

IOWA 4-H FOUNDATION

Independent Auditors' Report

Financial Statements

June 30, 2019

IOWA 4-H FOUNDATION

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INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Iowa 4-H Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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.

Quality Service With Integrity Since 1972

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Iowa 4-H Foundation as of June 30, 2019 and 2018, 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.

Henkel + Associates, P.C.

Boone, Iowa
October 12, 2019

IOWA 4-H FOUNDATION
Statements of Financial Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 469,671.	374,374.
Contributions receivable	2,042.	1,929.
Grant receivable	35,000.	35,000.
Prepaid insurance	4,265.	4,529.
Prepaid expenses	49,903.	37,451.
Total current assets	<u>560,881.</u>	<u>453,283.</u>
Property and equipment	3,984,372.	3,587,651.
Accumulated depreciation	<u>(2,551,614.)</u>	<u>(2,500,217.)</u>
	1,432,758.	1,087,434.
Other assets:		
Investments	10,291,248.	10,001,456.
Contributions receivable - long term	<u>56,227.</u>	<u>49,720.</u>
Total other assets	<u>10,347,475.</u>	<u>10,051,176.</u>
 Total assets	 <u>\$ 12,341,114.</u>	 <u>11,591,893.</u>
 Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 5,541.	-
Accrued wages	4,165.	3,723.
Deferred income	20,000.	-
Total current liabilities	<u>29,706.</u>	<u>3,723.</u>
 Long term liabilities:		
Deferred income	<u>65,000.</u>	<u>-.</u>
 Total liabilities	 <u>94,706.</u>	 <u>3,723.</u>
 Net assets:		
Without donor restrictions	4,747,545.	4,318,216.
Board designated	<u>9,042.</u>	<u>71,841.</u>
Total without donor restrictions	4,756,587.	4,390,057.
With donor restrictions	<u>7,489,821.</u>	<u>7,198,113.</u>
Total net assets	<u>12,246,408.</u>	<u>11,588,170.</u>
 Total liabilities and net assets	 <u>\$ 12,341,114.</u>	 <u>11,591,893.</u>

The notes to the financial statements are an integral part of these statements.

IOWA 4-H FOUNDATION
 Statements of Activities
 Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, other support and assets released from restrictions						
Contributions, grants, sales, farm income and miscellaneous revenues	\$ 653,325.	1,235,058.	1,888,383.	\$ 762,199.	988,793.	1,750,992.
In-kind contributions	39,214.	49,001.	88,215.	54,198.	42,201.	96,399.
Investment income, net of fees	125,158.	202,353.	327,511.	119,253.	458,775.	578,028.
Gain on sale of assets	5,900.	-.	5,900.	2,165.	-.	2,165.
Unrealized (losses) gains on investments	(7,884.)	(6,419.)	(14,303.)	(41,823.)	(111,014.)	(152,837.)
Net assets released from restrictions:						
Expiration of time restrictions	(18,051.)	18,051.	-.	(8,292.)	8,292.	-.
Satisfaction of program restrictions	1,215,336.	(1,215,336.)	-.	635,206.	(635,206.)	-.
Donor imposed restrictions	(9,000.)	9,000.	-.	(14,118.)	14,118.	-.
Expenses	2,003,998.	291,708.	2,295,706.	1,508,788.	765,959.	2,274,747.
Program services:						
Clover Woods	359,009.	-.	359,009.	332,019.	-.	332,019.
County Support	251,997.	-.	251,997.	251,848.	-.	251,848.
State 4-H Programs	431,294.	-.	431,294.	149,489.	-.	149,489.
Individual Member Support	182,555.	-.	182,555.	182,385.	-.	182,385.
Supporting services:	1,224,855.	-.	1,224,855.	915,741.	-.	915,741.
Management and general	180,823.	-.	180,823.	178,020.	-.	178,020.
Fund raising	231,790.	-.	231,790.	264,753.	-.	264,753.
Changes in net assets	1,637,468.	-.	1,637,468.	1,358,514.	-.	1,358,514.
	366,530.	291,708.	658,238.	150,274.	765,959.	916,233.
Net assets - beginning of year	4,390,057.	7,198,113.	11,588,170.	4,239,783.	6,432,154.	10,671,937.
Net assets - end of year	\$ 4,756,587.	7,489,821.	12,246,408.	\$ 4,390,057.	7,198,113.	11,588,170.

The notes to the financial statements are an integral part of this statement.

IOWA 4-H FOUNDATION
 Statements of Functional Expenditures
 Years Ended June 30, 2019 and 2018

	2019			2018		
	Program Services	Supporting Services Management and General	Fund Raising	Program Services	Supporting Services Management and General	Fund Raising
Area/local programs	\$ 990.	-	-	\$ 3,113.	-	-
Bad contribution expense	490.	4,095.	4,095.	4,078.	10,215.	10,315.
Board expenses	855.	1,368.	817.	370.	593.	354.
Camp program	243,551.	-	-	205,918.	-	-
Camp site	28,976.	-	-	34,370.	-	-
Credit card/bank fees	753.	-	878.	435.	-	642.
Depreciation	51,397.	-	-	47,497.	-	-
Donor expenses	7,858.	-	-	7,921.	-	-
Financial aid program	200,207.	-	32,878.	169,821.	-	23,662.
Foundation service fees	1,493.	-	1,157.	2,420.	-	-
Insurance	1,437.	2,334.	1,827.	1,264.	2,205.	1,190.
Legal	-	168.	-	6,054.	168.	-
Marketing	1,479.	50.	4,788.	2,142.	70.	4,446.
Newsletter	9,950.	504.	9,700.	7,739.	762.	9,770.
Office expenses	6,491.	10,643.	9,481.	5,188.	9,632.	10,062.
Other professional services	2,000.	10,200.	-	-	9,331.	-
Professional audit fees	-	35,500.	-	-	35,000.	-
Product sales	-	-	200.	-	-	1,142.
Program development fee assistance	15,870.	-	-	21,990.	-	-
Program expenses	579,597.	-	-	335,287.	-	-
Recruitment and relocation	-	-	-	-	190.	-
Rent	2,262.	3,708.	3,304.	2,033.	3,773.	3,940.
Salaries and benefits	68,469.	112,253.	100,003.	57,080.	105,949.	110,660.
Special events	161.	-	61,325.	126.	-	85,319.
Travel	569.	-	1,337.	895.	132.	1,331.
	<u>\$ 1,224,855.</u>	<u>180,823.</u>	<u>231,790.</u>	<u>\$ 915,741.</u>	<u>178,020.</u>	<u>264,753.</u>
						<u>1,358,514.</u>

The notes to the financial statements are an integral part of this statement.

IOWA 4-H FOUNDATION
Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Increase in net assets	\$ 658,238.	916,233.
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	51,397.	47,497.
Unrealized losses (gains) on investments	14,303.	152,837.
Realized (gains) losses on sale of investments	(327,511.)	(578,028.)
Realized (gain) loss on sale of property	(5,900.)	(2,165.)
Contributions received and investment income restricted for long term purposes	(13,944.)	(29,959.)
Decrease (increase) in:		
Contributions receivable	(6,620.)	18,211.
Grant receivable	-	(35,000.)
Prepaid insurance	264.	(1,883.)
Prepaid expenses	(12,452.)	(4,333.)
Increase (decrease) in:		
Accounts payable	5,541.	(3,135.)
Accrued wages	442.	(1,135.)
Deferred income	85,000.	-
Net cash flows provided by operating activities	<u>448,758.</u>	<u>469,140.</u>
Cash flows from investing activities:		
Purchase of investments	(419,951.)	(599,836.)
Purchase of property and equipment	(396,721.)	(82,913.)
Proceeds from sale of property	5,900.	9,590.
Proceeds from sale of investments	443,367.	372,856.
Net cash flows used by investing activities	<u>(367,405.)</u>	<u>(300,303.)</u>
Cash flows from financing activities:		
Contributions received and investment income restricted for long term purposes	13,944.	29,959.
Net cash flows provided by financing activities	<u>13,944.</u>	<u>29,959.</u>
Net increase (decrease) in cash and cash equivalents	95,297.	198,796.
Cash and cash equivalents - beginning of year	<u>374,374.</u>	<u>175,578.</u>
Cash and cash equivalents - end of year	<u>\$ 469,671.</u>	<u>374,374.</u>

The notes to the financial statements are an integral part of these statements.

IOWA 4-H FOUNDATION
Notes to the Financial Statements
June 30, 2019 and 2018

Note 1 - Accounting Policies

- a) The Iowa 4-H Foundation is a not-for-profit organization incorporated in June 1949. The Foundation's mission is to provide financial resources for youth development through 4-H.
- b) Program Descriptions:
- Clover Woods Camp & Retreat Center – the Iowa 4-H Foundation was created in 1949 with the original purpose to collect donations for and support a state 4-H camp, formerly the Iowa 4-H Center. The camp was re-named Clover Woods Camp & Retreat Center (Clover Woods) in 2017. The Foundation owns the *camp* property and facilities and contracted with United Camps Conferences and Retreats to manage the rental of the facility. The Foundation maintains and improves the camp's existing facilities: five villages that can house over 300 young people, ropes course, climbing tower, zip line, archery and shooting range, a swimming pool, and tornado shelter. Foundation support allows 4-H youth and outside groups to use the camp for outdoor activities and programs, accessing hiking trails, a pond, and outdoor adventures on 1,100 acres along the Des Moines River.
 - County Support – 4-H programs exist in every Iowa county, and the Foundation raises money to enhance these local programs. County support, including provision of County Endowments, assists with funding for club programs, provides grants for 4-H community service projects, and contributes funding for out-of-county and out-of-state experiences.
 - State 4-H Programs – state-wide 4-H programs provide leadership opportunities and support for some of Iowa 4-H's largest activities, programs, and project areas. Support for State 4-H Conference helps keep the event's registration fees low so over 850 youth are able to attend every year. The Foundation helps underwrite 4-H State Council, STEM programs (like the Bratney Robotics Challenge) and supports 4-H animal science programs, volunteer development and recognition, Clover Kids K-3 4-H programs, and alumni engagement activities.
 - Individual Member Support – the Foundation provides more than 90 college scholarships on the state level, and also solicits support for special 4-H project awards and annual recognition trips like National 4-H Conference and National 4-H Congress. Additionally, donors help underwrite the participation fees for individual 4-H members, insuring no child is turned away from a 4-H club experience because of the cost.
- c) The Foundation uses the accrual method of accounting whereby revenues are recognized when earned and expenditures are recorded as the obligation is incurred.

IOWA 4-H FOUNDATION
Notes to the Financial Statements
June 30, 2019 and 2018

Note 1 - Accounting Policies (continued)

d) Basis of Presentation:

The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the foundation. The Foundation's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

- e) Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the donor restrictions or time restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Donated services which require a specialized skill, such as professional services, are reflected in the statement of activities at their fair value. Materials or other nonfinancial assets, or services which enhance them, received as donations are recorded and reflected in the financial statements at their fair values at the date of receipt. Volunteers also provided program, fundraising, and management and general services throughout the year that are not recognized as contributions in the financial statements since they do not require a specialized skill. The Foundation received more than 4,570 and 2,950 volunteer hours for 2019 and 2018, respectively.

- f) The costs of providing various programs, fundraising and other activities have been allocated among the programs and fundraising activities benefited.

IOWA 4-H FOUNDATION
Notes to the Financial Statements
June 30, 2019 and 2018

Note 1 - Accounting Policies (continued)

- g) Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.
- h) Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. Advertising expense for the years ended June 30, 2019 and 2018 was \$6,317. and \$6,658. respectively.
- i) The Foundation provides to employees paid vacation and sick days, depending on length of service and other factors. It is impractical to estimate the amount of compensation for future sick leave and, accordingly, no liability has been recorded in the accompanying financial statements. The Foundation's policy is to recognize the costs of accrued sick time when actually paid to employees.
- j) On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and lack of consistency in the type of information provided about expenses and investment return. The Foundation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.
- k) Deferred income represents donations received and restricted for use in events in future years.

Note 2 - Income Taxes

No provision has been made for income taxes. The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of FASB ASC 740-10 would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the statements of activities or accrued in the statements of financial position. The Foundation's federal not-for-profit tax return (Form 990) is generally open to examination by the relevant taxing authorities for a period of three years from the date the return is filed.

IOWA 4-H FOUNDATION
Notes to the Financial Statements
June 30, 2019 and 2018

Note 3 - Financial Instruments

Concentrations of Credit Risk Arising From Cash Deposits In Excess of Insured Limits

Cash on hand at financial banking institutions exceeded the federally insured limit by various amounts during the years ended June 30, 2019 and 2018. Cash balances can fluctuate widely during the year and the Foundation monitors the financial institutions in which it invests funds and attempts to keep its potential risk to a minimum.

Concentrations of Credit Risk Due To Contributions

Although the Foundation receives contributions from donors all over the country, a large portion of the donors are located in Iowa. The giving level and collectability of contributions receivable could be affected by a change in the Iowa economy.

Note 4 - In-Kind Contributions and Contribution of Use of Property

Donated goods and services recorded and reflected in the financial statements totaled \$78,941. and \$86,653. for 2019 and 2018 respectively. Of the goods and services received in 2019 and 2018, \$12,750. and \$12,500., respectively, were for management and general expenses, and \$49,001 and \$46,951. in 2019 and 2018, respectively were for program expenses. Of the goods donated in 2019 and 2018, \$17,190. and \$27,202., respectively, were to be sold and use of the funds was not restricted.

Iowa State University provided the free use of approximately 890 square feet of office space in 2019 and 2018, respectively. The fair value of similar space in the area is estimated to be about \$10.73 and \$10.95 per square foot per year for the years ended June 30, 2019 and 2018, respectively. The Foundation has recorded a contribution and rent expense of \$9,274. and \$9,746. for the years ended June 30, 2019 and 2018, respectively.

Note 5 - Risks and Uncertainties

The Foundation is exposed to various risks in the normal course of business such as damage to and destruction of assets, natural disasters, theft, injuries to employees, loss of major customers, suppliers or donors, deterioration of the economy in its geographical business area, and other unforeseen events. Additionally, the value of its investments can fluctuate with the state of various world markets. The Foundation minimizes its exposure to these risks as much as possible through diversification and other methods, and acquires insurance when it feels appropriate.

Note 6 - Contributions Receivable

Unconditional promises to give are reported at net realizable value if at the time the contribution is promised payment is expected to be received in one year or less. Unconditional contributions that are expected to be collected in more than one year are reported at fair value using present value techniques and historical discount rates.

IOWA 4-H FOUNDATION
Notes to the Financial Statements
June 30, 2019 and 2018

Note 6 - Contributions Receivable (continued)

Unconditional contributions receivable at June 30, 2019 and 2018, are as follows:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 8,824.	12,260.
Receivable in one to five years	63,567.	55,983.
Receivable in more than five years	<u>4,680.</u>	<u>7,175.</u>
 Total unconditional contributions	 77,071.	 75,418.
 Less discounts to net present value	 3,802.	 3,769.
Less allowance for uncollectible contributions receivable	<u>15,000.</u>	<u>20,000.</u>
 Net unconditional contributions	 \$ <u>58,269.</u>	 <u>51,649</u>

Contributions receivable in one or more years are discounted using a rate of 2% per annum.

Note 7 - Supplemental Disclosure of Cash Flow Information

Cash paid for interest and income taxes during 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Interest	\$ - .	- .
Taxes	- .	- .

Cash and cash equivalents consist of cash and highly-liquid securities having original maturities of three months or less.

Noncash investing and operating activities consisted of acquiring equipment through the trade of equipment donated to the Foundation in a prior year.

Note 8 - Commitments and Contingencies

Camp Agreement

The Foundation entered into an agreement with a nonprofit organization, United Camps, Conferences and Retreats (UCCR), on February 10, 2017 running through December 31, 2019 for the management and care of the Foundation's camp facilities, Clover Woods, previously operated as the Iowa 4-H Center. The agreement was terminated by the Foundation effective December 31, 2019. UCCR maintained the liability and replacement insurance for the property, which was paid for out of the operating funds of the camp. The Foundation shall pay UCCR an administrative fee of 24% of camp revenues. The Foundation transferred funds to UCCR annually to cover the cash flow requirements of the camp operations. The balance of the remaining funds at June 30, 2019 and 2018 was \$44,903. and \$21,504., respectively.

IOWA 4-H FOUNDATION
Notes to the Financial Statements
June 30, 2019 and 2018

Note 8 - Commitments and Contingencies (continued)

Land Sale Agreement

The Foundation entered into an agreement with the Arboretum in June 2018, whereby the Foundation sold 80 acres of land to the Arboretum for a total of \$12,500., the lease with the Arboretum was terminated, and the land was released from encumbrance.

Note 9 - Prepaid Insurance and Expenses

Prepaid insurance consists of insurance premiums that have been paid in advance of their respective policy periods. Directors' and officers' liability insurance and employee dishonesty insurance policies are paid annually while commercial property and umbrella policies which have a policy period of one year, were paid monthly. Prepaid insurance for the years ended 2019 and 2018 was \$4,265. and \$4,529., respectively. Insurance expense for the years ended 2019 and 2018 was \$5,598. and \$5,389., respectively.

Prepaid expenses as of June 30, 2019 and 2018 consist of \$5,000., respectively, on deposit with Iowa State University for service reimbursements, \$10,194. for a software subscription for 2018, and \$44,903. and \$21,504, respectively on deposit with UCCR for camp management, see note 8.

Prepaid insurance and expenses will be expensed as used.

Note 10 - Retirement Plan

The Foundation's payroll services are provided by Oasis (formerly Aureon) and a 401(k) defined contribution plan was established for the Foundation, as part of Oasis's multiple employer 401(k) plan. The costs associated with the retirement plans for the Foundation's employees in 2019 and 2018 were included in the reimbursements to Oasis for salaries and associated costs.

Note 11 - Investments and Investment Return

The Foundation's endowments are invested with the Community Foundation of Greater Des Moines (CFGDM) and with funds of other Iowa State University related entities in a pool of funds with the Iowa State University Treasurer's office (See Note 15). Realized and unrealized gains and losses from the ISU pool are allocated quarterly to the individual endowments based on their relative investment in the pool. Administrative fees are paid to CFGDM and ISU for managing the funds. Fees paid to ISU for the years ended June 30, 2019 and 2018 were \$101,484. and \$95,694., respectively. The total of these investments is included at fair value in the financial statements.

The Foundation has also invested in land, which is included at fair value.

IOWA 4-H FOUNDATION
Notes to the Financial Statements
June 30, 2019 and 2018

Note 11 - Investments and Investment Return (continued)

The Foundation entered into an agreement with CFGDM to create a charitable endowment fund to be managed by CFGDM. Unrestricted funds of the Foundation were transferred to CFGDM during the 2014 fiscal year. The funds shall be invested in the portfolio selected by the Foundation and held and invested according to the CFGDM current investment policy.

Distributions in accordance with the CFGDM spending rate can be requested by the Foundation not more frequently than quarterly; the CFGDM spending rate is 5% of the fund balance as of December 31st of the previous year. Requests for distributions in excess of the spending rate must be submitted in writing with a Board Resolution signed by two Board officers and then approved by the CFGDM Board. An administrative fee will be calculated on the average daily balance of the preceding quarter and deducted quarterly. Fees paid to CFGDM for the years ended June 30, 2019 and 2018 were \$3,184. and \$3,327., respectively. The total of these investments is included at fair value in the financial statements.

The total amount of investments as of June 30, 2019 and 2018 is detailed as follows:

	<u>2019</u>	<u>2018</u>
<u>Cost</u>		
Land held for investment:		
Boone County	\$ 15,203.	15,203.
Scott County	289,860.	289,860.
ISU investments	5,618,265.	5,302,174.
CFGDM investments	543,096.	555,444.
Other investments	<u>1,001.</u>	<u>-.</u>
	<u>6,467,425.</u>	<u>6,162,681.</u>
 <u>Unrealized Gain (Loss)</u>		
Land held for investment:		
Boone County	899,212.	928,970.
Scott County	1,522,342.	1,515,487.
ISU investments	1,352,972.	1,357,447.
CFGDM investments	49,297.	36,871.
Other investments	<u>-.</u>	<u>-.</u>
	<u>3,823,823.</u>	<u>3,838,775.</u>
 <u>Market Value</u>		
Land held for investment:		
Boone County	914,415.	944,173.
Scott County	1,812,202.	1,805,347.
ISU investments	6,971,237.	6,659,621.
CFGDM investments	592,393.	592,315.
Other investments	<u>1,001.</u>	<u>-.</u>
	<u>\$ 10,291,248.</u>	<u>10,001,456.</u>

IOWA 4-H FOUNDATION
Notes to the Financial Statements
June 30, 2019 and 2018

Note 11 - Investments and Investment Return (continued)

Investment return from all funds is calculated as follows:		
Interest and dividends, net of fees	\$ 2,236.	(26,414.)
Realized gains	<u>325,275.</u>	<u>604,442.</u>
Investment income	327,511.	578,028.
Unrealized (losses) gains	<u>(14,303.)</u>	<u>(152,837.)</u>
Total investment returns	<u>\$ 313,208.</u>	<u>425,191.</u>

Note 12 - Property and Equipment

A summary of property and equipment and accumulated depreciation is as follows:

	<u>2019</u>	<u>2018</u>
<u>Cost</u>		
Land and improvements – Clover Woods	\$ 957,910.	957,910.
Buildings – Clover Woods	2,614,791.	2,235,195.
Equipment	<u>411,671.</u>	<u>394,546.</u>
	<u>3,984,372.</u>	<u>3,587,651.</u>
<u>Accumulated Depreciation</u>		
Land and improvements – Clover Woods	729,247.	726,034.
Buildings – Clover Woods	1,457,134.	1,416,876.
Equipment	<u>365,233.</u>	<u>357,307.</u>
	<u>2,551,614.</u>	<u>2,452,720.</u>
<u>Net Book Value</u>		
Land and improvements – Clover Woods	228,663.	231,876.
Buildings – Clover Woods	1,157,657.	818,319.
Equipment	<u>46,438.</u>	<u>37,239.</u>
	<u>\$ 1,432,758.</u>	<u>1,087,434.</u>

Property and equipment are stated at cost. Addition or improvement items over \$5,000. are capitalized; normal maintenance and repair costs are expensed as incurred.

Property and equipment are depreciated on the straight-line method over their estimated useful lives. Depreciation expense for the years ended June 30, 2019 and 2018 was \$51,397. and \$47,497. respectively.

Note 13 - Restrictions on Net Assets

The Foundation maintains just under three hundred project accounts. The assets in many of these accounts are restricted by donors. Other assets have been designated by the board of directors.

IOWA 4-H FOUNDATION
Notes to the Financial Statements
June 30, 2019 and 2018

Note 13 - Restrictions on Net Assets (continued)

Net assets restricted by donors are summarized and described below:

	2019			2018		
	Board Designated	With Donor Restrictions		Board Designated	With Donor Restrictions	
		Not Held in Perpetuity	Held in Perpetuity		Not Held in Perpetuity	Held in Perpetuity
Clover Woods	\$ 9,042.	113,630.	299,860.	71,841.	186,395.	299,860.
Langwood Reserve	-	28,181.	54,236.	-	27,315.	54,236.
Scholarships	-	351,172.	877,641.	-	322,845.	826,761.
County Endowments	-	4,223,926.	370,452.	-	4,050,535.	341,378.
Dairy Projects	-	62,435.	162,955.	-	61,187.	162,955.
Science, Technology, and Engineering Projects	-	81,809.	-	-	39,075.	-
Various other 4-H Projects	-	443,817.	387,638.	-	397,661.	377,790.
Time restricted	-	32,069.	-	-	50,120.	-
	<u>\$ 9,042.</u>	<u>5,337,039.</u>	<u>2,152,782.</u>	<u>71,841.</u>	<u>5,135,133.</u>	<u>2,062,980.</u>

Clover Woods – Net assets to be used for the camp facilities.

Langwood Reserve – Net assets from the sale of the Langwood Reserve in Louisa County, Iowa in 2000. The net proceeds were restricted in perpetuity for 4-H projects in a seven-county area in Eastern Iowa which includes Louisa County.

Scholarships – More than eighty various net asset accounts which are required to be used for various specific scholarships.

Science, Technology, and Engineering Projects – Net assets used for program and curriculum to be used in technology, science, and engineering programs for/by teachers, leaders, and 4-H youth.

Various Other 4-H Projects – More than eighty net asset accounts to be used for numerous specific 4-H projects.

County Endowments – More than one hundred various net asset endowment accounts to be used at the direction of various Iowa County endowment committees for 4-H projects in their respective counties.

Dairy Projects – Net assets restricted for use in 4-H Dairy Projects.

Time Restricted – Contributions with no donor restriction as to purpose that will not be received in the current year are considered to have a time restriction since one year or more must pass before the contribution is received, and are required to be reported as net assets with donor restrictions. When the contributions are received they will be reclassified to net assets without donor restrictions.

IOWA 4-H FOUNDATION
Notes to the Financial Statements
June 30, 2019 and 2018

Note 13 - Restrictions on Net Assets (continued)

The Board of Directors further designates assets, at its own discretion for certain other specific project uses. These designations are for management purposes only. A summary of board designated assets is as follows:

	<u>2019</u>	<u>2018</u>
Designated by board for camp improvements	\$ <u>9,042.</u>	<u>71,841.</u>

Note 14 - Functional Expenses and Expense Allocation

The costs of providing program and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among programs and the supporting services benefited. The expenses that are allocated include insurance, office expenses and rent, which are allocated based on usage and location, as well as salaries and benefits, donor expenses, board expenses, travel, marketing and newsletter expenses, which are allocated on the basis of estimates of time and effort.

Note 15 - Liquidity

The following represents the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date and amounts set aside for long-term investing in endowments.

Financial assets at year-end:		<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$	469,671.	374,374.
Grant receivable		35,000.	35,000.
Contributions receivable		58,269.	51,649.
Investments		10,291,248.	10,001,456.
Total financial assets		<u>506,713.</u>	<u>411,303.</u>
		<u>11,360,901.</u>	<u>10,873,782.</u>
Less amounts not available to be used within one year:			
Donor-restricted to maintain as an endowment		6,971,237.	6,659,621.
Donor-restricted to maintain as investment		2,727,618.	2,749,520.
Restricted by donor with time		32,069.	50,120.
Restricted by donor with purpose		486,515.	488,372.
Board designated restriction for camp		9,042.	71,841.
		<u>10,226,481.</u>	<u>10,019,474.</u>
Financial assets available to meet general expenditures over the next twelve months	\$	<u>1,134,420.</u>	<u>854,308.</u>

IOWA 4-H FOUNDATION
Notes to the Financial Statements
June 30, 2019 and 2018

Note 16 - Endowment Funds

The Foundation's endowment consists of over one hundred ninety individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds invested by the Board of Trustees with endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Management of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity and classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

a) Investment Return Objectives, Risk Parameters and Strategies:

The Foundation has adopted investment and spending policies approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. The Foundation has delegated investment of its endowment funds held by the Community Foundation of Greater Des Moines to the fund managers of CFGDM, and those held by Iowa State University (ISU) Treasurer's office to ISU. ISU's investment policy is overseen by the Iowa Board of Regents (Regents) under delegation from the State of Iowa. The Regents appoints an Investment Committee and in consultations with the Investment Committee:

- approves investment policies, investment objectives, particular investment strategies, and asset allocations for the institutional investment programs.
- appoints investment advisors.
- receives periodic reports on investment performance results.

IOWA 4-H FOUNDATION
Notes to the Financial Statements
June 30, 2019 and 2018

Note 16 - Endowment Funds (continued)

Iowa State executes transactions in accordance with direction of the Investment Committee.

The Foundation's endowment funds held at ISU are invested in accordance with Regents' directives in a "Long Term Investment Pool". The goal of this pool is to maintain and preserve over time the real (i.e., net of inflation) value of the funds with the intention of obtaining the highest possible total return (current income plus net realized and unrealized appreciation) without exposing the pool to levels of volatility that might significantly affect the principal value of the assets.

The assets are invested in a well diversified asset mix which includes fixed income, U.S. equities, global equities (excluding U.S. equities), private equities, and real assets.

The Foundation's goal is to achieve a consistent inflation-protected rate of return that has sufficient liquidity to make distributions in accordance with the spending policy and grow funds if possible. Therefore, the Foundation expects its endowment assets, over time, to produce an average rate of return of approximately 7.0% annually. Actual returns in any given year may vary from this amount.

b) Spending Policy:

The Iowa 4-H Foundation makes distributions of earnings from scholarship endowments retained in perpetuity each year based on the following guidelines:

- A 4% minimum and 5.5% maximum of the average market value of the endowment balance retained in perpetuity is a guideline, which is calculated from June 30 ending balances over the prior three fiscal years.
- The established scholarship award amount is per the desires of the donor for each individual scholarship if the donor has so designated.
- The distribution of the scholarship amount shall not cause the balance of the earnings account to go into a deficit. If there is a loss on investments creating a deficit in the earnings account, no distributions shall be made until the earnings account again becomes a positive.
- If the desired scholarship award amount is greater than what is available to be distributed from the earnings account, or is vastly outside the established range, the donor/designee has the option to 1) reduce or rescind the scholarship for the current year, or 2) provide for the difference prior to offering the scholarship.
- The Budget and Finance committee will review staff recommendations, and present the recommendation to the board in their committee report once/year. Scholarships will be finalized and offered accordingly.

IOWA 4-H FOUNDATION
Notes to the Financial Statements
June 30, 2019 and 2018

Note 16 - Endowment Funds (continued)

All other endowments retained in perpetuity may spend up to the balance of their earnings account. Exceptions to the distribution limits are made to honor wishes of donors. Funds are available to be transferred from the endowment at the end of each calendar quarter. The Foundation expects the spending policy to allow the endowments to maintain the purchasing power of the fund by keeping pace with inflation.

Assets in endowments with donor restrictions not held in perpetuity may be distributed in full in support of the purpose of each fund as directed by the committee for each respective fund. Funds are available to be transferred from the endowment at the end of each calendar quarter.

Endowment net asset composition by type of fund, invested with ISU, as of June 30, 2019 and 2018 are as follows:

	2019				
	<u>Net Assets with Donor Restrictions</u>		Total Net Endowment Assets	Net Assets Without Donor Restrictions	Total Net Assets Invested in Endowment Pool
	Not Held in Perpetuity	Held in Perpetuity			
Endowment Funds	\$ <u>4,832,967.</u>	<u>1,862,383.</u>	<u>6,695,350.</u>	<u>275,887.</u>	<u>6,971,237.</u>
	2018				
	<u>Net Assets with Donor Restrictions</u>		Total Net Endowment Assets	Net Assets Without Donor Restrictions	Total Net Assets Invested in Endowment Pool
	Not Held in Perpetuity	Held in Perpetuity			
Endowment Funds	\$ <u>4,619,113.</u>	<u>1,768,516.</u>	<u>6,387,629.</u>	<u>271,992.</u>	<u>6,659,621.</u>

Changes in endowment net assets, invested with ISU, as of June 30, 2019 and 2018 are as follows:

	2019				
	<u>Net Assets with Donor Restrictions</u>		Total Net Endowment Assets	Net Assets Without Donor Restrictions	Total Net Assets Invested in Endowment Pool
	Not Held in Perpetuity	Held in Perpetuity			
Endowment net assets, beginning of year	\$ 4,619,113.	1,768,516.	6,387,629.	271,992.	6,659,621.
Contributions	324,283.	94,567.	418,850.	-	418,850.
Investment income, net of fees	(43,192.)	-	(43,192.)	(2,053.)	(45,245.)
Net appreciation	(6,419.)	-	(6,419.)	1,944.	(4,475.)
Realized gains (losses)	340,327.	-	340,327.	15,788.	356,115.
Amounts appropriated for expenditures	<u>(401,145.)</u>	<u>(700.)</u>	<u>(401,845.)</u>	<u>(11,784.)</u>	<u>(413,629.)</u>
Endowment net assets, end of year	\$ <u>4,832,967.</u>	<u>1,862,383.</u>	<u>6,695,350.</u>	<u>275,887.</u>	<u>6,971,237.</u>

IOWA 4-H FOUNDATION
Notes to the Financial Statements
June 30, 2019 and 2018

Note 16 - Endowment Funds (continued)

	2018		Total Net Endowment Assets	Net Assets Without Donor Restrictions	Total Net Assets Invested in Endowment Pool
	Net Assets with Donor Restrictions Not Held in Perpetuity	Held in Perpetuity			
Endowment net assets, beginning of year	\$ 4,097,949.	1,641,573.	5,739,522.	211,964.	5,951,486.
Contributions	470,693.	126,943.	597,636.	-	597,636.
Investment income, net of fees	(37,396.)	-	(37,396.)	(1,380.)	(38,776.)
Net appreciation	(111,014.)	-	(111,014.)	(4,561.)	(115,575.)
Realized gains (losses)	582,318.	-	582,318.	21,414.	603,732.
Amounts appropriated for expenditures	<u>(383,437.)</u>	<u>-</u>	<u>(383,437.)</u>	<u>44,555.</u>	<u>(338,882.)</u>
Endowment net assets, end of year	\$ <u>4,619,113.</u>	<u>1,768,516.</u>	<u>6,387,629.</u>	<u>271,992.</u>	<u>6,659,621.</u>

The restricted net assets invested in the endowment are included in the restricted net assets of the entire Foundation noted in Note 13.

Note 17 - Fair Value Measurements

Fair values of assets measured on a recurring basis at June 30, 2019 and 2018 are as follows:

	Fair Value	Fair Value Measurements at Report Date		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2019</u>				
Investments:				
Money market funds	\$ 6,205.	6,205.	-	-
Mutual funds	4,827,078.	4,827,078.	-	-
Debt securities	-	-	-	-
Equity securities	265,851.	265,851.	-	-
Government bonds/notes	-	-	-	-
Real estate	2,726,617.	-	-	2,726,617.
Other investments held by ISU	<u>2,465,497.</u>	<u>-</u>	<u>-</u>	<u>2,465,497.</u>
	\$ <u>10,291,248.</u>	<u>5,099,134.</u>	<u>-</u>	<u>5,192,114.</u>

IOWA 4-H FOUNDATION
Notes to the Financial Statements
June 30, 2019 and 2018

Note 17 - Fair Value Measurements (continued)

	<u>Fair Value</u>	<u>Fair Value Measurements at Report Date</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>June 30, 2018</u>				
Investments:				
Money market funds	\$ 8,162.	8,162.	-	-
Mutual funds	4,709,466.	4,709,466.	-	-
Debt securities	-	-	-	-
Equity securities	298,832.	298,832.	-	-
Government bonds/notes	-	-	-	-
Real estate	2,749,520.	-	-	2,749,520.
Other investments held by ISU	<u>2,235,476.</u>	<u>-</u>	<u>-</u>	<u>2,235,476.</u>
	\$ <u>10,001,456.</u>	<u>5,016,460.</u>	<u>-</u>	<u>4,984,996.</u>

There were no transfers between levels in the years ended June 30, 2019 and 2018.

Fair values for investments, except real estate and other investments held by ISU, are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values for investments in real estate and other investments held by ISU are determined using the market approach based primarily on current appraised values and other information for similar property. The real estate is entirely farmland and inputs are related to agriculture production. Significant increases or decreases in respect to the agriculture industry could result in a significantly higher or lower fair value measurement.

Following is a reconciliation of activity in 2019 and 2018 for assets measured at fair value based on significant unobservable (non-market) information:

<u>Real estate</u>	<u>2019</u>	<u>2018</u>
July 1	\$ 2,749,520.	2,811,746.
Partial sale of land	-	(2,003.)
Unrealized gain (loss)	<u>(22,903.)</u>	<u>(60,223.)</u>
June 30	\$ <u>2,726,617.</u>	<u>2,749,520.</u>

Unrealized gains and losses are included in the Unrealized gains (losses) on investments line of the Statements of Activities and realized gains are included in the Investment income line.

IOWA 4-H FOUNDATION
Notes to the Financial Statements
June 30, 2019 and 2018

Note 17 - Fair Value Measurements (continued)

The Foundation has delegated investment of its endowment funds held by Iowa State University (ISU), whose investment policy is overseen by the Iowa Board of Regents (See Note 16). Financial data for the investments held by ISU is not readily available to provide a summary of changes in fair value of the Foundation's level 3 financial assets, shown above as "other investments held by ISU". The Foundation has determined it would not be cost effective to include this information in the notes to the financial statements; therefore, the summary has not been included.

Note 18 – Subsequent Events

The Foundation has offered the camp property for sale through a sealed bid process which ends on October 23, 2019.

Management has evaluated subsequent events through October 12, 2019, the date the financial statements were available to be issued and found nothing else to disclose.

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

We have audited the financial statements of Iowa 4-H Foundation as of and for the years ended June 30, 2019 and 2018, and our report thereon dated October 12, 2019, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Revenues, Gains, and Other Support, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Henkel & Associates, P.C.

October 12, 2019

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IOWA 4-H FOUNDATION
Schedules of Revenues, Gains and Other Support
(See Independent Auditors' Report on Supplementary Information)
Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Contributions	\$ 286,551.	1,150,129.	1,436,680.	\$ 364,273.	912,360.	1,276,633.
Clover Woods leases	-	-	-	-	-	-
Farm operations	21,216.	31,996.	53,212.	21,984.	33,350.	55,334.
Gift fee	30,314.	-	30,314.	11,453.	-	11,453.
Grants	7,000.	28,000.	35,000.	11,000.	24,000.	35,000.
Miscellaneous	5,160.	-	5,160.	10,732.	-	10,732.
Registrations	118,807.	-	118,807.	129,912.	-	129,912.
Product sales	125.	-	125.	63.	-	63.
Special events	181,623.	15,862.	197,485.	212,782.	19,083.	231,865.
Program revenues	2,529.	9,071.	11,600.	-	-	-
Subtotal	653,325.	1,235,058.	1,888,383.	762,199.	867,149.	1,750,992.
In-kind contributions	39,214.	49,001.	88,215.	54,198.	42,201.	96,399.
Investment income, net of fees	125,158.	202,353.	327,511.	119,253.	458,775.	578,028.
Gain on sale of assets	5,900.	-	5,900.	2,165.	-	2,165.
Unrealized gain (loss) on investments	(7,884.)	(6,419.)	(14,303.)	(41,823.)	(111,014.)	(152,837.)
	\$ 815,713.	1,479,993.	2,295,706.	\$ 895,992.	1,257,111.	2,274,747.