

GREATER POWESHIEK COMMUNITY FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020



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**GREATER POWESHIEK COMMUNITY FOUNDATION
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Greater Poweshiek Community Foundation
Grinnell, Iowa

We have audited the accompanying financial statements of Greater Poweshiek Community Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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 organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Greater Poweshiek Community Foundation

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Poweshiek Community Foundation as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Cedar Rapids, Iowa
November 18, 2021

GREATER POWESHIEK COMMUNITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS	2021	2020
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 608,526	\$ 255,811
Certificates of Deposit	50,262	606,191
Receivables, Net	188,956	207,002
Total Current Assets	847,744	1,069,004
LONG-TERM ASSETS		
Investments	10,116,999	7,173,101
Land	-	36,000
Receivables, Net	29,938	6,771
Beneficial Interest in Charitable Remainder Trust	1,010,438	809,917
Total Long-Term Assets	11,157,375	8,025,789
Total Assets	\$ 12,005,119	\$ 9,094,793
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 126,370	\$ 50,074
Accrued Expenses	3,741	3,058
Scholarships and Grants Payable	142,385	104,606
Note Payable	-	21,000
Charitable Funds Held for the Benefit of Others	685,201	493,260
Total Current Liabilities	957,697	671,998
LONG-TERM LIABILITIES		
Charitable Funds Held for the Benefit of Others	162,659	130,716
Total Liabilities	1,120,356	802,714
NET ASSETS		
Without Donor Restrictions	9,639,828	7,274,633
With Donor Restrictions	1,244,935	1,017,446
Total Net Assets	10,884,763	8,292,079
Total Liabilities and Net Assets	\$ 12,005,119	\$ 9,094,793

See accompanying Notes to Financial Statements.

**GREATER POWESHIK COMMUNITY FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND PUBLIC SUPPORT			
Contributions	\$ 884,358	\$ 98,408	\$ 982,766
Grants	186,329	15,606	201,935
Special Event Income, Net of Expenses of \$-0- in 2021	-	-	-
Total Contributions, Net	1,070,687	114,014	1,184,701
Investment Income	265,956	-	265,956
Net Unrealized/Realized Gain	1,862,132	-	1,862,132
Administrative Fees	190,143	-	190,143
Other Revenue	-	-	-
Change in Value of Beneficial Interest in Charitable Remainder Trust	-	200,521	200,521
Note Payable Forgiveness	21,000	-	21,000
Net Assets Released From Restrictions:			
Satisfaction of Purpose and Time Restrictions	87,046	(87,046)	-
Total Revenues and Public Support	3,496,964	227,489	3,724,453
EXPENSES			
Program Services	792,586	-	792,586
Support Services:			
Management and General	285,592	-	285,592
Fundraising	53,591	-	53,591
Total Supporting Services	339,183	-	339,183
Total Expenses	1,131,769	-	1,131,769
CHANGE IN NET ASSETS	2,365,195	227,489	2,592,684
Net Assets - Beginning of Year	7,274,633	1,017,446	8,292,079
NET ASSETS - END OF YEAR	\$ 9,639,828	\$ 1,244,935	\$ 10,884,763

See accompanying Notes to Financial Statements.

**GREATER POWESHIEK COMMUNITY FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND PUBLIC SUPPORT			
Contributions	\$ 797,629	\$ 160,176	\$ 957,805
Grants	230,359	-	230,359
Special Event Income, Net of Expenses of \$3,076 in 2020	2,300	-	2,300
Total Contributions, Net	1,030,288	160,176	1,190,464
Investment Income	209,042	-	209,042
Net Unrealized/Realized Loss	(82,153)	-	(82,153)
Administrative Fees	191,626	-	191,626
Other Revenue	4,835	-	4,835
Change in Value of Beneficial Interest in Charitable Remainder Trust	-	(45,646)	(45,646)
Note Payable Forgiveness	-	-	-
Net Assets Released From Restrictions:			
Satisfaction of Purpose and Time Restrictions	115,259	(115,259)	-
Total Revenues and Public Support	1,468,897	(729)	1,468,168
EXPENSES			
Program Services	702,812	-	702,812
Support Services:			
Management and General	300,176	-	300,176
Fundraising	42,807	-	42,807
Total Supporting Services	342,983	-	342,983
Total Expenses	1,045,795	-	1,045,795
CHANGE IN NET ASSETS	423,102	(729)	422,373
Net Assets - Beginning of Year	6,851,531	1,018,175	7,869,706
NET ASSETS - END OF YEAR	\$ 7,274,633	\$ 1,017,446	\$ 8,292,079

See accompanying Notes to Financial Statements.

**GREATER POWESHIEK COMMUNITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants and Other Assistance	\$ 684,158	\$ 724	\$ -	\$ 684,882
Salaries and Wages	43,405	46,370	21,032	110,807
Employee Benefits	1,126	1,873	-	2,999
Payroll Taxes	3,320	3,548	1,609	8,477
Professional Services	-	14,639	-	14,639
Advertising and Promotion	24,388	910	11,337	36,635
Office Expenses	2,498	1,914	11,292	15,704
Information Technology	-	3,059	-	3,059
Occupancy	9,000	27,000	-	36,000
Travel	105	-	-	105
Conferences, Conventions, and Meetings	259	-	-	259
Insurance	-	6,972	-	6,972
Other	24,327	178,583	8,321	211,231
Total Expenses by Function	<u>792,586</u>	<u>285,592</u>	<u>53,591</u>	<u>1,131,769</u>
Less: Cost of Direct Benefits to Donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 792,586</u>	<u>\$ 285,592</u>	<u>\$ 53,591</u>	<u>\$ 1,131,769</u>

See accompanying Notes to Financial Statements.

**GREATER POWESHIEK COMMUNITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants and Other Assistance	\$ 621,331	\$ -	\$ -	\$ 621,331
Salaries and Wages	42,211	41,997	20,226	104,434
Employee Benefits	1,487	1,414	725	3,626
Payroll Taxes	3,229	3,210	1,550	7,989
Professional Services	6,439	14,068	2,268	22,775
Advertising and Promotion	6,369	2,836	5,832	15,037
Office Expenses	729	4,021	10,094	14,844
Information Technology	-	401	-	401
Occupancy	9,000	27,000	-	36,000
Travel	-	596	-	596
Conferences, Conventions, and Meetings	105	956	-	1,061
Insurance	940	9,314	-	10,254
Other	10,972	194,363	5,188	210,523
Total Expenses by Function	<u>702,812</u>	<u>300,176</u>	<u>45,883</u>	<u>1,048,871</u>
Less: Cost of Direct Benefits to Donors	<u>-</u>	<u>-</u>	<u>(3,076)</u>	<u>(3,076)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u><u>\$ 702,812</u></u>	<u><u>\$ 300,176</u></u>	<u><u>\$ 42,807</u></u>	<u><u>\$ 1,045,795</u></u>

See accompanying Notes to Financial Statements.

**GREATER POWESHIEK COMMUNITY FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,592,684	\$ 422,373
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Note Payable Forgiveness	(21,000)	-
Transfer of Land	36,000	-
Beneficial Interest in Charitable Remainder Trust	(200,521)	45,646
Reinvested Interest and Dividends	(230,274)	(208,213)
Net Realized and Unrealized Loss (Gain) on Investments	(1,862,132)	82,153
Change in Allowance for Uncollectible Pledges	-	5,244
Change in Increase in Assets and Liabilities:		
Receivables	(5,121)	(53,404)
Accounts Payable	76,296	(1,355)
Accrued Expenses	683	1,018
Scholarships and Grants Payable	37,779	5,838
Charitable Funds Held for the Benefit of Others	223,884	(49,243)
Net Cash Provided by Operating Activities	648,278	250,057
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(1,330,656)	(650,159)
Proceeds from Sale of Investments	473,264	605,787
Purchase of Certificates of Deposit	(50,000)	(550,000)
Proceeds from Maturities of Certificates of Deposit	611,829	297,444
Net Cash Used by Investing Activities	(295,563)	(296,928)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Note Payable	-	21,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	352,715	(25,871)
Cash and Cash Equivalents - Beginning of Year	255,811	281,682
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 608,526	\$ 255,811

See accompanying Notes to Financial Statements.

**GREATER POWESHIEK COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Background

The Greater Poweshiek Community Foundation (the Foundation) is an Iowa nonprofit corporation located in Grinnell, Iowa. Its purpose is to benefit the residents of the greater Poweshiek County region, or such other community of the state of Iowa as may be the terms of any gift, grant, devise, or bequest have been designated as the particular locality to be benefited. To accomplish these purposes, the Foundation shall actively seek out and acquire from any source, bequest, or other trust any cash or property of any type, develop and manage a growing endowment, engage in any community projects and program deemed important by the board of directors, and provide assistance and disburse principal and income in the form of grants, gifts, and contributions to nonprofit organizations.

Use of Estimates in Preparing Financial Statements

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, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The Foundation presents its financial statements in accordance with financial accounting standards for external reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions. The Foundation reports substantially all of its net assets as without donor restrictions due to the Foundation having variance power. When a donor explicitly grants variance power, the Foundation has the right to redirect funds to another beneficiary without the approval of the donor, or other party, if distributions for the restricted purpose become unnecessary, undesirable, impracticable, or inconstant with the charitable needs of the community. As a result of the ability to remove any restriction, all contributions not classified as with donor restrictions are classified as without donor restrictions for financial statement purposes.

Net Assets Without Donor Restrictions – Resources over which the board of directors has discretionary control. Designated amounts represent amounts which the board has set aside for a particular purpose.

Net Assets With Donor Restrictions – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Foundation or passage of time.

Cash and Cash Equivalents

The Foundation considers all highly liquid debt securities with an initial maturity of three months or less to be cash equivalents. At times the balance may exceed federally insured amounts.

**GREATER POWESHIEK COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Certificates of Deposit

Certificates of deposit consist of nonbrokered certificates with original maturities of three months or more and are recorded at cost plus accrued interest.

Investments

A substantial portion of the valuations included in the financial statements are provided to the Foundation by third parties and are not calculated by the Foundation. These third parties follow accounting principles generally accepted in the United States of America. In accordance with these principles, investments are carried at fair value based on quoted market prices or are recorded at approximate fair value based on financial models of hypothetical transactions. Some valuations may also be determined and approved by the managers or valuation committees of the funds in which the Foundation invests. The fair value assigned to a particular security by the fund does not necessarily reflect the amount that would be realized. In addition, in light of the judgment involved in fair value decisions, there can be no assurance that a fair value assigned to a particular security by the fund is accurate.

The Foundation's investment funds consist of numerous funds established for a variety of purposes. These funds are considered unrestricted as they were made subject to the Foundation's bylaws which give the Foundation's board of directors variance power over spending the funds which includes the ability to spend principal.

The Foundation participates in the Endow Iowa Tax Credit Program (the Program), which is administered by the Iowa Economic Development Authority through qualified community foundations. The Program's purpose is to create sustainable, philanthropic opportunities for charitable giving in Iowa communities. The law requires that the contributions received be accumulated in a fund, referred to as a "permanent endowment," for purposes of calculating annual spending, which may not exceed 5%.

The Foundation invests in a variety of investment vehicles, including mutual funds/exchange traded funds, domestic and international equities, U.S. government securities, corporate and municipal bonds, money market funds, certificates of deposit, and bank checking and savings accounts.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Donated investments are typically sold however they may be held depending on the purpose of the fund, nature of the asset, and the preference of the donor.

**GREATER POWESHIEK COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

The objectives of the investment program of the Foundation are to 1) preserve the assets of the Foundation, 2) strive for total returns that meet, or exceed, inflation plus spending for operations and grants, and 3) provide flexibility to match investment strategies of our donors with their risk tolerance and long-term objective.

Spending Policy

Most of the Foundation's funds distribute grants each year. The charitable disbursement rate, or spending rate, determines the amount available for distribution annually. The Foundation's maximum allowable spending rate shall be no more than 5% of the previous three-year average of the portfolio's market value. The full amount does not necessarily need to be spent within the year and can continue to remain in the account for long-term growth. At the first meeting each year, the board of directors establishes the distribution (spending) rate of the long-term funds for the current year. If a fund is near or below its Historical Dollar Value, the payout may be below the stated distribution rate. The Foundation anticipates that the long-term funds will make distributions ranging from 2% to 5% annually, net of fees. This distribution range considers inflation factors. In extreme market conditions, the Foundation may opt to suspend distributions to maintain fund value.

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted that the Foundation is not impacted by the state of Iowa's Uniform Prudent Management of Institutional Funds Act, since the Foundation's bylaws provide for variance power including spending from principal.

Beneficial Interest in Charitable Remainder Trust

A donor has established and funded a trust under which specified distributions are made to a designated beneficiary or beneficiaries over the trust's term. Upon termination of the trust, the Foundation receives the assets remaining in the trust. Beneficial interest in charitable remainder trust are recorded at the fair value of the trust's assets net of the present value of the estimated future payments to be made under the specific terms of the trust. Changes in net assets of the trust is recorded as gains or losses (change in value of trust) in the statements of activities. Net assets and changes are recorded as net assets with donor restrictions.

Scholarships and Grants Payable

Unconditional scholarships and grants are recognized as expenses in the period when approved at their fair values. Scholarships and grants subject to conditions are recorded when the conditions are substantially met.

**GREATER POWESHIEK COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Scholarships and Grants Payable (Continued)

During the years ended June 30, 2021 and 2020, scholarships and grants have been approved and disbursed to organizations in which some of the board members may be involved through board or other advisory relationships. It is the Foundation's policy to have each board member disclose the conflict of interest. These board members are prohibited from voting on grants to these organizations in those instances.

Charitable Funds Held for the Benefit of Others

In accordance with accounting standards generally accepted in the United States of America, if a nonprofit organization 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 legal ownership of agency funds and, as such, continues to report the funds as assets of the Foundation. However, in accordance with this standard, a liability has been established for the fair market value of the funds.

Revenue and Support

The Foundation recognizes contributions when cash, securities, or other assets: an unconditional promise to give; or a notification of a beneficial interest is received. Bequests are recognized as a contribution at the time the will is declared valid, provided that the bequest is unconditional. Conditional promises to give, that is, those with measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

The Foundation carries its receivables less an allowance for doubtful promises. Pledges, bequests, and other promises to give that are to be received after more than a year have been discounted to reflect the present value of the future cash flows.

Gifts of cash and other assets that are received under trust agreements or unconditional promises to give to be received in subsequent periods are recorded as net assets with donor restrictions. These net assets are released to net assets without donor restrictions when the trust agreement terminates as the promises are collected.

Contributions of donated items are recorded at fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Administrative fees are assessed to funds based upon board approved percentage of fund balances, levels of donations or expenses.

**GREATER POWESHIEK COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expense

The Foundation allocates its expenses on a functional basis among its program and supporting activities. Expenses that can be identified with a program or supporting activity are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated on the basis of estimates of square footage and time and effort.

Tax-Exempt Status

The Foundation is exempt from federal income tax as a Foundation, as described in Section 501(c)(3) of the Internal Revenue Code and a similar section of Iowa income tax law, which provides income tax exemption for corporations organized and operated exclusively for religious, charitable, or educational purposes. The Internal Revenue Service determination is that the Foundation is other than a private foundation.

The Foundation files information returns in the U.S. federal jurisdiction. The Foundation follows the accounting standard to evaluate uncertain tax positions and has determined that it was not required to record a liability related to uncertain tax positions at June 30, 2021 and 2020.

Paycheck Protection Program

The Foundation is following ASC 470, *Debt*, to account for the initial receipts related to the PPP Loan. On December 2, 2020, the SBA processed the Foundation's PPP Loan forgiveness application and notified Grinnell State Bank the PPP Loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on this date.

Therefore, the Foundation was legally released from the debt and loan forgiveness has been recorded as a gain on extinguishment of debt, which is included in note payable forgiveness income during the year ended June 30, 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty, however, management is of the opinion that any review will not have a material adverse impact on the Foundation's financial position.

Adoption of Accounting Principle

Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirement for Fair Value Measurement*. The ASU is effective for fiscal years beginning after December 15, 2019. Management has adopted the ASU.

**GREATER POWESHIEK COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 LIQUIDITY AND AVAILABILITY

The Foundation regularly monitors liquidity required to meet its operating needs and other commitments while also striving to maximize the return on investment of its funds not required for annual operations. The Foundation has a number of sources of liquidity at its disposal, including cash and cash equivalents, certificates of deposit, and equity securities. Based on historical experience, only contributions and pledge receivables due with one year are considered available for use in meeting annual operating needs. As of June 30, 2021 and 2020, the following financial assets are available to meet annual operating needs for the years then ended:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 608,526	\$ 255,811
Certificates of Deposit	50,262	605,693
Receivables, Net	188,956	207,002
Investments	10,116,999	7,173,101
Total	<u>\$ 10,964,743</u>	<u>\$ 8,241,607</u>

NOTE 3 INVESTMENTS

Investments in marketable equity securities with readily determinable fair values are stated at fair market value.

The composition of long-term investments is as follows at June 30:

	<u>2021</u>	<u>2020</u>
Mutual Funds/Exchange Traded Funds	\$ 10,070,070	\$ 7,141,823
Money Market Funds	46,929	31,278
Total Investments	<u>\$ 10,116,999</u>	<u>\$ 7,173,101</u>

NOTE 4 FAIR VALUE MEASUREMENT

The Foundation follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. It describes three levels of inputs that may be used to measure fair value:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Foundation has the ability to access (examples include actively traded equity and fixed income securities, mutual funds or commingled pools containing securities that are actively traded and priced daily).

GREATER POWESHIEK COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 FAIR VALUE MEASUREMENT (CONTINUED)

Level 2 – Financial assets and liabilities that are not actively traded or model inputs whose values are based on quoted prices in markets that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities that because of the size of the position, no active price is quoted (examples include small pieces of corporate or asset backed bonds for which an active market may not be quoted simply because of the position size, but larger positions of the same assets are regularly quoted and traded); and
- pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability (examples include certain mortgage and asset-backed related securities or derivatives).

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

Mutual Funds and Exchange Traded Funds – Valued at the net asset value of shares held by the Foundation as of June 30, 2021 and 2020.

Beneficial Interest in Charitable Remainder Trusts – Measured at the present value of the future cash flow expected to be distributed. The unobservable inputs are the underlying assets at the trust and follow their investment policy.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

GREATER POWESHIEK COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 FAIR VALUE MEASUREMENT (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30:

	2021			Total
	Level 1	Level 2	Level 3	
Mutual Funds/Exchange-Traded Funds:				
Equity	\$ 4,050,055	\$ -	\$ -	\$ 4,050,055
International	2,781,583	-	-	2,781,583
Real Estate	441,298	-	-	441,298
Commodities	178,661	-	-	178,661
Fixed Income	2,618,473	-	-	2,618,473
Total Investments	<u>10,070,070</u>	<u>-</u>	<u>-</u>	<u>10,070,070</u>
Beneficial Interest in Charitable Remainder Trusts	-	-	1,010,438	1,010,438
Total Assets	<u>\$ 10,070,070</u>	<u>\$ -</u>	<u>\$ 1,010,438</u>	<u>\$ 11,080,508</u>
	2020			Total
	Level 1	Level 2	Level 3	
Mutual Funds/Exchange-Traded Funds:				
Equity	\$ 2,827,408	\$ -	\$ -	\$ 2,827,408
International	1,958,814	-	-	1,958,814
Real Estate	259,824	-	-	259,824
Commodities	106,884	-	-	106,884
Fixed Income	1,988,893	-	-	1,988,893
Total Investments	<u>7,141,823</u>	<u>-</u>	<u>-</u>	<u>7,141,823</u>
Beneficial Interest in Charitable Remainder Trusts	-	-	809,917	809,917
Total Assets	<u>\$ 7,141,823</u>	<u>\$ -</u>	<u>\$ 809,917</u>	<u>\$ 7,951,740</u>

The following is a reconciliation of the beginning and ending balances of the beneficial interest in charitable remainder trusts measured at fair value on a recurring basis using significant unobservable (Level 3) inputs for the years ended June 30:

	2021	2020
Balance - Beginning of Year	\$ 809,917	\$ 855,563
Change in Beneficial Interest	200,521	(45,646)
Balance - End of Year	<u>\$ 1,010,438</u>	<u>\$ 809,917</u>

**GREATER POWESHIEK COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 4 FAIR VALUE MEASUREMENT (CONTINUED)

The following table details Level 3 holdings as of June 30:

	Fair Value		Principal Valuation Technique	Unobservable Inputs
	2021	2020		
Beneficial Interest in Charitable Remainder Trust	\$ 1,010,438	\$ 809,917	Net Asset Value	Value of Underlying Assets

NOTE 5 RECEIVABLES

Receivables consist of the following as of June 30:

	2021	2020
Receivables	\$ 241,522	\$ 236,397
Less: Allowance for Doubtful Accounts	(11,312)	(11,312)
Less: Discount to Present Value	(11,316)	(11,312)
Total	<u>\$ 218,894</u>	<u>\$ 213,773</u>

Receivables are scheduled to be received in the following:

Year Ending June 30,	Amount
2022	\$ 200,272
2023	37,350
2024	2,150
2025	250
2026	250
Thereafter	1,250
Total	<u>\$ 241,522</u>

Unconditional promises to give that are expected to be received in more than one year have been discounted 5% in the year when recorded.

NOTE 6 NOTE PAYABLE

On April 22, 2020, the Foundation received a loan from Grinnell State Bank in the amount of \$21,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months with a deferral for the first six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA).

**GREATER POWESHIEK COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 6 NOTE PAYABLE (CONTINUED)

On December 2, 2020, the Foundation the SBA processed the Foundation's PPP Loan forgiveness application and notified Grinnell State Bank the PPP Loan qualified for full forgiveness.

NOTE 7 RELATED PARTY TRANSACTIONS

The Foundation is operating as a related party to the Claude W. & Dolly Ahrens Foundation (CDAF) through common board members and staff. The Foundation recognized the following types of transactions with CDAF during the years ended June 30:

	2021	2020
Rent	\$ 36,000	\$ 36,000
Shared Campaign Fees	74,049	58,272
Expense Reimbursements	72,242	63,243
Total	<u>\$ 182,291</u>	<u>\$ 157,515</u>

The Foundation has accrued \$1,527 and \$9,017 payable to CDAF as of June 30, 2021 and 2020, respectively, in accounts payable.

The Foundation transferred land to the Ahrens Park Foundation with a value of \$36,000 for the year ended June 30, 2021.

The transfer of land and payments of these amounts were approved by the board of directors.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30:

	2021	2020
Restricted for Programs	\$ 234,497	\$ 207,529
Beneficial Interest in Charitable Remainder Trust	1,010,438	809,917
Total Net Assets With Donor Restrictions	<u>\$ 1,244,935</u>	<u>\$ 1,017,446</u>

NOTE 9 ADMINISTRATIVE FEES

The Foundation charges each established fund an equitable share of the Foundation's expenses in accordance with its current administrative fee schedule. For the years ended June 30, 2021 and 2020, administrative fee revenue and expenses, recognized over time, charged within the Foundation totaled \$190,143 and \$191,626, respectively.

**GREATER POWESHIEK COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 10 CONDITIONAL PROMISE TO GIVE

The Foundation has entered into an agreement in the form of a challenge grant with the CDAF. Under the terms of the agreement, if the Foundation is able to raise \$900,000 for the Marshall Administrative Endowment Fund, CDAF will contribute \$100,000. CDAF has also agreed to provide the Foundation with support for the promotional and marketing costs related to the campaign. As of June 30, 2021 and 2020, \$-0- has been recognized.

NOTE 11 DISCLOSURE ABOUT CERTAIN CONCENTRATIONS

Cash Balances

The Foundation maintains its cash accounts in banks in Grinnell, Iowa. As of June 30, 2021, cash balances were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor per bank. Balances in excess of FDIC limits are uninsured. During the year ended June 30, 2021, cash equivalents and certificates of deposit in one bank was \$474,592.

Credit

The Foundation is supported primarily through contributions from individuals, businesses, and agencies. For the years ended June 30, 2021 and 2020, the Foundation received \$108,610 and \$135,859, respectively, from the state of Iowa for the County Endowment Fund Program. The Foundation received \$15,000 and \$133,500 from another Foundation for the years ended June 30, 2021 and 2020.

NOTE 12 RISKS AND UNCERTAINTIES

In March 2020, the COVID-19 virus was declared a global pandemic. The Foundation cannot predict the length or severity of the pandemic, or the extent to which the disruption may interrupt operations. Management is closely monitoring the situation and has taken action to mitigate known vulnerabilities. No adjustments have been made to these financial statements as a result of this uncertainty.

NOTE 13 SUBSEQUENT EVENTS

Management evaluated subsequent events through November 18, 2021, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2021, but prior to November 18, 2021 that provided additional evidence about conditions that existed at June 30, 2021, have been recognized in the financial statements for the year ended June 30, 2021. Events or transactions that provided evidence about conditions that did not exist at June 30, 2021 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2021.

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