

**COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

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

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

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, 2023 and 2022, and the related statements of revenue, expenses, and change in net assets – modified cash basis, and functional expenses – modified cash basis 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 assets, liabilities, and net assets of the Foundation as of June 30, 2023 and 2022, and its revenue, expenses, and change in net assets for the years then ended in accordance with the modified cash basis of accounting.

#### ***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 the 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 the modified cash basis of accounting, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 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 the 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.

Board of Directors  
Community Foundation of Johnson County, Iowa

***Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting as described in Note 1. 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Cedar Rapids, Iowa  
October 25, 2023

**COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA  
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS –  
MODIFIED CASH BASIS  
JUNE 30, 2023 AND 2022**

<b>ASSETS</b>	2023	2022
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,169,661	\$ 1,644,361
Certificates of Deposit	675,000	-
Investments	46,844,356	43,256,427
Total Current Assets	48,689,017	44,900,788
<b>PROPERTY AND EQUIPMENT</b>		
Building	436,849	436,849
Land	28,100	28,100
Equipment	22,025	22,025
Less: Accumulated Depreciation	(49,618)	(38,172)
Total Property and Equipment, Net	437,356	448,802
<b>OTHER ASSETS</b>		
Note Receivable	200,000	200,000
Other	1,206	1,206
Certificate of Deposit, Long-Term	226,214	-
Total Other Assets	427,420	201,206
Total Assets	\$ 49,553,793	\$ 45,550,796
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accrued Expenses and Other Liabilities	\$ 12,977	\$ 12,008
Current Portion Note Payable	15,047	14,683
Total Current Liabilities	28,024	26,691
Long-Term Note Payable, Less Current Portion above	318,511	333,559
Total Liabilities	346,535	360,250
<b>NET ASSETS</b>		
Without Donor Restrictions	49,007,258	44,990,546
With Donor Restrictions	200,000	200,000
Total Net Assets	49,207,258	45,190,546
Total Liabilities and Net Assets	\$ 49,553,793	\$ 45,550,796

See accompanying Notes to Financial Statements.

**COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA  
STATEMENT OF REVENUE, EXPENSES, AND CHANGE IN NET ASSETS –  
MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE</b>			
Contributions	\$ 3,148,502	\$ -	\$ 3,148,502
Administrative Fees	617,086	-	617,086
Investment Income, Net	4,002,350	-	4,002,350
Other	40,226	-	40,226
Net Assets Released from Restriction	-	-	-
Total Revenue	7,808,164	-	7,808,164
<b>EXPENSES</b>			
Program Services	3,028,683	-	3,028,683
Management and General	467,494	-	467,494
Fundraising	295,275	-	295,275
Total Expenses	3,791,452	-	3,791,452
<b>CHANGE IN NET ASSETS</b>	4,016,712	-	4,016,712
Net Assets - Beginning of Year	44,990,546	200,000	45,190,546
<b>NET ASSETS - END OF YEAR</b>	\$ 49,007,258	\$ 200,000	\$ 49,207,258

See accompanying Notes to Financial Statements.

**COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA  
STATEMENT OF REVENUE, EXPENSES, AND CHANGE IN NET ASSETS –  
MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE</b>			
Contributions	\$ 5,728,670	\$ -	\$ 5,728,670
Administrative Fees	682,137	-	682,137
Investment Income, Net	(7,387,475)	-	(7,387,475)
Other	14,859	-	14,859
Net Assets Released from Restriction	-	-	-
Total Revenue	(961,809)	-	(961,809)
<b>EXPENSES</b>			
Program Services	3,043,855	-	3,043,855
Management and General	456,719	-	456,719
Fundraising	274,140	-	274,140
Total Expenses	3,774,714	-	3,774,714
<b>CHANGE IN NET ASSETS</b>	(4,736,523)	-	(4,736,523)
Net Assets - Beginning of Year	49,727,069	200,000	49,927,069
<b>NET ASSETS - END OF YEAR</b>	\$ 44,990,546	\$ 200,000	\$ 45,190,546

See accompanying Notes to Financial Statements.



**COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA  
STATEMENT OF FUNCTIONAL EXPENSES –  
MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2023**

<b>EXPENSES</b>	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 161,917	\$ 122,240	\$ 77,208	\$ 361,365
Payroll Taxes and Fringe Benefits	28,192	21,284	13,443	62,919
Professional Fees and Contract Services	7,577	5,719	3,613	16,909
Supplies	27,156	20,502	12,949	60,607
Donor Support	276,498	208,744	131,844	617,086
Postage, Shipping, and Delivery	1,159	874	553	2,586
Telephone	1,012	764	483	2,259
Occupancy	7,397	5,584	3,527	16,508
Taxes and Licenses	32,828	24,784	15,654	73,266
Insurance	2,670	2,015	1,273	5,958
Travel	8,113	6,125	3,869	18,107
Annual Report and Board Membership Dues and Subscriptions	1,187	896	566	2,649
Advertising	1,799	1,358	858	4,015
Depreciation	15,551	11,740	7,415	34,706
Miscellaneous	5,128	3,872	2,445	11,445
Grants	41,052	30,993	19,575	91,620
	<u>2,409,447</u>	<u>-</u>	<u>-</u>	<u>2,409,447</u>
Total Functional Expenses	<u>\$ 3,028,683</u>	<u>\$ 467,494</u>	<u>\$ 295,275</u>	<u>\$ 3,791,452</u>

See accompanying Notes to Financial Statements.

**COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA  
STATEMENT OF FUNCTIONAL EXPENSES –  
MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2022**

<b>EXPENSES</b>	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 131,798	\$ 116,042	\$ 71,943	\$ 319,783
Payroll Taxes and Fringe Benefits	21,607	19,024	11,794	52,425
Professional Fees and Contract Services	10,737	9,453	5,861	26,051
Supplies	28,802	18,432	6,371	53,605
Donor Support	281,141	247,534	153,462	682,137
Postage, Shipping, and Delivery	658	580	359	1,597
Telephone	929	818	507	2,254
Occupancy	6,204	5,599	3,329	15,132
Taxes and Licenses	2,209	1,707	1,105	5,021
Insurance	2,479	2,182	1,353	6,014
Travel	5,176	4,000	2,588	11,764
Annual Report and Board Membership Dues and Subscriptions	1,502	1,161	751	3,414
Advertising	1,422	1,099	711	3,232
Depreciation	11,082	10,001	5,946	27,029
Miscellaneous	6,778	5,966	3,700	16,444
Grants	80,674	13,121	4,360	98,155
	<u>2,450,657</u>	<u>-</u>	<u>-</u>	<u>2,450,657</u>
Total Functional Expenses	<u>\$ 3,043,855</u>	<u>\$ 456,719</u>	<u>\$ 274,140</u>	<u>\$ 3,774,714</u>

See accompanying Notes to Financial Statements.

**COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**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 connecting communities who care with causes that matter to support sustainable change.

**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, 2023 AND 2022**

**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:

<b>Type of Endowed Fund</b>	<b>Description of Fund</b>
Without Donor Restrictions	The donor has made a contribution of cash or assets to a discretionary fund at the Foundation which is invested in perpetuity. The Foundation will make distributions (grants) from the total income of the fund according to the annual board-approved spending policy to 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 Foundation will make distributions (grants) from the total income of the fund according to the annual board-approved spending policy. The donor, or someone the donor names, makes recommendations 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 Foundation will make distributions (grants) from the total income of the fund according to the annual approved spending policy 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 of assets to an endowed fund at the Foundation which is invested in perpetuity. The Foundation will make distributions (grants) from the total income of the fund according to the annual board-approved spending policy 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, 2023 AND 2022**

**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.

**Certificates of Deposit**

Certificates of deposit consist of non-brokered certificates with original maturities of more than three months and are recorded at cost plus accrued interest which approximates fair value.

**Investments**

Marketable securities are carried at fair value, except for the money market funds, 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.

Investments in Limited Partnerships are carried at the lower of their original cost basis or net realizable value. The original cost basis is the contribution value at the contribution date.

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's permitted investments include 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 statements 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.

**COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments (Continued)**

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) providing an offset to the effects of inflation.

*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 fiscal 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.

**Property and Equipment**

Property and equipment purchased 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 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.

**Impairment of Long-Lived Assets**

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

**Note Receivable**

All note receivables are valued at the lower of cost or net realizable value.

**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.

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

**COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**Income Taxes**

The Foundation is exempt from federal income tax as a foundation described in Section 501(c)(3) of the Internal Revenue Code (IRC) 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.

**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, 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:

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,169,661	\$ 1,644,361
Certificates of Deposit	675,000	-
Investments	46,197,211	42,259,994
Total	<u>\$ 47,366,872</u>	<u>\$ 43,904,355</u>

**COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 3 INVESTMENTS**

Investments consist of the following as of June 30:

	2023	2022
Money Market	\$ 500,680	\$ 1,254,607
Bonds and Fixed Income	11,513,060	10,858,622
Equities and Real Estate Funds	34,183,471	30,146,765
Investment in Limited Liability Corporations	647,145	996,433
Total Investments	\$ 46,844,356	\$ 43,256,427

**NOTE 4 INVESTMENT INCOME**

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

	2023	2022
Interest and Dividends	\$ 1,019,871	\$ 755,642
Net Unrealized Gain (Loss)	1,078,083	(10,462,910)
Net Realized Gain	2,061,120	2,492,472
Investment Management Fees	(156,724)	(172,679)
Total	\$ 4,002,350	\$ (7,387,475)

**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).

*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.



**COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 5 FAIR VALUE MEASUREMENT (CONTINUED)**

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, Exchange Traded Products, and Real Estate Funds:* 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.

*Government Notes:* Valued at the most recent price of the equivalent quoted yield for such securities, or those of comparable maturity, quality, and type.

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

	2023			Total
	Level 1	Level 2	Level 3	
Mutual Funds:				
Bonds and Fixed Income	\$ 8,648,600	\$ -	\$ -	\$ 8,648,600
Equities and Real Estate Funds	28,411,952	-	-	28,411,952
Exchange Traded Products:				
Fixed Income	1,968,706	-	-	1,968,706
Equities	181,091	-	-	181,091
Real Estate	655,778	-	-	655,778
Equity Securities	4,934,649	-	-	4,934,649
Government Notes	-	895,755	-	895,755
Total Investments at Fair Value	<u>\$ 44,800,776</u>	<u>\$ 895,755</u>	<u>\$ -</u>	45,696,531
Money Market				500,680
Investment in Limited Liability Corporations				647,145
Total Investments				<u>\$ 46,844,356</u>

**COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 5 FAIR VALUE MEASUREMENT (CONTINUED)**

	2022			Total
	Level 1	Level 2	Level 3	
Mutual Funds:				
Bonds and Fixed Income	\$ 8,728,757	\$ -	\$ -	\$ 8,728,757
Equities and Real Estate Funds	22,619,050	-	-	22,619,050
Exchange Traded Products:				
Fixed Income	2,129,865	-	-	2,129,865
Equities	3,226,652	-	-	3,226,652
Equity Securities	4,301,063	-	-	4,301,063
Total Investments at Fair Value	<u>\$ 41,005,387</u>	<u>\$ -</u>	<u>\$ -</u>	41,005,387
Money Market				1,254,607
Investment in Limited Liability Corporations				996,433
Total Investments				<u>\$ 43,256,427</u>

The Foundation received a contribution of 377,358 units of a privately held limited liability company (LLC). At the date of the contribution, the aggregate fair value of the units was estimated to be approximately \$2,400,000. Subsequent to receipt of the units, the Foundation received \$1,434,441 of cash as of June 30, 2023 and 2022. The Foundation decreased the value of this holding by \$335,371 based upon a valuation received during the year ended June 30, 2023. The Foundation has recognized an investment in the LLC of \$630,188 and \$965,559 as of June 30, 2023 and 2022, respectively.

Additionally, the Foundation received a contribution of 2,222 units of a different LLC. At the date of the contribution, the aggregate fair value of the units was estimated to be approximately \$2,400,000. Subsequent to receipt of the units, the Foundation received \$2,837,611 and \$2,823,694 of cash as of June 30, 2023 and 2022, respectively. The Foundation has recognized an investment in the LLC, equal to the escrow balance held at year end, of \$16,957 and \$30,874 as of June 30, 2023 and 2022, respectively.

**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 was due on July 12, 2020; however, was extended and is now due on July 12, 2025. Interest on the unpaid principal balance shall be payable at a rate of 3.94%. The Foundation recorded interest income of \$7,880 for the years ended June 30, 2023 and 2022.

**NOTE 7 NOTE PAYABLE**

The Foundation has a note payable to a local bank for the purchase of property. The note payable has an interest rate of 2.57% of the unpaid balance. The note requires monthly payments, principal and interest, of \$1,965 beginning March 1, 2021 and a final payment equal to all unpaid principal and accrued interest on February 1, 2026, the maturity date.

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**NOTE 7 NOTE PAYABLE (CONTINUED)**

Future maturity of the note payable is as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2024	\$ 15,047
2025	15,467
2026	303,044
Total	<u><u>\$ 333,558</u></u>

**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are 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:

	<u>2023</u>	<u>2022</u>
Time	<u>\$ 200,000</u>	<u>\$ 200,000</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, 2023 and 2022, administrative fee revenue and expenses charged within the Foundation totaled \$617,086 and \$682,137, respectively.

**NOTE 10 DISCLOSURE ABOUT CERTAIN CONCENTRATIONS**

**Cash Balances**

The Foundation maintains its cash accounts and certificates of deposit in financial institutions in Johnson County, Iowa. As of June 30, 2023, balances were insured by the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (NCUA), up to \$250,000 per depositor. Balances in excess of FDIC and NCUA limits are uninsured. As of June 30, 2023, the Foundation had no balances greater than FDIC and NCUA coverage.

The Foundation is also a part of an Insured Cash Sweep (ICS) Deposit Placement Agreement with a bank. The bank will transfer funds from accounts at that bank to be placed in deposit accounts at other depository institutions that are insured by the FDIC. As of June 30, 2023, the Foundation had cash in the ICS account of \$980,000.

**COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA**  
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**NOTE 10 DISCLOSURE ABOUT CERTAIN CONCENTRATIONS (CONTINUED)**

**Credit**

The Foundation is supported primarily through contributions from individuals, businesses, and agencies. For the years ended June 30, 2023 and 2022, the source and amount of the revenue and the approximate percentage of total revenue from these sources are as follows:

Source	2023		2022	
	Amount	Percentage	Amount	Percentage
Individual A	\$ 467,500	12 %	\$ 200,000	3 %
Individual B	-	-	1,200,000	19
Individual C	-	-	1,200,000	19
Individual D	-	-	750,000	12

**NOTE 11 INTERFUND TRANSFERS**

The Foundation's board approved \$219,844 and \$390,000 of grants for the years ended June 30, 2023 and 2022, respectively. These grants represent transfers between funds held by the Foundation. The revenue and expense are eliminated during the preparation of the financial statements.

**NOTE 12 RETIREMENT PLAN**

The Foundation sponsors a deferred compensation and retirement plan qualified under Section 403(b) of the IRC. The plan is available to all employees who have completed one year of service, during which they have worked at least 1,000 hours, and who have attained age 21. The Foundation makes a contribution to the plan each year equal to 100% of elective deferrals that do not exceed 3% of compensation plus 50% of elective deferrals between 3% and 5% of an employee's compensation. The Foundation may make discretionary contributions. If the Foundation makes a discretionary additional matching contribution, the discretionary additional matching contribution will not apply as to the elective deferrals exceeding 6% of the employees' compensation. The total amount of this discretionary additional matching contribution will not exceed 4% of employees' compensation. The Foundation's expense under this plan was \$13,203 and \$12,201 for the years ended June 30, 2023 and 2022, respectively.

**NOTE 13 RISKS AND UNCERTAINTIES**

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

**COMMUNITY FOUNDATION OF JOHNSON COUNTY, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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 October 25, 2023, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2023, but prior to October 25, 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.