

**IOWA 4-H FOUNDATION  
FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2024 AND 2023**



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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Iowa 4-H Foundation  
Ames, Iowa

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

#### ***Opinion***

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, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Iowa 4-H Foundation as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Iowa 4-H Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Iowa 4-H 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 Iowa 4-H 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 Iowa 4-H Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Cedar Rapids, Iowa  
October 25, 2024

**IOWA 4-H FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2024 AND 2023**

	2024	2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,454,479	\$ 1,157,358
Contributions Receivable	99,196	72,830
Prepaid Expenses and Other Assets	58,582	44,357
Total Current Assets	1,612,257	1,274,545
<b>PROPERTY AND EQUIPMENT</b>		
Equipment	14,120	14,120
Accumulated Depreciation	(14,120)	(14,120)
Property and Equipment, Net	-	-
<b>OTHER ASSETS</b>		
Investments	18,527,300	17,320,944
Contributions Receivable - Long-Term	1,985	5,535
Total Other Assets	18,529,285	17,326,479
Total Assets	\$ 20,141,542	\$ 18,601,024
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 5,443	\$ 9,898
Accrued Wages	5,669	5,579
Deferred Revenue	15,000	20,000
Total Current Liabilities	26,112	35,477
<b>LONG-TERM LIABILITIES</b>		
Deferred Revenue	-	15,000
Total Liabilities	26,112	50,477
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	2,400,528	2,223,870
Board Designated	6,480,781	5,840,327
Total Without Donor Restrictions	8,881,309	8,064,197
With Donor Restrictions	11,234,121	10,486,350
Total Net Assets	20,115,430	18,550,547
Total Liabilities and Net Assets	\$ 20,141,542	\$ 18,601,024

See accompanying Notes to Financial Statements.

**IOWA 4-H FOUNDATION  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
Public Support:			
Contributions	\$ 513,952	\$ 1,321,718	\$ 1,835,670
Grants	111,695	34,000	145,695
In-Kind Contributions	26,234	-	26,234
Special Events, Net	159,578	29,614	189,192
Total Public Support	811,459	1,385,332	2,196,791
Revenue:			
Farm Operations	3,882	40,335	44,217
Gift Fee	29,562	-	29,562
Miscellaneous	5,470	-	5,470
Investment Income, Net	314,071	290,516	604,587
Unrealized Gain on Investments	287,820	283,371	571,191
Total Revenue	1,452,264	1,999,554	3,451,818
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	1,311,293	(1,311,293)	-
Donor Imposed Restrictions	(59,510)	59,510	-
Total Net Assets Released from Restrictions	1,251,783	(1,251,783)	-
 Total Public Support, Revenue, and Net Assets Released from Restrictions	 2,704,047	 747,771	 3,451,818
<b>EXPENSES</b>			
Program Services:			
County Support	669,725	-	669,725
State 4-H Programs	364,236	-	364,236
Individual Member Support	377,234	-	377,234
Total Program Services	1,411,195	-	1,411,195
Supporting Activities:			
Management and General	203,129	-	203,129
Fundraising	272,611	-	272,611
Total Supporting Activities	475,740	-	475,740
 Total Expenses	 1,886,935	 -	 1,886,935
<b>CHANGE IN NET ASSETS</b>	817,112	747,771	1,564,883
Net Assets - Beginning of Year	8,064,197	10,486,350	18,550,547
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 8,881,309</b>	<b>\$ 11,234,121</b>	<b>\$ 20,115,430</b>

See accompanying Notes to Financial Statements.

**IOWA 4-H FOUNDATION  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
Public Support:			
Contributions	\$ 420,756	\$ 1,150,197	\$ 1,570,953
Grants	7,000	28,000	35,000
In-Kind Contributions	18,676	-	18,676
Special Events, Net	141,637	23,443	165,080
Total Public Support	588,069	1,201,640	1,789,709
Revenue:			
Farm Operations	3,882	40,329	44,211
Gift Fee	18,528	-	18,528
Miscellaneous	5,260	-	5,260
Investment Income, Net	178,358	163,759	342,117
Unrealized Gain on Investments	612,380	138,580	750,960
Total Revenue	1,406,477	1,544,308	2,950,785
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	939,940	(939,940)	-
Donor Imposed Restrictions	(78,191)	78,191	-
Total Net Assets Released from Restrictions	861,749	(861,749)	-
Total Public Support, Revenue, and Net Assets Released from Restrictions	2,268,226	682,559	2,950,785
<b>EXPENSES</b>			
Program Services:			
County Support	447,313	-	447,313
State 4-H Programs	307,140	-	307,140
Individual Member Support	221,978	-	221,978
Total Program Services	976,431	-	976,431
Supporting Activities:			
Management and General	166,410	-	166,410
Fundraising	247,493	-	247,493
Total Supporting Activities	413,903	-	413,903
Total Expenses	1,390,334	-	1,390,334
<b>CHANGE IN NET ASSETS</b>	877,892	682,559	1,560,451
Net Assets - Beginning of Year	7,186,305	9,803,791	16,990,096
<b>NET ASSETS - END OF YEAR</b>	\$ 8,064,197	\$ 10,486,350	\$ 18,550,547

See accompanying Notes to Financial Statements.

**IOWA 4-H FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2024**

Program Services

	Program Services				Management and General	Fundraising	Total Expenses
	County Support	State 4-H Programs	Individual Member Support	Total			
<b>EXPENSES</b>							
Salaries and Benefits	\$ 39,123	\$ 21,291	\$ 22,034	\$ 82,448	\$ 135,824	\$ 182,427	\$ 400,699
Program Expenses	492,535	328,673	213,128	1,034,336	-	-	1,034,336
Financial Aid Program	91,334	6,443	127,300	225,077	-	-	225,077
Professional Audit Fees	-	-	-	-	23,893	-	23,893
Other Professional Services	-	-	-	-	25,098	15,000	40,098
Marketing	136	74	77	287	78	3,787	4,152
Newsletter	4,348	1,853	2,448	8,649	833	9,995	19,990
Office	3,213	1,748	1,809	6,770	11,152	14,979	32,901
Rent	953	518	537	2,008	3,308	4,443	9,759
Travel	59	32	34	125	-	1,276	1,401
Insurance	695	378	391	1,464	1,866	1,938	5,268
Foundation Service Fees	187	-	1,672	1,859	-	706	2,052
Program Development Fee Assistance	31,075	-	4,925	36,000	-	-	36,000
Bad Debt Expense	761	839	429	2,029	146	3,160	5,335
Board Expenses	467	254	263	984	931	536	2,451
Credit Card/Bank Fees	1,152	126	110	1,388	-	1,482	2,870
Donor Expenses	3,687	2,007	2,077	7,771	-	32,442	40,213
Miscellaneous	-	-	-	-	-	440	440
Special Event	77	272	-	349	-	58,343	58,692
Total Functional Expenses	<u>669,802</u>	<u>364,508</u>	<u>377,234</u>	<u>1,411,544</u>	<u>203,129</u>	<u>330,954</u>	<u>1,945,627</u>
Less: Expenses Netted Against Revenues on the Statements of Activities:							
Special Events	<u>77</u>	<u>272</u>	<u>-</u>	<u>349</u>	<u>-</u>	<u>58,343</u>	<u>58,692</u>
Total Expenses Included in the Expense Section of the Statements of Activities	<u>\$ 669,725</u>	<u>\$ 364,236</u>	<u>\$ 377,234</u>	<u>\$1,411,195</u>	<u>\$ 203,129</u>	<u>\$ 272,611</u>	<u>\$ 1,886,935</u>

See accompanying Notes to Financial Statements.



**IOWA 4-H FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2023**

	Program Services				Management and General	Fundraising	Total Expenses
	County Support	State 4-H Programs	Individual Member Support	Total			
<b>EXPENSES</b>							
Salaries and Benefits	\$ 37,027	\$ 25,428	\$ 18,369	\$ 80,824	\$ 113,915	\$ 171,245	\$ 365,984
Program Expenses	283,584	262,825	62,154	608,563	-	-	608,563
Financial Aid Program	90,240	9,655	130,950	230,845	-	-	230,845
Professional Audit Fees	-	-	-	-	23,071	-	23,071
Other Professional Services	-	-	-	-	11,413	-	11,413
Marketing	-	-	-	-	77	4,515	4,592
Newsletter	2,124	1,459	1,054	4,637	320	6,556	11,513
Office	3,835	2,634	1,903	8,372	11,801	17,738	37,911
Rent	954	655	473	2,082	2,934	4,410	9,426
Travel	48	33	24	105	50	2,123	2,278
Insurance	688	472	341	1,501	1,756	1,959	5,216
Foundation Service Fees	-	-	1,048	1,048	-	856	1,904
Program Development Fee Assistance	18,160	-	2,975	21,135	-	-	21,135
Bad Debt Expense	5,018	423	9	5,450	3	87	5,540
Board Expenses	518	356	257	1,131	1,070	616	2,817
Credit Card/Bank Fees	1,003	374	380	1,757	-	1,597	3,354
Donor Expenses	4,114	2,826	2,041	8,981	-	35,434	44,415
Miscellaneous	-	-	-	-	-	357	357
Special Event	130	144	-	274	-	61,200	61,474
Total Functional Expenses	<u>447,443</u>	<u>307,284</u>	<u>221,978</u>	<u>976,705</u>	<u>166,410</u>	<u>308,693</u>	<u>1,451,808</u>
Less: Expenses Netted Against Revenues on the Statements of Activities:							
Special Events	<u>130</u>	<u>144</u>	<u>-</u>	<u>274</u>	<u>-</u>	<u>61,200</u>	<u>61,474</u>
Total Expenses Included in the Expense Section of the Statements of Activities	<u>\$ 447,313</u>	<u>\$ 307,140</u>	<u>\$ 221,978</u>	<u>\$ 976,431</u>	<u>\$ 166,410</u>	<u>\$ 247,493</u>	<u>\$ 1,390,334</u>

See accompanying Notes to Financial Statements.

**IOWA 4-H FOUNDATION  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,564,883	\$ 1,560,451
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Unrealized Gain on Investments	(571,191)	(750,960)
Realized Gain on Investments	(572,308)	(312,344)
Contributions for Endowment Funds	(932,674)	(858,086)
Bad Debt Expense	5,335	5,540
(Increase) Decrease in Assets:		
Contributions Receivable	(28,151)	(20,761)
Prepaid Expenses and Other Assets	(14,225)	(7,557)
Increase (Decrease) in Liabilities:		
Accounts Payable	(4,455)	5,010
Accrued Wages	90	(2,933)
Deferred Revenue	(20,000)	(20,000)
Net Cash Used by Operating Activities	(572,696)	(401,640)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(1,613,437)	(1,013,149)
Proceeds from Sales of Investments	1,550,580	575,540
Net Cash Used by Investing Activities	(62,857)	(437,609)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions for Endowment Funds	932,674	858,086
 <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	297,121	18,837
Cash and Cash Equivalents - Beginning of Year	1,157,358	1,138,521
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,454,479	\$ 1,157,358

See accompanying Notes to Financial Statements.

**IOWA 4-H FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization Background**

Iowa 4-H Foundation (Foundation) is a nonprofit organization incorporated in June 1949. The Foundation's mission is to provide financial resources for youth development through 4-H.

**Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**Net Assets**

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

*Net Assets Without Donor Restrictions* – Resources over which the board of trustees has discretionary control. Designated amounts represent amounts which the board has set aside for Endowments.

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

**Description of Programs**

The Foundation operates the following programs:

**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**

Funding for state-wide 4-H Program Priority areas including STEM, Leadership & Civic Engagement, Healthy Living and Communications & the Arts provide leadership and educational opportunities for 4-H'ers across Iowa.

**Individual Member Support**

The Foundation provides more than 120 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.

**IOWA 4-H FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

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

**Cash and Cash Equivalents**

The Foundation considers all highly liquid debt securities with an initial maturity of three months or less to be cash equivalents. At times, the balance may exceed federally insured amounts. The Foundation maintains an IntraFi Network Deposits account that periodically transfers funds with FDIC insured institutions to ensure funds are adequately secured.

**Investments**

Investments are reported at their fair values in the statement of financial position. Investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less management and custodial fees.

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

The Foundation invests in a variety of investment vehicles, including money market funds, mutual funds/exchange traded funds, fixed income, domestic and international equities, interest held in others, real estate and bank checking and savings accounts.

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

**Property and Equipment**

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

**IOWA 4-H FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

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

**Property and Equipment (Continued)**

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2024 and 2023.

**Scholarships and Grants Payable**

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

**Support and Revenue**

Contributions and grants are recognized when cash, securities, other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions that are restricted by the donor 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.

Contributions of donated goods are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Contributed office space is recorded at fair market value of similar office space in the area for the fiscal year.

Special event revenue is equal to the fair value of direct benefits to donors, and contribution revenue for the difference. The contribution portion is recognized at a point in time when received and the direct benefits to donor's portion is recognized as events occur. Special event revenue received during the current period in exchange for services that will occur in the next fiscal period is deferred until that time.

**Advertising Costs**

Advertising costs are expensed as incurred and approximated \$4,152 and \$4,592 during the years ended June 30, 2024 and 2023, respectively.

**IOWA 4-H FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

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

**Functional Allocation of Expense**

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

**Tax-Exempt Status**

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

The Foundation files information returns in the U.S. federal jurisdiction. The Foundation follows the accounting standard to evaluate uncertain tax positions and has determined that it was not required to record a liability related to uncertain tax positions at June 30, 2024 and 2023.

**NOTE 2 LIQUIDITY AND AVAILABILITY**

The Foundation regularly monitors liquidity required to meet its operating needs and other commitments while also striving to maximize the return on investment of its funds not required for annual operations. The Foundation has a number of sources of liquidity at its disposal, including cash and cash equivalents, certificates of deposit, and equity securities. Based on historical experience, only contributions and pledge receivables due within one year are considered available for use in meeting annual operating needs. As of June 30, 2024 and 2023, the following financial assets are available to meet annual operating needs for the years then ended:

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 1,454,479	\$ 1,157,358
Contributions Receivable	99,196	72,830
Investments	18,527,300	17,320,944
Total Financial Assets	<u>20,080,975</u>	<u>18,551,132</u>
Net Assets With Donor Restrictions	(11,234,121)	(10,486,350)
Board Designated	<u>(6,480,781)</u>	<u>(5,840,327)</u>
Total Amounts Not Available for Use		
Within One Year	<u>(17,714,902)</u>	<u>(16,326,677)</u>
Net Financial Assets	<u>\$ 2,366,073</u>	<u>\$ 2,224,455</u>

**IOWA 4-H FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**NOTE 3 INVESTMENTS**

The composition of investments is as follows at June 30:

	<u>2024</u>	<u>2023</u>
Money Market	\$ 230,695	\$ 258,401
Mutual Funds and Equity Securities	4,270,128	3,471,627
Fixed Income	196,244	582,576
Interest in Assets Held by Others	11,672,176	10,761,642
Real Estate	2,158,057	2,246,698
Total Investments	<u>\$ 18,527,300</u>	<u>\$ 17,320,944</u>

The composition of investment return from all funds is as follows for years ended June 30:

	<u>2024</u>	<u>2023</u>
Interest and Dividends	\$ 199,325	\$ 181,505
Investment Fees	(167,046)	(151,732)
Realized Gain	<u>572,308</u>	<u>312,344</u>
Investment Income, Net	604,587	342,117
Unrealized Gain on Investments	<u>571,191</u>	<u>750,960</u>
Total Investment Returns	<u>\$ 1,175,778</u>	<u>\$ 1,093,077</u>

**NOTE 4 FAIR VALUE MEASUREMENT**

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

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

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

- quoted prices for similar assets or liabilities in active markets;

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**NOTE 4 FAIR VALUE MEASUREMENT (CONTINUED)**

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

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

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

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

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

*Mutual Funds and Equity Securities* – Valued at the net asset value of shares held by the Foundation.

*Fixed Income* – Valued at the most recent price of the equivalent yield for such securities, or those of comparable maturity, quality, and type.

*Interests in Assets Held by Others* – The Foundation holds funds at the Iowa State University Foundation and the Community Foundation of Greater Des Moines. The interest in these assets is valued at net asset value of the Foundation's estimated pro rata share of each investment pool. The unobservable inputs are the underlying assets at each foundation and follow their investment policies. The underlying assets consist of marketable securities that are either classified as Level 1 or Level 2 assets. There are no unfunded commitments or redemptions associated with these assets.

*Real Estate and Other* – Measured at appraised values and other information for similar property.



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**NOTE 4 FAIR VALUE MEASUREMENT (CONTINUED)**

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

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

	2024			
	Level 1	Level 2	Level 3	Total
Mutual Funds and Equity Securities	\$ 4,270,128	\$ -	\$ -	\$ 4,270,128
Fixed Income	196,244	-	-	196,244
Interest in Assets Held by Others	-	-	11,672,176	11,672,176
Real Estate	-	-	2,158,057	2,158,057
Total Investments	<u>\$ 4,466,372</u>	<u>\$ -</u>	<u>\$ 13,830,233</u>	<u>\$ 18,296,605</u>
	2023			
	Level 1	Level 2	Level 3	Total
Mutual Funds and Equity Securities	\$ 3,471,627	\$ -	\$ -	\$ 3,471,627
Interest in Assets Held by Others	582,576	-	10,761,642	11,344,218
Real Estate	-	-	2,246,698	2,246,698
Total Investments	<u>\$ 4,054,203</u>	<u>\$ -</u>	<u>\$ 13,008,340</u>	<u>\$ 17,062,543</u>

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

	2024	2023
Interest in Assets Held by Others - Beginning of Year	\$ 10,761,642	\$ 9,952,900
Purchases	969,762	875,275
Sales	(417,839)	(263,196)
Unrealized Gain	358,611	196,663
Interest in Assets Held by Others - End of Year	<u>11,672,176</u>	<u>10,761,642</u>
Real Estate - Beginning of Year	2,246,698	1,948,976
Unrealized Gain (Loss)	(88,641)	297,722
Real Estate - End of Year	<u>2,158,057</u>	<u>2,246,698</u>
Total Level 3 Assets	<u>\$ 13,830,233</u>	<u>\$ 13,008,340</u>

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**NOTE 4 FAIR VALUE MEASUREMENT (CONTINUED)**

The following table details Level 3 holdings the years ended June 30:

	Fair Value		Principal Valuation Technique	Unobservable Inputs
	2024	2023		
Interest in Assets Held by Others	\$ 11,672,176	\$ 10,761,642	Net Asset Value	Value of Underlying Assets
Real Estate	\$ 2,158,057	\$ 2,246,698	Appraised Value	Value of Underlying Assets

**NOTE 5 ENDOWMENTS**

The Foundation's endowment consists of over 215 individual funds established for a variety of purposes and a Board designated endowment. The Foundation's endowment consists of donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The board of the Foundation has interpreted the Iowa Uniform Act – Institutional Funds Management Act (IUA-IFMA) 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. Consequently, the Foundation classifies net assets with donor restrictions as:

- The original value of gifts donated to the permanent endowment, and
- The original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation's board.

In accordance with IUA-IFMA, 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 fund.
2. The purpose of the Foundation and the donor-restricted endowment fund.
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.
7. The investment policies of the Foundation.

**IOWA 4-H FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5 ENDOWMENTS (CONTINUED)**

**Return Objectives and Risk Parameters**

The Foundation has adopted investment and spending policies for endowment assets that seek to achieve a total return equal to or in excess of the Foundation's spending policy, anticipated inflation, investment management fees, and administrative costs while recognizing both the short-term need of the Foundation for annual support for the Iowa 4-H Program and the long-term need for maintenance and growth of the funds. The objectives of the funds has been established in conjunction with a comprehensive review of the current and projected financial requirements. The Foundation seeks to maximize its financial returns within prudent levels of risk while also meeting the following investment objectives:

1. Fulfill fiduciary responsibilities to donors by demonstrating good stewardship of the funds.
2. Maximize long-term capital appreciation within reasonable and prudent levels of risk in an attempt to maintain the purchasing power of the current assets and all future contributions by producing positive real rate of return of the Fund assets.
3. Maintain an appropriate asset allocation based upon a total return spending policy of up to 5% of a twelve-quarter rolling average of the market value of the total investments.
4. Monitor and control the ongoing costs of administering the Fund and managing the investments.

The target investment objective is a long-term rate of return on assets 3% greater than the anticipated rate of inflation measured by the Consumer Price Index (CPI). The target rate of return for the Fund has been based upon the assumption that future real returns will approximate the long-term rates of return experiences for each asset class.

**Spending Policy**

The Foundation makes distributions of earnings from scholarship endowments retained in perpetuity each year. A 4% minimum and 5.5% maximum of the average market value of the endowment balance retained in perpetuity as a guideline, which is calculated from June 30 ending balances over the prior three fiscal years.

**Strategies Employed for Achieving Objectives**

The Foundation relies on a total return strategy, which includes both income, capital gains (losses), and changes in market value, net of fees, and expenses. The Foundation targets a diversified asset allocation using value, growth, active, and passive asset classes.

The objective of the fund managers is long-term appreciation of the fund's assets and consistency of total portfolio performance. The performance of the portfolio is reviewed operations committee at least annually.

**IOWA 4-H FOUNDATION  
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**NOTE 5 ENDOWMENTS (CONTINUED)**

**Strategies Employed for Achieving Objectives (Continued)**

Endowment net asset composition by type of fund as of June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds	<u>\$ 6,480,781</u>	<u>\$ 9,887,350</u>	<u>\$ 16,368,131</u>

Changes in endowment net assets for the year ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets -			
Beginning of Year	\$ 5,840,327	\$ 9,232,864	\$ 15,073,191
Contributions	441	932,233	932,674
Investment Income, Net	296,542	290,193	586,735
Net Appreciation	376,461	283,371	659,832
Administrative Fee	118,014	(118,014)	-
Amounts Appropriated for Expenditures	<u>(151,004)</u>	<u>(733,297)</u>	<u>(884,301)</u>
Endowment Net Assets - End of Year	<u>\$ 6,480,781</u>	<u>\$ 9,887,350</u>	<u>\$ 16,368,131</u>

Endowment net asset composition by type of fund as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds	<u>\$ 5,840,327</u>	<u>\$ 9,232,864</u>	<u>\$ 15,073,191</u>

Changes in endowment net assets for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets -			
Beginning of Year	\$ 5,247,261	\$ 8,622,777	\$ 13,870,038
Contributions	450	857,636	858,086
Investment Income, Net	168,306	163,690	331,996
Net Depreciation	314,659	138,580	453,239
Reclassification	110,651	(110,651)	-
Amounts Appropriated for Expenditures	<u>(1,000)</u>	<u>(439,168)</u>	<u>(440,168)</u>
Endowment Net Assets - End of Year	<u>\$ 5,840,327</u>	<u>\$ 9,232,864</u>	<u>\$ 15,073,191</u>

**IOWA 4-H FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5 ENDOWMENTS (CONTINUED)**

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or IUA-IFMA requires the Foundation to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature would be reported in net assets with donor restrictions. At June 30, 2024 and 2023, no funds had deficiencies.

**NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2024</u>	<u>2023</u>
County Endowments	\$ 6,813,321	\$ 6,382,137
Scholarships	2,017,014	1,887,993
4-H Programming	1,360,140	1,200,458
Camp Programming	632,757	598,635
Recognition	410,889	417,127
Total Net Assets With Donor Restrictions	<u>\$ 11,234,121</u>	<u>\$ 10,486,350</u>

**NOTE 7 IN-KIND CONTRIBUTIONS**

Iowa State University provides free use of approximately 890 square feet of office space. The valuation of the office space is provided to the Foundation by the University.

The Foundation receives various services/supplies for special events or operations. These items are recorded at the value determined by the donor which is the value the Foundation would otherwise have to pay if the services or supplies were not donated.

All in-kind contributions were utilized by the Foundation's programs and supporting services. There were no donor-imposed restrictions associated with in-kind contributions.

The Foundation received the following in-kind contributions for the year ended June 30, 2024.

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Office Space	\$ 2,008	\$ 3,308	\$ 4,443	\$ 9,759
Special Events	-	-	16,475	16,475
Total In-Kind Contributions	<u>\$ 2,008</u>	<u>\$ 3,308</u>	<u>\$ 20,918</u>	<u>\$ 26,234</u>

**IOWA 4-H FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 IN-KIND CONTRIBUTIONS (CONTINUED)**

The Foundation received the following in-kind contributions for the year ended June 30, 2023:

	Program Services	Supporting Services Management and General	Fundraising	Total
Office Space	\$ 2,082	\$ 2,934	\$ 4,410	\$ 9,426
Special Events	-	-	9,250	9,250
Total In-Kind Contributions	\$ 2,082	\$ 2,934	\$ 13,660	\$ 18,676

**NOTE 8 SUBSEQUENT EVENTS**

Management evaluated subsequent events through , the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2024, but prior to that provided additional evidence about conditions that existed at June 30, 2024, have been recognized in the financial statements for the year ended June 30, 2024. Events or transactions that provided evidence about conditions that did not exist at June 30, 2024 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, 2024.



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