. The initial recording was recorded as a contribution, and subsequent increases in value are recorded as net investment return.

Property and Equipment
Acquired assets are stated at cost and donated assets at fair market value at the time of donation. The Foundation has a $2,500 capitalization policy. The straight-line method of depreciation is used. Following are the useful lives used to depreciate each category:

Equipment	5 – 10 years
Land improvements	15 years
Building improvements	5 – 40 years
Buildings	40 years

Major improvements are capitalized while ordinary maintenance and repairs are expensed.

Deferred Revenue
Deferred revenue represents unearned rental revenue generated from the advance payments received from the Foundation's tenant. Revenue is earned as the terms of the agreement are met.

Grants Payable
The Foundation recognizes grants as expenses at the time recipients are entitled to receive them. Generally, this occurs at the time the Board or committees authorize the grant expenditures, regardless of the year in which the grant is paid. Unconditional grants approved but not yet disbursed are reported as grants payable in the statement of financial position. Conditional grants approved but contingent upon fulfillment of certain specified conditions by the grantee are not recorded until the conditions have been met. Grants authorized are subject to the spending policy limitations.

Assets Held for Others
The Foundation has entered into exchange transactions with other not-for-profit organizations and as a result, assets held for others are included in the agency endowment funds. The agency endowment fund agreements between the Foundation and the organizations allow for distributions per the spending policy of the Foundation. The resources received under these agreements are not considered contributions to the Foundation and, therefore, have been classified as a liability.

Functional Expenses
The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The expenses that are allocated and the method of allocation include the following:

Expense	Method and Allocation
Salaries and wages	Time and effort
Employee benefits	Time and effort
Payroll taxes	Time and effort

Income Tax Status
The Internal Revenue Service has ruled that the Foundation is qualified under Section 501(c)(3) of the Internal Revenue Code and is, therefore, not subject to tax under present federal income tax laws, and also is not a private foundation under the meaning of Section 509(a)(1) of the code. The Foundation files information returns in the U.S. Federal jurisdiction.

Risks and Uncertainties
The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

William and Janet Strickler Nonprofit Center

The Foundation has not consolidated into the financial statements the accounts of the equity investment in the William and Janet Strickler Nonprofit Center. This is a departure from U.S. generally accepted accounting principles. In accordance with FASB ASC 810-10-15, the Foundation should prepare consolidated financial statements that include the operations of the William and Janet Strickler Nonprofit Center, disclosed in Note 14 - Related Parties, because these entities meet the criteria of "consolidation" as defined in that pronouncement. The effect of this departure from U.S. generally accepted accounting principles is not reasonably determinable.

Date of Management's Review

Management has evaluated subsequent events through April 5, 2024, which is the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2023	2022
Cash and cash equivalents	**$ 981,632**	$ 986,009
Promises to give	**21,150**	20,900
Student loans receivable	**-**	12,129
Accrued interest	**1,688**	-
Investments	**27,286,714**	23,781,794
Beneficial interests in trust	**1,050,145**	994,417
Total financial assets - end of year	**29,341,329**	25,795,249
Less: financial assets unavailable for general expenditures within one year, due to:		
Receivables due in more than 1 year	**(986,139)**	(939,978)
Board designated endowment, net spendable portion	**(19,706,231)**	(17,107,382)
Assets held for others (agency)	**(5,151,966)**	(4,625,426)
Financial assets available to meet cash needs for general expenditures within one year	**$ 3,496,993**	$ 3,122,463

The Foundation's board designated endowment is subject to an annual spending rate of 4% (5% for agency endowments) of the average of 12 rolling quarters up to the June 30 balance of the prior year. Although the Foundation does not intend to spend from the board designated endowment, these amounts could be made available, if necessary, to cover any unexpected expenses above the normal amount appropriated for general expenditures as part of the annual operating budget and grant making budget.

The Foundation has a policy in place on maintaining an administrative fund balance surplus, and the grant making policies and procedures allow adequate time to liquidate assets should the need arise. The Foundation's investment policy states 60-80% allocation to equity. Because the Foundation has a very diversified portfolio it can meet any emergent, or unexpected liquidity need outside of already established policies, therefore there is no need to set a minimum liquidity standard. If necessary, the board would have to approve any need above and beyond normal expenditures already approved in the annual budgets, for both operating and grant making.

Note 3 - Investments

Fair value of investments is summarized as follows at December 31:

	2023	2022
Money market fund	**$ 470,971**	$ 414,423
Mutual funds - fixed income	**7,359,816**	6,105,017
Mutual funds - equities	**12,937,392**	11,892,123
Equities	**6,518,535**	5,370,231
	$ 27,286,714	$ 23,781,794

Note 4 - Promises to Give

The Foundation expects promises to give to be collected as follows:

Year Ending December 31,	
2024	$ 18,300
2025	1,350
2026	850
2027	650
	$ 21,150

Pledges receivable are presented in the statement of financial position for 2023 as follows:

Current portion, promises to give	$ 18,300
Promises to give, less current portion	2,850
	$ 21,150

Note 5 - Property and Equipment

Property and equipment includes the following at December 31:

	2023	2022
Land	**15,776**	15,776
Land improvements	**12,194**	6,194
Building	**573,646**	573,646
Building improvements	**18,961**	18,961
Furniture and equipment	**60,746**	52,880
Less: accumulated depreciation	**(263,814)**	(248,440)
	$ 417,509	$ 419,017

Note 6 - Assets Held for Other (Agency)

The Foundation has adopted guidance to record transfers of assets to a not-for-profit organization that holds contributions for others. Accounting standards have specific requirements 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 the donor or another entity that is specified by the donor.

The standard 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.

In accordance with accounting standards, a liability has been established for a portion of the fair value of the funds, which is generally equivalent to the present value of future payments which may be made to NPOs.

The following table summarizes activity in such funds as of December 31:

	2023	2022
Funds held as agency - beginning of year	**$ 4,625,426**	$ 5,562,903
Contributions	**(7,110)**	39,826
Net investment return	**665,475**	(845,580)
Grants and administrative expenses	**(131,825)**	(131,723)
Funds held as agency - end of year	**$ 5,151,966**	$ 4,625,426

Note 7 - Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of the following fund types at December 31:

	2023	2022
Pass through	**$ 4,438**	$ 39,218
Community impact	**4,121,692**	3,684,756
Field of interest	**2,853,156**	2,583,850
Donor advised	**3,636,886**	3,156,580
Designated	**7,165,256**	5,872,094
Scholarship	**4,658,848**	4,181,129
Administrative	**1,046,341**	1,009,325
	$ 23,486,617	$ 20,526,952

Note 8 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes and periods at December 31:

	2023	2022
Subject to the passage of time		
Pledges receivable	**$ 21,150**	$ 20,900
Receivable from beneficial interest in trust	**1,050,145**	994,417
Life insurance - cash surrender value	**11,294**	15,495
	$ 1,082,589	$ 1,030,812

Note 9 - Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	2023	2022
Passage of time		
Promises to give	**$ 1,750**	$ 6,980
Life insurance payout	**15,495**	-
Trust distributions	**57,070**	71,825
	$ 74,315	$ 78,805

Note 10 - Designated Endowments

The Foundation's net assets without donor restrictions include amounts designated as endowments whereby the Foundation has variance power over those assets. Therefore, the Board treats these funds as designated endowments and they are classified and reported based on the existence or absence of donor-imposed restrictions.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or the law (underwater endowments). We have interpreted

UPMIFA to permit spending from underwater endowments. For the year ended December 31, 2022, funds with original values of $657,038, fair values of $607,539 and deficiencies of $49,499 were held by the Foundation. For the year ended December 31, 2023, the amount of underwater endowments was not significant.

Changes in endowment net assets are as follows for the year ended December 31:

	Without Donor Restrictions	
	2023	2022
Beginning of year	**$ 20,526,952**	$ 23,828,238
Contributions	**1,852,412**	1,953,453
Distributions	**(1,770,396)**	(1,788,049)
Net investment return	**2,877,649**	(3,466,690)
End of year	**$ 23,486,617**	$ 20,526,952

Interpretation of Relevant Law
The board of trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2023 and 2022, there were no such donor stipulations. As a result of this interpretation, we retain in perpetuity (a) the original value of initial and subsequent gift amounts including promises to give net of discount and allowance for doubtful accounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. We consider the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) The duration and preservation of the fund; (2) The purposes of the organization and the donor restricted endowment fund; (3) General economic conditions ; (4) The possible effect of inflation and deflation; (5) The expected total return from income and the appreciation of investments; (6) Other resources of the organization; and (7) The investment policies of the organization.

Risk Objectives and Risk Parameters
The primary objective of the financial investments for the Foundation is to accumulate a pool of assets sufficient to build capital for future use with the corresponding obligation to support current and future needs. The overall, long-term investment goal is to achieve an annualized total return (net of fees and expenses), through appreciation and income, greater than the rate of inflation (as measured by the broad, domestic Consumer Price Index) plus any spending, thus protecting the investments against inflation.

The majority of assets will be invested in equity or equity-like securities, including real assets (real estate and natural resources). Fixed income and diversifying strategies will be used to lower short-term volatility and provide stability, especially during periods of negative equity markets. The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments.

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 that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy
The annual amount available for spending on grants and program expenses from any endowed fund is 4% (5% for agency funds) of the 12-quarter rolling average market value as calculated on the previous June 30. A calculation is not done if the June 30 market value of a fund has not reached the minimum required for grantmaking from that fund type or is less than the paid historic gifts to that fund. However,

agency funds are permitted to spend even when underwater. Any spendable balance that is not spent from a fund remains available for spending in subsequent years.

The long-term investment goal of the Foundation is to achieve an annualized total return (net of fees and expenses), through appreciation and income, greater than the rate of inflation (as measured by the Consumer Price Index) plus any spending, thus protecting the overall value of the contributed assets.

Note 11 - Fair Value Measurements

The following tables represent information about the Foundation's assets and liabilities measured at fair value on a recurring basis at December 31, 2023 and 2022, and the valuation techniques used at the Foundation to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in the entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Disclosure concerning assets and liabilities measured at fair value on a recurring basis are as follows as of December 31:

	Fair Value Measurements using:		
	Balance	Level 1	Level 3
December 31, 2023			
Assets			
Money market fund	$ 470,971	$ 470,971	$ -
Mutual funds - fixed income	7,359,816	7,359,816	-
Mutual funds - equities	12,937,392	12,937,392	-
Equities	6,518,535	6,518,535	-
Beneficial interest trust	1,050,145	-	1,050,145
	$ 28,336,859	$ 27,286,714	$ 1,050,145
Liabilities			
Assets held for others	$ 5,151,966	$ -	$ 5,151,966

	Fair Value Measurements using:		
	Balance	Level 1	Level 3
December 31, 2022			
Assets			
Money market fund	$ 414,423	$ 414,423	$ -
Mutual funds - fixed income	6,105,017	6,105,017	-
Mutual funds - equities	11,892,123	11,892,123	-
Equities	5,370,231	5,370,231	-
Beneficial interest in trust	994,417	-	994,417
	$ 24,776,211	$ 23,781,794	$ 994,417
Liabilities			
Assets held for others	$ 4,625,426	$ -	$ 4,625,426

Changes in level 3 assets and liabilities at fair value on a recurring basis:

	Beneficial Interest in Trust	Assets Held for Others	Other (Alternative) Investments
December 31, 2021	$ 1,123,633	$ 5,562,903	$ 529,024
Agency activity (see Note 7)	-	(937,477)	-
Net investment return	(57,391)	-	-
Transfer out of Level 3	(71,825)	-	-
December 31, 2022	994,417	4,625,426	529,024
Agency activity (see Note 7)	-	526,540	-
Net investment return	112,798	-	-
Transfer out of Level 3	(57,070)	-	(529,024)
December 31, 2023	$ 1,050,145	$ 5,151,966	$ -

The Foundation estimates the fair value of the beneficial interest in charitable lead annuity trust based upon the present value of estimated future distributions, and the beneficial interest in charitable lead unitrust, and charitable remainder trust based upon the fair value of the assets in the trust unless the facts and circumstances indicated that the fair value would be different from these methods. The significant unobservable inputs and amounts used in calculating the beneficial interest in the charitable lead unitrust and charitable remainder trust are the fair value of the assets in the trusts totaling $1,402,514 and $1,320,225 at December 31, 2023 and 2022, respectively.

Assets held for others characterized as a Level 3 liability consists of agency endowment funds established by not-for-profit organizations with their own funds, for which the Foundation reports a liability for the market value. The Foundation estimates the fair value of these assets held for others at the fair value of the underlying assets unless the facts and circumstances indicated the fair value would be different.

Transfers out of the beneficial interest in trust totaled $57,070 and $71,825 for 2023 and 2022, respectively. When cash is received by the Foundation under these trusts, the Level 3 classification is no longer applicable.

	Fair Value	Valuation Techniques	Unobservable Input	Range (Weighted Average)
December 31, 2023				
Beneficial interest in charitable remainder trust, lead annuity trust, and unitrust	$ 1,050,145	Income Method	Interest rate Payout % Payment years	-2.78 - 8.20% (-0.24%) 11% and 5% 4.5 / 11 / 10 years
December 31, 2022				
Beneficial interest in charitable lead annuity trust and unitrust	$ 994,417	Income Method	Interest rate Payout % Payment years	-7.21 - 5.37% (-4.72%) 11% and 5% 5.5 / 11 / 10 years

Note 12 - Retirement Benefit Plan

The Foundation has a Simple IRA Pension Plan for employees. The Foundation contributes 3% of eligible employee wages to the plan. The contributions for the years ended December 31, 2023 and 2022 were $4,017 and $10,664, respectively.

Note 13 - Related Party Transactions

The Foundation has a volunteer board and received contributions of $325,298 and $81,981 from trustees and their businesses for the years 2023 and 2022, respectively.

The Foundation collected contributions and pledge payments in 2023 and 2022 for the purpose of renovating the William and Janet Strickler Nonprofit Center. During 2023 and 2022, $0 and $0 was granted to the Center. The Foundation is the sole member of the Center.

Note 14 - Contributed Nonfinancial Assets

The Foundation received non-specialized services from approximately 242 and 197 volunteers in the years ending December 31, 2023 and 2022, respectively. No revenue was recognized for these services as the criteria to record such revenue was not met. These services were utilized to support the Foundation's main program of strengthening the community through awarding grants.

Mt. Pleasant Area Community Foundation
Administrative Fund
Schedule of Changes in Net Assets Without Donor Restrictions
Years Ended December 31, 2023 and 2022

	2023			2022		
	General Operations	**Hersee House Operations**	**Total**	General Operations	Hersee House Operations	Total
Revenues						
Contributions	**$ 32,077**	**$ 8,021**	**$ 40,098**	$ 26,678	$ 1,350	$ 28,028
Net investment return	**5,221**	**-**	**5,221**	440	-	440
Administrative fee interfund transfer	**369,248**	**-**	**369,248**	337,979	-	337,979
Other income	**65,868**	**1,000**	**66,868**	68,068	-	68,068
Total revenues	**472,414**	**9,021**	**481,435**	433,165	1,350	434,515
Expenses						
Salaries	**212,039**	**-**	**212,039**	**227,787**	-	227,787
Employee benefits	**13,776**	**-**	**13,776**	19,674	-	19,674
Payroll taxes	**16,690**	**-**	**16,690**	17,446	-	17,446
Computer maintenance and software	**30,115**	**-**	**30,115**	28,154	-	28,154
Professional service fees	**28,114**	**-**	**28,114**	22,525	-	22,525
Supplies and office expense	**5,478**	**-**	**5,478**	4,683	-	4,683
Telephone	**2,412**	**-**	**2,412**	2,371	-	2,371
Postage and shipping	**1,745**	**-**	**1,745**	3,438	-	3,438
Insurance	**6,710**	**-**	**6,710**	7,869	-	7,869
Utilities	**13,111**	**-**	**13,111**	13,050	-	13,050
Equipment rental and maintenance	**1,356**	**-**	**1,356**	1,322	-	1,322
Printing and publicity	**7,461**	**-**	**7,461**	2,344	-	2,344
Annual report/newsletter	**11,344**	**-**	**11,344**	10,394	-	10,394
Sponsored events and development	**55,410**	**-**	**55,410**	22,175	-	22,175
Travel expenses	**837**	**-**	**837**	2,455	-	2,455
Dues and subscriptions	**8,445**	**-**	**8,445**	7,951	-	7,951
Miscellaneous	**3,131**	**3,254**	**6,385**	2,079	-	2,079
Professional development	**6,262**	**-**	**6,262**	6,755	-	6,755
Total expenses before depreciation	**424,436**	**3,254**	**427,690**	402,472	-	402,472
Depreciation	**-**	**16,729**	**16,729**	-	16,174	16,174
Total expenses	**424,436**	**19,983**	**444,419**	402,472	16,174	418,646
Change in net assets without donor restrictions - administrative fund	**47,978**	**(10,962)**	**37,016**	30,693	(14,824)	15,869
Net assets without donor restrictions - beginning of the year - administrative fund	**577,373**	**431,952**	**1,009,325**	546,680	446,776	993,456
Net assets without donor restrictions - end of the year - administrative fund	**$ 625,351**	**$ 420,990**	**$ 1,046,341**	$ 577,373	$ 431,952	$ 1,009,325

Mt. Pleasant Area Community Foundation
Pass Through and Endowment Funds
Schedule of Changes in Net Assets
Year Ended December 31, 2023

	January 1, 2023	Reclassifications & Transfers In (Out)	Contributions	Net Investment Return	Expenses: Program Grants	Expenses: Other Expenses	December 31, 2023
Pass Through Fund	$ 279,061	$ -	$ 35,072	$ 307	$ 118,857	$ 967	$ 194,616
Endowment Fund							
Community Impact Funds	$ 3,712,751	$ -	$ 40,902	$ 538,232	$ 117,523	$ 40,170	$ 4,134,192
Agency Endowment Funds	4,625,426	-	(7,110)	665,475	83,685	48,140	5,151,966
Field of Interest Funds	2,590,650	-	82,557	376,895	111,182	78,114	2,860,806
Donor Advised Funds	3,156,580	-	169,656	465,907	86,330	68,927	3,636,886
Designated Funds	5,872,094	-	877,950	879,861	381,223	72,132	7,176,550
Scholarship Funds	4,937,303	-	226,039	607,025	156,525	94,027	5,519,815
	24,894,804	-	1,389,994	3,533,395	936,468	401,510	28,480,215
Less donor designations for specific organizations	4,625,426	-	(7,110)	665,475	83,685	48,140	5,151,966
	$ 20,269,378	$ -	$ 1,397,104	$ 2,867,920	$ 852,783	$ 353,370	$ 23,328,249