

**IOWA 4-H FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021**



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**IOWA 4-H FOUNDATION
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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, 2022 and 2021, 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, 2022 and 2021, 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.

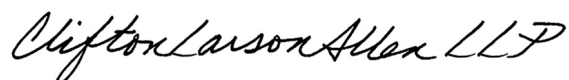
Auditors' Responsibilities for the Audit of the Financial Statements

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

Cedar Rapids, Iowa
October 21, 2022

**IOWA 4-H FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,138,521	\$ 991,950
Contributions Receivable	45,814	32,948
Prepaid Expenses and Other Assets	36,800	44,990
Total Current Assets	1,221,135	1,069,888
PROPERTY AND EQUIPMENT		
Equipment	14,120	14,120
Accumulated Depreciation	(14,120)	(14,120)
Property and Equipment, Net	-	-
OTHER ASSETS		
Investments	15,820,031	15,774,142
Contributions Receivable - Long-Term	17,330	12,625
Total Long-Term Assets	15,837,361	15,786,767
Total Assets	\$ 17,058,496	\$ 16,856,655
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 4,888	\$ 7,992
Scholarships and Grants Payable	-	231,733
Accrued Wages	8,512	4,089
Deferred Revenue	20,000	20,000
Note Payable	-	53,502
Total Current Liabilities	33,400	317,316
LONG-TERM LIABILITIES		
Deferred Revenue	35,000	55,000
Total Liabilities	68,400	372,316
NET ASSETS		
Without Donor Restrictions:		
Undesignated	1,939,044	1,463,854
Board Designated	5,247,261	5,834,939
Total Without Donor Restrictions	7,186,305	7,298,793
With Donor Restrictions:		
Total Net Assets	9,803,791	9,185,546
Total Net Assets	16,990,096	16,484,339
Total Liabilities and Net Assets	\$ 17,058,496	\$ 16,856,655

See accompanying Notes to Financial Statements.

**IOWA 4-H FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Public Support:			
Contributions	\$ 316,307	\$ 1,153,187	\$ 1,469,494
Grants	60,502	28,000	88,502
In-Kind Contributions	19,743	-	19,743
Special Events, Net	151,078	19,930	171,008
Total Public Support	<u>547,630</u>	<u>1,201,117</u>	<u>1,748,747</u>
Revenue:			
Farm Operations	18,768	35,156	53,924
Gift Fee	29,502	-	29,502
Miscellaneous	3,864	-	3,864
Investment Income, Net	278,034	224,075	502,109
Unrealized Loss on Investments	<u>(527,742)</u>	<u>(137,441)</u>	<u>(665,183)</u>
Total Revenue	350,056	1,322,907	1,672,963
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	727,632	(727,632)	-
Donor Imposed Restrictions	<u>(22,970)</u>	<u>22,970</u>	<u>-</u>
Total Net Assets Released from Restrictions	<u>704,662</u>	<u>(704,662)</u>	<u>-</u>
 Total Public Support, Revenue, and Net Assets Released from Restrictions	 1,054,718	 618,245	 1,672,963
EXPENSES			
Program Services:			
County Support	395,738	-	395,738
State 4-H Programs	164,979	-	164,979
Individual Member Support	187,997	-	187,997
Total Program Services	<u>748,714</u>	<u>-</u>	<u>748,714</u>
Supporting Activities:			
Management and General	159,877	-	159,877
Fundraising	258,615	-	258,615
Total Supporting Activities	<u>418,492</u>	<u>-</u>	<u>418,492</u>
 Total Expenses	 <u>1,167,206</u>	 <u>-</u>	 <u>1,167,206</u>
CHANGE IN NET ASSETS	(112,488)	618,245	505,757
Net Assets - Beginning of Year	<u>7,298,793</u>	<u>9,185,546</u>	<u>16,484,339</u>
NET ASSETS - END OF YEAR	<u><u>\$ 7,186,305</u></u>	<u><u>\$ 9,803,791</u></u>	<u><u>\$ 16,990,096</u></u>

See accompanying Notes to Financial Statements.

**IOWA 4-H FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Public Support:			
Contributions	\$ 251,440	\$ 685,863	\$ 937,303
Grants	70,500	28,000	98,500
In-Kind Contributions	44,102	300	44,402
Special Events, Net	135,088	2,000	137,088
Total Public Support	<u>501,130</u>	<u>716,163</u>	<u>1,217,293</u>
Revenue:			
Farm Operations	21,579	31,428	53,007
Gift Fee	11,835	-	11,835
Miscellaneous	12,990	2,567	15,557
Investment Income, Net	356,276	127,369	483,645
Unrealized Gain on Investments	632,558	1,636,650	2,269,208
Total Revenue	<u>1,536,368</u>	<u>2,514,177</u>	<u>4,050,545</u>
Net Assets Released from Restrictions:			
Expiration of Time Restrictions	18,002	(18,002)	-
Satisfaction of Program Restrictions	582,782	(582,782)	-
Donor Imposed Restrictions	(100,893)	100,893	-
Total Net Assets Released from Restrictions	<u>499,891</u>	<u>(499,891)</u>	<u>-</u>
Total Public Support, Revenue, and Net Assets Released from Restrictions	2,036,259	2,014,286	4,050,545
EXPENSES			
Program Services:			
County Support	313,877	-	313,877
State 4-H Programs	297,079	-	297,079
Individual Member Support	172,517	-	172,517
Total Program Services	<u>783,473</u>	<u>-</u>	<u>783,473</u>
Supporting Activities:			
Management and General	187,591	-	187,591
Fundraising	171,422	-	171,422
Total Supporting Activities	<u>359,013</u>	<u>-</u>	<u>359,013</u>
Total Expenses	<u>1,142,486</u>	<u>-</u>	<u>1,142,486</u>
CHANGE IN NET ASSETS	893,773	2,014,286	2,908,059
Net Assets - Beginning of Year	<u>6,405,020</u>	<u>7,171,260</u>	<u>13,576,280</u>
NET ASSETS - END OF YEAR	<u>\$ 7,298,793</u>	<u>\$ 9,185,546</u>	<u>\$ 16,484,339</u>

See accompanying Notes to Financial Statements.

**IOWA 4-H FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	Program Services				Management and General	Fundraising	Total Expenses
	County Support	State 4-H Programs	Individual Member Support	Total			
EXPENSES							
Salaries and Benefits	\$ 33,620	\$ 14,027	\$ 15,971	\$ 63,618	\$ 111,180	\$ 182,853	\$ 357,651
Program Expenses	254,473	141,257	34,950	430,680	-	-	430,680
Financial Aid Program	68,451	2,815	125,000	196,266	-	-	196,266
Professional Audit Fees	-	-	-	-	21,780	-	21,780
Other Professional Services	-	-	-	-	11,175	-	11,175
Marketing	-	131	-	131	77	3,131	3,339
Newsletter	5,994	2,501	2,847	11,342	453	14,518	26,313
Office	2,865	1,195	1,361	5,421	9,475	15,584	30,480
Rent	855	357	406	1,618	2,826	4,649	9,093
Travel	428	-	-	428	-	1,957	2,385
Insurance	691	288	328	1,307	1,702	2,181	5,190
Foundation Service Fees	3	-	1,865	1,868	-	1,017	2,885
Program Development Fee Assistance	22,730	-	2,945	25,675	-	-	25,675
Bad Contribution Expense	-	-	-	-	100	100	200
Board Expenses	285	119	135	539	509	376	1,424
Credit Card/Bank Fees	944	454	99	1,497	-	1,224	2,721
Donor Expenses	4,399	1,835	2,090	8,324	-	30,603	38,927
Miscellaneous	-	-	-	-	600	422	1,022
Special Event	13	131	-	144	-	61,812	61,956
Total Functional Expenses	<u>395,751</u>	<u>165,110</u>	<u>187,997</u>	<u>748,858</u>	<u>159,877</u>	<u>320,427</u>	<u>1,229,162</u>
Less: Expenses Netted Against Revenues on the Statements of Activities:							
Special Events	13	131	-	144	-	61,812	61,956
Total Expenses Included in the Expense Section of the Statements of Activities	<u>\$ 395,738</u>	<u>\$ 164,979</u>	<u>\$ 187,997</u>	<u>\$ 748,714</u>	<u>\$ 159,877</u>	<u>\$ 258,615</u>	<u>\$ 1,167,206</u>

See accompanying Notes to Financial Statements.

**IOWA 4-H FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021**

	Program Services				Management and General	Fundraising	Total Expenses
	County Support	State 4-H Programs	Individual Member Support	Total			
EXPENSES							
Salaries and Benefits	\$ 23,906	\$ 22,631	\$ 13,144	\$ 59,681	\$ 119,150	\$ 114,083	\$ 292,913
Program Expenses	185,826	266,294	30,207	482,327	-	-	482,327
Financial Aid Program	69,365	-	120,400	189,765	-	-	189,765
Professional Audit Fees	-	-	-	-	36,500	-	36,500
Other Professional Services	-	-	-	-	10,659	-	10,659
Marketing	-	96	-	96	64	3,177	3,337
Newsletter	3,149	2,981	1,732	7,862	570	6,153	14,584
Office	2,839	2,688	1,561	7,088	14,152	13,550	34,791
Rent	743	703	408	1,854	3,702	3,545	9,102
Travel	-	-	-	-	10	41	51
Insurance	535	507	294	1,336	1,903	1,674	4,913
Foundation Service Fees	-	-	1,288	1,288	-	1,334	2,622
Program Development Fee Assistance	26,355	-	3,070	29,425	-	-	29,425
Area/local Programs	-	-	220	220	-	-	220
Bad Contribution Expense	-	350	-	350	100	320	770
Board Expenses	110	104	60	274	258	191	724
Credit Card/Bank Fees	1,049	379	133	1,561	-	1,528	3,089
Donor Expenses	-	346	-	346	-	25,826	26,171
Miscellaneous	-	-	-	-	523	-	525
Special Event	-	-	60	60	-	54,333	54,393
Total Functional Expenses	<u>313,877</u>	<u>297,079</u>	<u>172,577</u>	<u>783,533</u>	<u>187,591</u>	<u>225,755</u>	<u>1,196,881</u>
Less: Expenses Netted Against Revenues on the Statements of Activities:							
Special Events	<u>-</u>	<u>-</u>	<u>60</u>	<u>60</u>	<u>-</u>	<u>54,333</u>	<u>54,393</u>
Total Expenses Included in the Expense Section of the Statements of Activities	<u>\$ 313,877</u>	<u>\$ 297,079</u>	<u>\$ 172,517</u>	<u>\$ 783,473</u>	<u>\$ 187,591</u>	<u>\$ 171,422</u>	<u>\$ 1,142,486</u>

See accompanying Notes to Financial Statements.

**IOWA 4-H FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 505,757	\$ 2,908,059
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Unrealized (Gain) Loss on Investments	665,183	(2,269,208)
Realized Gain on Investments	(298,831)	(280,127)
PPP Loan Forgiveness	(53,502)	(53,500)
(Increase) Decrease in Assets:		
Contributions Receivable	(17,571)	(12,583)
Prepaid Expenses and Other Assets	8,190	(7,742)
Increase (Decrease) in Liabilities:		
Accounts Payable	(3,104)	5,638
Scholarships and Grants Payable	(231,733)	33,158
Accrued Wages	4,423	(176)
Deferred Revenue	(20,000)	(5,000)
Net Cash Provided by Operating Activities	558,812	318,519
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(882,277)	(744,823)
Proceeds from Sales of Investments	470,036	408,312
Net Cash Used by Investing Activities	(412,241)	(336,511)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP Loan	-	53,502
NET CHANGE IN CASH AND CASH EQUIVALENTS	146,571	35,510
Cash and Cash Equivalents - Beginning of Year	991,950	956,440
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,138,521	\$ 991,950

See accompanying Notes to Financial Statements.

**IOWA 4-H FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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 110 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, 2022 AND 2021**

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.

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, 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, 2022 AND 2021**

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, 2022 and 2021.

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 \$3,339 and \$3,337 during the years ended June 30, 2022 and 2021, respectively.

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.

**IOWA 4-H FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022 and 2021.

Adoption of Accounting Principles

In September 2020, FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU was issued to improve the effectiveness of disclosures related to contributions of nonfinancial assets. This adoption had no impact on the Foundation's financial position.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Foundation regularly monitors liquidity required to meet its operating needs and other commitments while also striving to maximize the return on investment of its funds not required for annual operations. The Foundation has a number of sources of liquidity at its disposal, including cash and cash equivalents, certificates of deposit, and equity securities. Based on historical experience, only contributions and pledge receivables due within one year are considered available for use in meeting annual operating needs. As of June 30, 2022 and 2021, the following financial assets are available to meet annual operating needs for the years then ended:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 1,138,521	\$ 991,950
Contributions Receivable	45,814	32,948
Investments	15,820,031	15,774,142
Total Financial Assets	<u>17,004,366</u>	<u>16,799,040</u>
Net Assets With Donor Restrictions	(9,803,791)	(9,185,546)
Board Designated	<u>(5,247,261)</u>	<u>(5,834,939)</u>
Total Amounts Not Available for Use Within One Year	<u>(15,051,052)</u>	<u>(15,020,485)</u>
Net Financial Assets	<u>\$ 1,953,314</u>	<u>\$ 1,778,555</u>

**IOWA 4-H FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 3 INVESTMENTS

The composition of investments is as follows at June 30:

	<u>2022</u>	<u>2021</u>
Money Market	\$ 137,064	\$ 77,676
Mutual Funds and Equity Securities	3,781,091	4,439,984
Interest in Assets Held by Others	9,952,900	9,756,761
Real Estate	1,948,976	1,499,721
Total Investments	<u>\$ 15,820,031</u>	<u>\$ 15,774,142</u>

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

	<u>2022</u>	<u>2021</u>
Interest and Dividends	\$ 360,094	\$ 334,377
Investment Fees	(156,816)	(130,859)
Realized Gain	298,831	280,127
Investment Income, Net	502,109	483,645
Unrealized Gain (Loss) on Investments	(665,183)	2,269,208
Total Investment Returns	<u>\$ (163,074)</u>	<u>\$ 2,752,853</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).

**IOWA 4-H FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 4 FAIR VALUE MEASUREMENT (CONTINUED)

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

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

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

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

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

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

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

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.

**IOWA 4-H FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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:

	2022			Total
	Level 1	Level 2	Level 3	
Mutual Funds and Equity Securities	\$ 3,781,091	\$ -	\$ -	\$ 3,781,091
Interest in Assets Held by Others	-	-	9,952,900	9,952,900
Real Estate	-	-	1,948,976	1,948,976
Total Investments	<u>\$ 3,781,091</u>	<u>\$ -</u>	<u>\$ 11,901,876</u>	<u>\$ 15,682,967</u>

	2021			Total
	Level 1	Level 2	Level 3	
Mutual Funds and Equity Securities	\$ 4,439,984	\$ -	\$ -	\$ 4,439,984
Interest in Assets Held by Others	-	-	9,756,761	9,756,761
Real Estate	-	-	1,499,721	1,499,721
Total Investments	<u>\$ 4,439,984</u>	<u>\$ -</u>	<u>\$ 11,256,482</u>	<u>\$ 15,696,466</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:

	2022	2021
Interest in Assets Held by Others - Beginning of Year	\$ 9,756,761	\$ 2,537,630
Transfer from Level 1	-	4,952,509
Purchases	648,278	557,405
Sales	(171,205)	(128,185)
Unrealized Gain (Loss)	(280,934)	1,837,402
Interest in Assets Held by Others - End of Year	<u>9,952,900</u>	<u>9,756,761</u>
Real Estate - Beginning of Year	1,499,721	1,857,128
Unrealized Gain (Loss)	449,255	(357,407)
Real Estate - End of Year	<u>1,948,976</u>	<u>1,499,721</u>
Total Level 3 Assets	<u>\$ 11,901,876</u>	<u>\$ 11,256,482</u>

**IOWA 4-H FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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
	2022	2021		
Interest in Assets Held by Others	\$ 9,952,900	\$ 9,756,761	Net Asset Value	Value of Underlying Assets
Real Estate	\$ 1,948,976	\$ 1,499,721	Appraised Value	Value of Underlying Assets

NOTE 5 ENDOWMENTS

The Foundation's endowment consists of over one hundred ninety individual funds established for a variety of purposes. 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
JUNE 30, 2022 AND 2021**

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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 5 ENDOWMENTS (CONTINUED)

Strategies Employed for Achieving Objectives (Continued)

Endowment net asset composition by type of fund as of June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds	<u>\$ 5,247,261</u>	<u>\$ 8,622,777</u>	<u>\$ 13,870,038</u>

Changes in endowment net assets for the year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets -			
Beginning of Year	\$ 5,834,939	\$ 8,438,467	\$ 14,273,406
Contributions	10,350	617,356	627,706
Investment Income, Net	269,910	224,074	493,984
Net Depreciation	(976,998)	(137,441)	(1,114,439)
Reclassification	110,060	(110,060)	-
Amounts Appropriated for Expenditures	<u>(1,000)</u>	<u>(409,619)</u>	<u>(410,619)</u>
Endowment Net Assets - End of Year	<u>\$ 5,247,261</u>	<u>\$ 8,622,777</u>	<u>\$ 13,870,038</u>

Endowment net asset composition by type of fund as of June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds	<u>\$ 5,834,939</u>	<u>\$ 8,438,467</u>	<u>\$ 14,273,406</u>

Changes in net assets for the year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets -			
Beginning of Year	\$ 4,507,579	\$ 6,522,576	\$ 11,030,155
Contributions	100	494,678	494,778
Investment Income, Net	366,116	212,861	578,977
Net Appreciation	886,653	1,636,650	2,523,303
Reclassification	75,491	(75,491)	-
Amounts Appropriated for Expenditures	<u>(1,000)</u>	<u>(352,807)</u>	<u>(353,807)</u>
Endowment Net Assets - End of Year	<u>\$ 5,834,939</u>	<u>\$ 8,438,467</u>	<u>\$ 14,273,406</u>

**IOWA 4-H FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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, 2022 and 2021, no funds had deficiencies.

NOTE 6 NOTE PAYABLE

On March 9, 2021, the Foundation applied for and obtained a \$53,502 Paycheck Protection Program (PPP Loan), administered by the U.S. Small Business Administration, established under the Coronavirus Aid, Relief, and Economic Security Act (Cares Act) The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Foundation's financial position. On August 11, 2021, the PPP Loan was fully forgiven for the entire amount. The amount is recorded as contribution revenue on the statement of activities in 2022.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
County Endowments	\$ 5,907,835	\$ 5,770,163
Scholarships	1,738,668	1,630,104
4-H Programming	1,175,522	857,217
Camp Programming	560,452	537,732
Recognition	421,314	390,330
Total Net Assets With Donor Restrictions	<u>\$ 9,803,791</u>	<u>\$ 9,185,546</u>

NOTE 8 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.

**IOWA 4-H FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 IN-KIND CONTRIBUTIONS (CONTINUED)

The Foundation received the following in-kind contributions for the year ended June 30, 2022.

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Office Space	\$ 1,618	\$ 2,826	\$ 4,649	\$ 9,093
Special Events	-	-	9,250	9,250
Miscellaneous Supplies	1,400	-	-	1,400
Total In-Kind Contributions	<u>\$ 3,018</u>	<u>\$ 2,826</u>	<u>\$ 13,899</u>	<u>\$ 19,743</u>

The Foundation received the following in-kind contributions for the year ended June 30, 2021:

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Office Space	\$ 1,854	\$ 3,703	\$ 3,545	\$ 9,102
Special Events	-	-	22,000	22,000
Professional Services	-	13,000	-	13,000
Miscellaneous Supplies	300	-	-	300
Total In-Kind Contributions	<u>\$ 2,154</u>	<u>\$ 16,703</u>	<u>\$ 25,545</u>	<u>\$ 44,402</u>

NOTE 9 SUBSEQUENT EVENTS

Management evaluated subsequent events through October 21, 2022, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2022, but prior to October 21, 2022 that provided additional evidence about conditions that existed at June 30, 2022, have been recognized in the financial statements for the year ended June 30, 2022. Events or transactions that provided evidence about conditions that did not exist at June 30, 2022 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, 2022.



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