

COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018



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**COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Community Foundation of Johnson County, Iowa
Coralville, Iowa

We have audited the accompanying financial statements of Community Foundation of Johnson County, Iowa (the Foundation), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of June 30, 2019 and 2018, and the related statements of revenue, expenses, and changes in net assets – modified cash basis, and statements of functional expenses – modified cash 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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 Foundation'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 Foundation'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and change in net assets of the Foundation as of June 30, 2019 and 2018, and its revenue, expenses, and changes in net assets – modified cash basis for the years then ended, in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

As described in Note 1 to the financial statements, the Foundation adopted Financial Accounting Standards Board (FASB) ASU 2016-14, *Not-for-Profit Entities* in 2019 including reclassification of net assets from with donor restrictions to net assets without donor restrictions. In our opinion, such adjustments were appropriate and have been properly applied.



CliftonLarsonAllen LLP

Cedar Rapids, Iowa
November 4, 2019

**COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS
MODIFIED CASH BASIS
JUNE 30, 2019 AND 2018**

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,302,165	\$ 1,090,497
Investments	34,613,968	27,455,761
Total Current Assets	35,916,133	28,546,258
EQUIPMENT		
Equipment	14,525	7,025
Less: Accumulated Depreciation	(7,025)	(7,025)
Total Equipment	7,500	-
OTHER ASSETS		
Note Receivable	200,000	200,000
Other	-	29,651
Total Other Assets	200,000	229,651
Total Assets	\$ 36,123,633	\$ 28,775,909
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued Expenses and Other Liabilities	\$ 13,998	\$ 7,597
NET ASSETS		
Without Donor Restrictions	35,899,709	28,292,138
With Donor Restrictions	209,926	476,174
Total Net Assets	36,109,635	28,768,312
Total Liabilities and Net Assets	\$ 36,123,633	\$ 28,775,909

See accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS
MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2019

	2019		Total
	Without Donor Restrictions	With Donor Restrictions	
REVENUE			
Contributions	\$ 7,397,230	\$ 9,927	\$ 7,407,157
Investment Income, Net of Investment Management Fees, Net	2,625,742	-	2,625,742
Other	17,235	-	17,235
Net Assets Released from Restriction	276,175	(276,175)	-
Total Revenue	<u>10,316,382</u>	<u>(266,248)</u>	<u>10,050,134</u>
EXPENSES			
Program Services	2,153,547	-	2,153,547
Management and General	499,602	-	499,602
Fundraising	55,662	-	55,662
Total Expenses	<u>2,708,811</u>	<u>-</u>	<u>2,708,811</u>
CHANGE IN NET ASSETS	7,607,571	(266,248)	7,341,323
Net Assets - Beginning of Year	<u>28,292,138</u>	<u>476,174</u>	<u>28,768,312</u>
NET ASSETS - END OF YEAR	<u><u>\$ 35,899,709</u></u>	<u><u>\$ 209,926</u></u>	<u><u>\$ 36,109,635</u></u>

See accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS
MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2018

	2018		Total
	Without Donor Restrictions	With Donor Restrictions	
REVENUE			
Contributions	\$ 2,954,069	\$ 22,228	\$ 2,976,297
Investment Income, Net of Investment Management Fees Net	2,356,920	-	2,356,920
Other	91,114	-	91,114
Net Assets Released from Restriction	159,038	(159,038)	-
Total Revenue	<u>5,561,141</u>	<u>(136,810)</u>	<u>5,424,331</u>
EXPENSES			
Program Services	2,944,502	-	2,944,502
Management and General	425,004	-	425,004
Fundraising	92,117	-	92,117
Total Expenses	<u>3,461,623</u>	<u>-</u>	<u>3,461,623</u>
CHANGE IN NET ASSETS	2,099,518	(136,810)	1,962,708
Net Assets - Beginning as Previously Reported	1,202,994	25,602,610	26,805,604
Prior Period Adjustment (See Note 1)	<u>24,989,626</u>	<u>(24,989,626)</u>	<u>-</u>
Net Assets - Beginning of Year as Restated	<u>26,192,620</u>	<u>612,984</u>	<u>26,805,604</u>
NET ASSETS - END OF YEAR	<u>\$ 28,292,138</u>	<u>\$ 476,174</u>	<u>\$ 28,768,312</u>

See accompanying Notes to Financial Statements.

**COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA
STATEMENT OF FUNCTIONAL EXPENSES
MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2019**

	2019			
	Program	Management and General	Fundraising	Total
EXPENSES				
Salaries	\$ 75,368	\$ 127,118	\$ 25,685	\$ 228,171
Payroll Taxes and Fringe Benefits	14,233	24,005	4,850	43,088
Professional Fees and Contract Services	7,130	12,024	2,430	21,584
Supplies	13,654	23,030	4,653	41,337
Donor Support	138,876	274,231	7,327	420,434
Postage, Shipping, and Delivery	616	1,038	210	1,864
Telephone	298	503	101	902
Occupancy	6,520	10,996	2,222	19,738
Insurance	1,580	2,665	539	4,784
Travel	2,963	4,998	1,010	8,971
Annual Report and Board Membership Dues and Subscriptions	994	1,675	339	3,008
Advertising	2,252	3,799	767	6,818
Miscellaneous	139,277	12,344	5,291	156,912
Grants	1,749,089	-	-	1,749,089
Total Expenses	\$ 2,153,547	\$ 499,602	\$ 55,662	\$ 2,708,811

See accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA
STATEMENT OF FUNCTIONAL EXPENSES
MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2018

EXPENSES	2018			
	Program	Management and General	Fundraising	Total
Salaries	\$ 43,668	\$ 106,020	\$ 26,431	\$ 176,119
Payroll Taxes and Fringe Benefits	8,641	20,980	5,230	34,851
Professional Fees and Contract Services	4,507	9,558	3,389	17,454
Supplies	9,770	14,535	3,634	27,939
Donor Support	75,846	182,030	45,507	303,383
Postage, Shipping, and Delivery	390	936	234	1,560
Telephone	248	597	149	994
Occupancy	5,053	12,266	3,058	20,377
Taxes and Licenses	-	60,000	-	60,000
Insurance	1,151	2,762	691	4,604
Travel	1,684	4,042	1,011	6,737
Annual Report and Board	697	2,705	418	3,820
Membership Dues and Subscriptions	494	1,186	296	1,976
Advertising	47,065	1,324	101	48,490
Depreciation	134	239	290	663
Miscellaneous	24,410	5,824	1,678	31,912
Grants	2,720,744	-	-	2,720,744
	\$ 2,944,502	\$ 425,004	\$ 92,117	\$ 3,461,623
Total Expenses	\$ 2,944,502	\$ 425,004	\$ 92,117	\$ 3,461,623

See accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Background

The Community Foundation of Johnson County, Iowa (the Foundation) was incorporated in September 2000 in the state of Iowa. The Foundation is a nonprofit corporation whose mission is to serve the people of Johnson County by growing endowments and distributing funds to build a greater community.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements requires management to make estimate 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's accounts are maintained, and those statements are presented, on a modified cash basis of accounting under which only revenue collected, expenses paid, assets, liabilities, and net assets arising as a result of cash transactions to or from the acquisition of long-lived assets, and net appreciation or depreciation related to investments is recognized. This method differs from accounting principles generally accepted in the United States of America primarily because the effect of prepaid and accrued expenses and various receivables and payables, including receivables related to pledges, are not included in the financial statements.

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, impossible, or inconsistent with the needs of the community.

Under these provisions, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets presently available for use by the Foundation at the discretion of management.

Net Assets With Donor Restrictions – Net assets subject to donor restrictions that will be satisfied either by the passage of time or by actions of the Foundation.

**COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funds of the Foundation

Endowed funds, subject to variance power as described previously, include gifts, which require, by donor restriction, that the corpus of the gift be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions. The related income and expense associated with these restrictions have been reflected in endowed funds. The endowed funds are classified as net assets without donor restrictions due to the Foundation's variance power over the assets and are included in net assets without donor restrictions in the financial statements. The various types of endowed agreements are as follows:

Type of Endowed Fund	Description of Fund
Without Donor Restrictions	The donor has made a contributions of cash or assets to a discretionary fund at the Foundation which is invested in perpetuity. The investment earnings are then distributed by the Foundation as grants that address current issues and community needs.
Donor Advised	The donor has made a contribution of cash or other assets to an endowed fund at the Foundation which is invested in perpetuity. The donor, or someone the donor names, makes recommendations to the Foundation about how the investment earnings should be distributed as grants. The recommendations are submitted to the Foundation's board of directors for approval
Donor Designated	The donor has made a contribution of cash or other assets to an endowed fund at the Foundation which is invested in perpetuity. The investments earnings are then distributed by the Foundation as grants to the beneficiary(ies) that were specified by the donor when the fund was established to support general operations or a specific program of the organization.
Field of Interest	The donor has made a contribution or assets to an endowed fund at the Foundation which is invested in perpetuity. The investment earnings are then distributed by the Foundation as grants that focus on a particular charitable cause.

Charitable Giving Funds include gifts (other than for operations) that are presently available for use and are included in net assets without donor restrictions in the financial statements. The corpus of the fund is available for use as determined under donor agreements subject to the variance power as described previously.

COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Foundation considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

Investments

Marketable securities are carried at fair value, except for the money market funds and investment in the limited partnership whose values are estimated at cost or the lower of cost or fair value, determined by quoted market prices, with unrealized and realized gains and losses reported as an increase or decrease in net assets. Investment income (loss) is also reported in the statements of revenue, expenses, and changes in net assets based on the intended stipulation by the donor.

The Foundation's investment funds consist of numerous funds established for a variety of purposes. These funds are considered net assets without donor restrictions.

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 Program 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 common and preferred stocks which are publicly traded on an established or generally recognized exchange, direct obligations of the U.S. government and its agencies, corporate bonds, notes, and commercial paper, no-load or load waived mutual funds, money market mutual funds or federally insured money market accounts, federally insured certificates of deposit and alternative investments with prior disclosure and notification of exposure to the finance committee.

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 assets, liabilities, and net assets.

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.

The objectives of the investment program of the Foundation are for 1) distributions and cash requirements for operational activities, 2) opportunities for long-term growth and appreciation, 3) grant distributions, 4) future expenses, and 5) provide an offset to the effects of inflation.

COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

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 5% of the previous year-end balance of each fund’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 November board meeting each year, the board of directors establishes the distribution (spending) rate of the long-term funds for the subsequent year.

Interpretation of Relevant Law – The Foundation follows the state of Iowa’s Uniform Prudent Management of Institutional Funds Act to manage assets with sound and prudent fiduciary practices.

Equipment

Purchased equipment is recorded at cost while donated equipment is recorded at estimated fair value at the date of the gift. Depreciation is computed on the straight-line method over the five-year estimated useful life of the asset. The Foundation follows the practice of capitalizing at cost, or at fair value if donated, all expenditures for property and equipment in excess of \$5,000 and a useful life greater than one year.

Note Receivable

All note receivables are valued at the lower of cost or net realizable value. The Foundation has a note receivable of \$200,000 as of June 30, 2019 and 2018.

Other Assets

Other assets consists primarily of a time-share and a cash surrender value of a Foundation owned life insurance policy. During the year ended June 30, 2019, the time-share and life insurance were liquidated.

Revenue

The Foundation records contributions when they are received. All contributions are considered to be without donor restrictions due to the Foundation having variance power. Contributions of donated items are recorded at fair values in the period received.

Functional Expenses

The Foundation organizes 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 by estimated time and effort.

COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is exempt from federal income tax as a Foundation 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, 2019 and 2018.

Adoption of Accounting Principle

The Foundation adopted Financial Accounting Standards Board (FASB) ASU 2016-14, *Not-for-Profit Entities* in 2019. The adoption did not impact the Foundation's financial position as of June 30, 2019 and 2018 or changes in its net assets for the years ended.

The financial statements for the year ended June 30, 2018 have been restated to correct an error in reporting by reclassifying net assets to without donor restrictions as the Foundation has variance power. The effect of the reclassification was an increase of \$24,989,626 in net assets without donor restrictions and a decrease to net assets with donor restrictions in the same amount. This reclassification had no impact on the change in total net assets as of June 30, 2018.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Foundation regularly monitors the availability of resources required to meet its operating and other commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities as well as the conduct of services to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

As of June 30, 2019, the following table shows the total financial assets held by the Foundation, that is, without donor restrictions limiting their use, within one year of the statement of assets, liabilities and net assets – modified cash basis date to meet general expenditures and future needs of the Foundation:

Cash	\$ 1,302,165
Investments	34,604,041
Total	<u>\$ 35,906,206</u>

COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 3 INVESTMENTS

Investments consist of the following as of June 30:

	2019	2018
Money Market	\$ 781,998	\$ 655,050
Bonds and Fixed Income	9,937,881	7,484,338
Equities and Real Estate Funds	23,884,162	19,069,849
Investment in Limited Partnerships	9,927	246,524
Total Investments	\$ 34,613,968	\$ 27,455,761

During the year ended June 30, 2017, the Foundation received 35,678 shares of a privately held limited liability company (LLC) with a value of \$720,000. These shares were sold, and the Foundation received \$829,387 and recognized a realized gain of \$222,307. The Foundation also received other shares with a value of \$9,927 and 246,524 as of June 30, 2019 and 2018, respectively, from this transaction which are recorded on their Statements of Assets, Liabilities, and Net Assets - Modified Cash Basis.

During the year ended June 30, 2019, the Foundation received shares of another LLC. These shares were sold and the Foundation received \$2,886,623. An escrow account was established with an agent to hold the funds, up to twelve (12) months, with a total remaining amount of \$9,927.

NOTE 4 INVESTMENT INCOME

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

	2019	2018
Interest and Dividends	\$ 623,986	\$ 460,931
Net Unrealized Gain	716,816	840,384
Net Realized Gain	1,394,096	1,157,236
Investment Management Fees	(109,156)	(101,631)
Total	\$ 2,625,742	\$ 2,356,920

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:

COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 5 FAIR VALUE MEASUREMENT (CONTINUED)

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).

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 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.

Following is a description of the valuation methodologies used for assets measured at fair value:

Bonds and Fixed Income Funds: Comprised of debt security obligations generally valued at the most recent price of the equivalent quoted yield for such securities, or those of comparable maturity, quality, and type.

Equity Securities and Real Estate Fund: Valued at last sales price, if listed on a national market or exchange, or if there is no sale and the market is still considered active, at the last transaction price before year-end.

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.

COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 5 FAIR VALUE MEASUREMENT (CONTINUED)

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

	2019			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Bonds and Fixed Income	\$ 9,937,881	\$ -	\$ -	\$ 9,937,881
Equities and Real Estate Funds	20,708,545	-	-	20,708,545
Equity Securities	3,175,617	-	-	3,175,617
Total Investments at Fair Value	\$ 33,822,043	\$ -	\$ -	\$ 33,822,043
	2018			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Bonds and Fixed Income	\$ 7,484,338	\$ -	\$ -	\$ 7,484,338
Equities and Real Estate Funds	5,606,115	-	-	5,606,115
Equity Securities	13,463,734	-	-	13,463,734
Total Investments at Fair Value	\$ 26,554,187	\$ -	\$ -	\$ 26,554,187

NOTE 6 NOTE RECEIVABLE

On July 12, 2010, Foundations in Learning, Inc. assigned a note receivable of \$200,000 to the Foundation. The note receivable is due on July 12, 2020. Interest on the unpaid principal balance shall be payable in December at a rate of 3.94%. The Foundation recorded interest income of \$7,880, respectively, for the years ended June 30, 2019 and 2018.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions is comprised of contributions to the Foundation for which donor-imposed purpose or time restrictions have not been accomplished. These contributions will be released to net assets without donor restrictions as the contributions are spent in accordance with the donor restrictions.

Net assets with donor restrictions are available for the following purpose or time periods as of June 30:

	2019	2018
Time	\$ 209,926	\$ 476,174

COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 8 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, 2019 and 2018, administrative fee revenue and expenses charged within the Foundation totaled \$420,400 and \$303,450, respectively.

NOTE 9 DISCLOSURE ABOUT CERTAIN CONCENTRATIONS

Cash Balances

The Foundation maintains its cash accounts in banks in Johnson County Iowa. As of June 30, 2019, cash balances in two accounts 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. As of June 30, 2019, the Foundation had cash balances on deposit of \$1,147,086 in one bank.

Credit

The Foundation is supported primarily through contributions from individuals, businesses, and agencies. For the years ended June 30, 2019 and 2018 the source and amount of the revenue and the approximate percentage of total revenue from these sources are as follows:

Source	2019		2018	
	Amount	Percentage	Amount	Percentage
Individual A	\$ 150	0%	\$ 350,000	13%
Individual B	400,000	5%	320,082	12%
Individual C	1,197,938	16%	-	0%
Individual D	1,197,938	16%	-	0%
Individual E	1,015,736	14%	-	0%

NOTE 10 INTERFUND TRANSFERS

The Foundation's board approved \$103,482 and \$243,885 of grants for the years ended June 30, 2019 and 2018, respectively. These grants represent transfers between funds held by the Foundation. The revenue and expense are eliminated during the preparation of the financial statements.

**COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 11 COMMITMENTS

The Foundation entered into a lease agreement prior to June 30, 2019 for office space in Coralville, Iowa. The lease requires an initial monthly payment of \$3,995 per month (base rent and common area maintenance and charges). The lease term begins September 1, 2019 and expires August 31, 2029.

Future minimum lease payments under the lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 39,947
2021	49,617
2022	53,858
2023	55,440
2024	56,426
Thereafter	<u>308,314</u>
	<u><u>\$ 563,602</u></u>

NOTE 12 SUBSEQUENT EVENTS

Management evaluated subsequent events through November 4, 2019, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2019, but prior to November 4, 2019 that provided additional evidence about conditions that existed at June 30, 2019, have been recognized in the financial statements for the year ended June 30, 2019. Events or transactions that provided evidence about conditions that did not exist at June 30, 2019 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, 2019.

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