

GREATER POWESHIEK COMMUNITY FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022



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**GREATER POWESHIEK COMMUNITY FOUNDATION
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Greater Poweshiek Community Foundation
Grinnell, Iowa

Report on the Audit of the Financial Statements

Opinion

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, 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, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Poweshiek Community Foundation as of June 30, 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 Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Greater Poweshiek Community Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Greater Poweshiek Community Foundation's ability to continue as a going concern for one year after the date 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 Greater Poweshiek 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 Greater Poweshiek 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.



CliftonLarsonAllen LLP

Cedar Rapids, Iowa
December 13, 2023

GREATER POWESHIEK COMMUNITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

| | 2023 | 2022 |
|---|-------------------|-------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 800,083 | \$ 1,417,270 |
| Certificates of Deposit | 398,880 | - |
| Receivables, Net | 264,712 | 300,116 |
| Total Current Assets | 1,463,675 | 1,717,386 |
| LONG-TERM ASSETS | | |
| Investments | 10,342,473 | 8,678,881 |
| Receivables, Net | 73,233 | 1,400 |
| Beneficial Interest in Charitable Remainder Trust | 903,661 | 847,864 |
| Total Long-Term Assets | 11,319,367 | 9,528,145 |
| Total Assets | \$ 12,783,042 | \$ 11,245,531 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 145,690 | \$ 136,472 |
| Accrued Expenses | 7,233 | 4,909 |
| Scholarships and Grants Payable | 154,933 | 162,552 |
| Charitable Funds Held for the Benefit of Others | 1,108,151 | 1,372,270 |
| Total Current Liabilities | 1,416,007 | 1,676,203 |
| LONG-TERM LIABILITIES | | |
| Charitable Funds Held for the Benefit of Others | 140,990 | 128,528 |
| Total Liabilities | 1,556,997 | 1,804,731 |
| NET ASSETS | | |
| Without Donor Restrictions | 9,997,935 | 8,292,208 |
| With Donor Restrictions | 1,228,110 | 1,148,592 |
| Total Net Assets | 11,226,045 | 9,440,800 |
| Total Liabilities and Net Assets | \$ 12,783,042 | \$ 11,245,531 |

See accompanying Notes to Financial Statements.

**GREATER POWESHIEK COMMUNITY FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------|
| REVENUES AND PUBLIC SUPPORT | | | |
| Contributions | \$ 1,006,992 | \$ 123,300 | \$ 1,130,292 |
| Contributions, In-Kind | 3,202 | - | 3,202 |
| Grants | 255,618 | - | 255,618 |
| Special Event Income, Net | 14,345 | - | 14,345 |
| Total Contributions, Net | 1,280,157 | 123,300 | 1,403,457 |
| Investment Income, Net | 1,213,333 | - | 1,213,333 |
| Administrative Fees | 214,392 | - | 214,392 |
| Change in Value of Beneficial Interest in Charitable Remainder Trust | - | 55,797 | 55,797 |
| Net Assets Released From Restrictions: | | | |
| Satisfaction of Purpose and Time Restrictions | 99,579 | (99,579) | - |
| Total Revenues and Public Support | 2,807,461 | 79,518 | 2,886,979 |
| EXPENSES | | | |
| Program Services | 671,740 | - | 671,740 |
| Support Services: | | | |
| Management and General | 380,165 | - | 380,165 |
| Fundraising | 49,829 | - | 49,829 |
| Total Support Services | 429,994 | - | 429,994 |
| Total Expenses | 1,101,734 | - | 1,101,734 |
| CHANGE IN NET ASSETS | 1,705,727 | 79,518 | 1,785,245 |
| Net Assets - Beginning of Year | 8,292,208 | 1,148,592 | 9,440,800 |
| NET ASSETS - END OF YEAR | \$ 9,997,935 | \$ 1,228,110 | \$ 11,226,045 |

See accompanying Notes to Financial Statements.

**GREATER POWESHIEK COMMUNITY FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|--------------|
| REVENUES AND PUBLIC SUPPORT | | | |
| Contributions | \$ 757,448 | \$ 219,538 | \$ 976,986 |
| Contributions, In-Kind | 5,222 | - | 5,222 |
| Grants | 203,993 | - | 203,993 |
| Special Event Income, Net | (2,269) | - | (2,269) |
| Total Contributions, Net | 964,394 | 219,538 | 1,183,932 |
| Investment Income, Net | (1,449,608) | - | (1,449,608) |
| Administrative Fees | 242,924 | - | 242,924 |
| Change in Value of Beneficial Interest in Charitable Remainder Trust | (162,574) | - | (162,574) |
| Net Assets Released From Restrictions: | | | |
| Satisfaction of Purpose and Time Restrictions | 315,881 | (315,881) | - |
| Total Revenues and Public Support | (88,983) | (96,343) | (185,326) |
| EXPENSES | | | |
| Program Services | 852,845 | - | 852,845 |
| Support Services: | | | |
| Management and General | 351,192 | - | 351,192 |
| Fundraising | 54,600 | - | 54,600 |
| Total Support Services | 405,792 | - | 405,792 |
| Total Expenses | 1,258,637 | - | 1,258,637 |
| CHANGE IN NET ASSETS | (1,347,620) | (96,343) | (1,443,963) |
| Net Assets - Beginning of Year | 9,639,828 | 1,244,935 | 10,884,763 |
| NET ASSETS - END OF YEAR | \$ 8,292,208 | \$ 1,148,592 | \$ 9,440,800 |

See accompanying Notes to Financial Statements.

**GREATER POWESHIEK COMMUNITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

| | Program | Management and General | Fundraising | Total |
|--|-------------------|---------------------------|------------------|---------------------|
| Grants and Other Assistance | \$ 576,317 | \$ 500 | \$ 2,156 | \$ 578,973 |
| Salaries and Wages | 65,470 | 59,618 | 34,184 | 159,272 |
| Employee Benefits | 2,235 | 3,481 | - | 5,716 |
| Payroll Taxes | 5,075 | 4,520 | 2,614 | 12,209 |
| Professional Services | - | 24,539 | - | 24,539 |
| Advertising and Promotion | 3,789 | 742 | 563 | 5,094 |
| Office Expenses | 2,132 | 1,304 | 7,510 | 10,946 |
| Information Technology | 1,246 | 1,089 | - | 2,335 |
| Occupancy | 9,000 | 27,000 | - | 36,000 |
| Travel | 344 | - | - | 344 |
| Conferences, Conventions, and Meetings | 3,116 | 935 | - | 4,051 |
| Insurance | - | 9,094 | - | 9,094 |
| Other | 3,016 | 247,343 | 2,802 | 253,161 |
| Total Expenses by Function | <u>671,740</u> | <u>380,165</u> | <u>49,829</u> | <u>1,101,734</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>\$ 671,740</u> | <u>\$ 380,165</u> | <u>\$ 49,829</u> | <u>\$ 1,101,734</u> |

See accompanying Notes to Financial Statements.

**GREATER POWESHIEK COMMUNITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

| | <u>Program</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|--|-------------------|-----------------------------------|--------------------|---------------------|
| Grants and Other Assistance | \$ 722,148 | \$ 18,001 | \$ 250 | \$ 740,399 |
| Salaries and Wages | 46,339 | 48,577 | 23,450 | 118,366 |
| Employee Benefits | 1,195 | 2,070 | - | 3,265 |
| Payroll Taxes | 3,545 | 3,716 | 1,794 | 9,055 |
| Professional Services | - | 19,986 | - | 19,986 |
| Advertising and Promotion | 18,396 | 132 | - | 18,528 |
| Office Expenses | 2,108 | 314 | 22,471 | 24,893 |
| Information Technology | 222 | 9,169 | - | 9,391 |
| Occupancy | 9,000 | 27,000 | - | 36,000 |
| Travel | 91 | 943 | - | 1,034 |
| Conferences, Conventions, and Meetings | 216 | 613 | - | 829 |
| Insurance | 196 | 9,084 | - | 9,280 |
| Other | 49,389 | 211,587 | 20,758 | 281,734 |
| Total Expenses by Function | <u>852,845</u> | <u>351,192</u> | <u>68,723</u> | <u>1,272,760</u> |
| Less: Cost of Direct Benefits to Donors | <u>-</u> | <u>-</u> | <u>(14,123)</u> | <u>(14,123)</u> |
| Total Expenses Included in the Expense Section of the Statement of Activities | <u>\$ 852,845</u> | <u>\$ 351,192</u> | <u>\$ 54,600</u> | <u>\$ 1,258,637</u> |

See accompanying Notes to Financial Statements.

**GREATER POWESHIEK COMMUNITY FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

| | 2023 | 2022 |
|--|--------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 1,785,245 | \$ (1,443,963) |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: | | |
| Beneficial Interest in Charitable Remainder Trust | (55,797) | 162,574 |
| Reinvested Interest and Dividends | (308,583) | (574,955) |
| Net Realized and Unrealized Loss (Gain) on Investments | (946,137) | 2,024,563 |
| Change in Allowance for Uncollectible Pledges | 4,086 | 20,648 |
| Change in Assets and Liabilities: | | |
| Receivables | (40,515) | (103,270) |
| Accounts Payable | 9,217 | 10,102 |
| Accrued Expenses | 2,324 | 1,168 |
| Scholarships and Grants Payable | (7,619) | 20,167 |
| Charitable Funds Held for the Benefit of Others | (251,657) | 652,938 |
| Net Cash Provided by Operating Activities | 190,564 | 769,972 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Investments | (10,315,207) | (646,895) |
| Proceeds from Sale of Investments | 9,907,456 | 635,405 |
| Purchase of Certificates of Deposit | (400,000) | - |
| Proceeds from Maturities of Certificates of Deposit | - | 50,262 |
| Net Cash Provided (Used) by Investing Activities | (807,751) | 38,772 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (617,187) | 808,744 |
| Cash and Cash Equivalents - Beginning of Year | 1,417,270 | 608,526 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 800,083 | \$ 1,417,270 |

See accompanying Notes to Financial Statements.

**GREATER POWESHIEK COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Certificates of Deposit

Certificates of deposit consist of brokered 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, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

The primary objective of the Foundation is to provide a real rate of return over inflation sufficient to support in perpetuity the mission of the Foundation.

Spending Rate Philosophy

The spending rate is used to calculate the amount available for distribution to charitable organizations and/or causes. Except as otherwise specified in fund agreements, and consistent with the Uniform Prudent Management of Institutional Funds Act, the following factors will be considered: 1) general economic conditions, 2) the possible effect of inflation or deflation, 3) expected tax consequences, if any, of investment decisions or strategies, 4) expected total return from income and appreciation of investments, 5) other resources of the Foundation, 6) needs of the Foundation and a given institutional fund to make distributions and to preserve capital, and 7) asset's special relationship or special value, if any, to the purpose of the Foundation.

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, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Scholarships and Grants Payable (Continued)

During the years ended June 30, 2023 and 2022, 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, 2023 AND 2022**

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, 2023 and 2022.

Change in Accounting Principles

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of Right of Use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The adoption of this standard had no impact on the Foundation's financial position.

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 within one year are considered available for use in meeting annual operating needs. As of June 30, the following financial assets are available to meet annual operating needs for the years then ended:

GREATER POWESHIEK COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

| | <u>2023</u> | <u>2022</u> |
|---------------------------|----------------------|----------------------|
| Cash and Cash Equivalents | \$ 800,083 | \$ 1,417,270 |
| Certificates of Deposit | 398,880 | - |
| Receivables, Net | 264,712 | 300,116 |
| Investments | 10,201,483 | 8,550,353 |
| Total | <u>\$ 11,665,158</u> | <u>\$ 10,267,739</u> |

NOTE 3 INVESTMENTS

The composition of investments is as follows at June 30:

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|---------------------|
| Mutual Funds and Exchange Traded Funds | \$ 9,008,127 | \$ 8,589,089 |
| Certificates of Deposit | 448,656 | - |
| Treasury Bill | 99,385 | - |
| Money Market Funds | 786,305 | 89,792 |
| Total Long-Term Investments | <u>10,342,473</u> | <u>8,678,881</u> |
| Certificates of Deposit, Short-Term | 398,880 | - |
| Total Investments | <u>\$ 10,741,353</u> | <u>\$ 8,678,881</u> |

NOTE 4 INVESTMENT INCOME

Investment income consists of the following for the years ended June 30:

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|-----------------------|
| Interest and Dividends | \$ 309,704 | \$ 622,196 |
| Net Realized and Unrealized Gain (Loss) | 946,137 | (2,024,563) |
| Investment Management Fee | (42,508) | (47,241) |
| Total | <u>\$ 1,213,333</u> | <u>\$ (1,449,608)</u> |

NOTE 5 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, 2023 AND 2022

NOTE 5 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 number of shares held by the Foundation as of June 30, 2023 and 2022.

Certificates and Treasury Bill – Valued at the most recent price of the equivalent quoted yield for such securities, or those of comparable maturity, quality, and type.

Beneficial Interest in Charitable Remainder Trust – 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. There are no unfunded commitments or redemptions associated with these assets.

**GREATER POWESHIEK COMMUNITY FOUNDATION
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NOTE 5 FAIR VALUE MEASUREMENT (CONTINUED)

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.

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

| | 2023 | | | |
|---|---------------------|-------------------|-------------------|----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual Funds and Exchange-Traded Funds | \$ 9,008,127 | \$ - | \$ - | \$ 9,008,127 |
| Certificates of Deposit | - | 847,545 | - | 847,545 |
| Treasury Bill | - | 99,385 | - | 99,385 |
| Total Investments | 9,008,127 | 946,930 | - | 9,955,057 |
| Beneficial Interest in Charitable Remainder Trust | - | - | 903,661 | 903,661 |
| Total Assets | <u>\$ 9,008,127</u> | <u>\$ 946,930</u> | <u>\$ 903,661</u> | <u>\$ 10,858,718</u> |
| | | | | |
| | 2022 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual Funds and Exchange-Traded Funds: | \$ 8,589,089 | \$ - | \$ - | \$ 8,589,089 |
| Total Investments | 8,589,089 | - | - | 8,589,089 |
| Beneficial Interest in Charitable Remainder Trust | - | - | 847,864 | 847,864 |
| Total Assets | <u>\$ 8,589,089</u> | <u>\$ -</u> | <u>\$ 847,864</u> | <u>\$ 9,436,953</u> |

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

| | 2023 | 2022 |
|-------------------------------|-------------------|-------------------|
| Balance - Beginning of Year | \$ 847,864 | \$ 1,010,438 |
| Change in Beneficial Interest | 55,797 | (162,574) |
| Balance - End of Year | <u>\$ 903,661</u> | <u>\$ 847,864</u> |

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

| | Fair Value | | Principal Valuation Technique | Unobservable Inputs |
|---|------------|------------|-------------------------------|----------------------------|
| | 2023 | 2022 | | |
| Beneficial Interest in Charitable Remainder Trust | \$ 903,661 | \$ 847,864 | Net Asset Value | Value of Underlying Assets |

**GREATER POWESHIEK COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 RECEIVABLES

Receivables consist of the following as of June 30:

| | <u>2023</u> | <u>2022</u> |
|---------------------------------------|-------------------|-------------------|
| Receivables | \$ 373,995 | \$ 333,480 |
| Less: Allowance for Doubtful Accounts | (18,025) | (31,964) |
| Less: Discount to Present Value | (18,025) | - |
| Total | <u>\$ 337,945</u> | <u>\$ 301,516</u> |

Receivables are scheduled to be received as follows:

| <u>Years Ending June 30,</u> | <u>Amount</u> |
|------------------------------|-------------------|
| 2024 | \$ 300,762 |
| 2025 | 63,033 |
| 2026 | 8,100 |
| 2027 | 2,100 |
| Total | <u>\$ 373,995</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 7 LINE OF CREDIT

The Foundation has a line of credit with Edward Jones, which has a limit of \$2,150,469 with an interest rate of 7.25%. As of June 30, 2023, there was no outstanding balance.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

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

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| Restricted for Programs | \$ 324,449 | \$ 300,728 |
| Beneficial Interest in Charitable Remainder Trust | 903,661 | 847,864 |
| Total Net Assets With Donor Restrictions | <u>\$ 1,228,110</u> | <u>\$ 1,148,592</u> |

NOTE 9 RELATED PARTY TRANSACTIONS

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

**GREATER POWESHIEK COMMUNITY FOUNDATION
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NOTE 9 RELATED PARTY TRANSACTIONS (CONTINUED)

| | 2023 | 2022 |
|------------------------|------------|------------|
| Rent | \$ 36,000 | \$ 36,000 |
| Shared Campaign Fees | 134,132 | 206,374 |
| Expense Reimbursements | 5,082 | 1,439 |
| Grants | 30,689 | 48,923 |
| Total | \$ 205,903 | \$ 292,736 |

The Foundation has accrued \$3,313 and \$4,798 payable to CDAF as of June 30, 2023 and 2022, respectively, in accounts payable.

NOTE 10 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, 2023 and 2022, administrative fee revenue and expenses, recognized over time, charged within the Foundation totaled \$214,392 and \$242,924, respectively.

NOTE 11 DISCLOSURE ABOUT CERTAIN CONCENTRATIONS

Cash Balances

The Foundation maintains its cash accounts in banks in Grinnell, Iowa. As of June 30, 2023, 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, 2023, cash equivalents and certificates of deposit in one bank was \$629,543.

Credit

The Foundation is supported primarily through contributions from individuals, businesses, and agencies. For the years ended June 30, 2023 and 2022, the Foundation received \$160,670 and \$145,443, respectively, from the state of Iowa for the County Endowment Fund Program.

NOTE 12 RETIREMENT PLAN

Effective January 1, 2023, the Foundation adopted a 401(k) plan which covers employees who meet certain eligibility requirements. The Foundation will make a contribution to the plan each year equal to 100% of elective deferrals that do not exceed 6% of compensation. Vesting is completed after five years of employment. The Foundation's expense under the plan for the year ended June 30, 2023 was \$1,877.

**GREATER POWESHIEK COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
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NOTE 13 CONTRIBUTED NONFINANCIAL ASSETS

The Foundation received the following contributions of supplies and services that are reported in the statements of activities as follows:

| <u>June 30, 2023</u> | <u>Program</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|----------------------|-----------------|-----------------------------------|--------------------|-----------------|
| Supplies | \$ 1,445 | \$ - | \$ - | \$ 1,445 |
| Services | 1,757 | - | - | 1,757 |
| Total | <u>\$ 3,202</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,202</u> |

| <u>June 30, 2022</u> | <u>Program</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|----------------------|-----------------|-----------------------------------|--------------------|-----------------|
| Supplies | \$ 4,522 | \$ - | \$ 450 | \$ 4,972 |
| Services | 250 | - | - | 250 |
| Total | <u>\$ 4,772</u> | <u>\$ -</u> | <u>\$ 450</u> | <u>\$ 5,222</u> |

The Foundation estimates the fair value of in-kind supplies on the basis of estimates of purchasing similar supplies in the Foundation's market. Services are valued and reported at the estimated fair value based on current rates for similar services.

NOTE 14 RECLASSIFICATION OF AMOUNTS

Certain reclassifications have been made to the 2022 financial statement presentation to correspond to the current year format. Total assets, net assets, and change in net assets were unchanged due to these reclassifications.

NOTE 15 SUBSEQUENT EVENTS

Management evaluated subsequent events through December 13, 2023, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2023, but prior to December 13, 2023, that provided additional evidence about conditions that existed at June 30, 2023, have been recognized in the financial statements for the year ended June 30, 2023. Events or transactions that provided evidence about conditions that did not exist at June 30, 2023, 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, 2023.



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