

**CEDAR RAPIDS PUBLIC  
LIBRARY FOUNDATION  
(A Non-Profit Corporation)**

Independent Auditors' Report  
Financial Statements

June 30, 2015 and 2014

CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
(A Non-Profit Corporation)

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## Independent Auditors' Report

To the Board of Directors of  
Cedar Rapids Public Library Foundation  
Cedar Rapids, Iowa

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Cedar Rapids Public Library Foundation (a Non-Profit Corporation) as of and for the years ended June 30, 2015 and 2014, which comprise the financial statements as listed in the table of contents.

### **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 organization'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 organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cedar Rapids Public Library Foundation, as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*TD&T CPAs and Advisors, P.C.*

Cedar Rapids, Iowa  
November 2, 2015

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION**  
**(A Non-Profit Corporation)**

**Statements of Financial Position**  
**June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 25,906	77,311
Promises to give, net of allowance of \$-0- and \$14,615 as of June 30, 2015 and 2014, respectively	698,947	1,407,058
Accounts receivable - other	1,211	407
Bequests receivable	22,750	49,195
Investments	5,966,343	5,503,524
Prepaid expenses	1,604	2,461
Equipment, less accumulated depreciation of \$11,185 in 2015 and \$10,457 in 2014	372	1,100
Beneficial interest in assets held by Community Foundation	<u>13,245</u>	<u>13,627</u>
Total assets	<u>\$ 6,730,378</u>	<u>7,054,683</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 17,981	20,648
Library support payable:		
Unrestricted library support	200,905	237,391
Downtown library project	210,359	210,359
Accrued payroll liability	<u>4,465</u>	<u>18,162</u>
Total current liabilities	<u>433,710</u>	<u>486,560</u>
Net assets:		
Unrestricted net assets	2,714,012	3,009,622
Temporarily restricted net assets	1,997,924	1,977,157
Permanently restricted net assets	<u>1,584,732</u>	<u>1,581,344</u>
Total net assets	<u>6,296,668</u>	<u>6,568,123</u>
Total liabilities and net assets	<u>\$ 6,730,378</u>	<u>7,054,683</u>

See accompanying notes to financial statements.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION**  
(A Non-Profit Corporation)

**Statements of Support, Revenue, Functional Expenses  
and Changes in Net Assets  
For the Years Ended June 30, 2015 and 2014**

	2015			2014				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, and public support:								
Contributions and grants	\$ 56,753	82,910	220	139,883	201,697	212,493	385	414,575
Bequests	25,096	-	3,168	28,264	49,195	9	3,090	52,294
Investment revenue, net of investment expense of \$43,241 in 2015 and \$46,357 in 2014	141,339	63,196	-	204,535	139,106	25,421	-	164,527
Net realized and unrealized gain (loss) on investments	(114,887)	(50,712)	-	(165,599)	330,579	89,502	-	420,081
Net change in beneficial interest in assets held by Community Foundation	(382)	-	-	(382)	1,053	-	-	1,053
Net assets released from restrictions	74,627	(74,627)	-	-	4,270,839	(4,270,839)	-	-
Total revenues, gains and public support	182,546	20,767	3,388	206,701	4,992,469	(3,943,414)	3,475	1,052,530
Expenses:								
Program:								
Charitable donations to the Cedar Rapids Public Library for the purposes of:								
Payroll expenses	9,374	-	-	9,374	20,390	-	-	20,390
Books and materials	20,660	-	-	20,660	60,413	-	-	60,413
Children's services	3,559	-	-	3,559	15,416	-	-	15,416
Technology	10,000	-	-	10,000	5,000	-	-	5,000
Program and event support	75,077	-	-	75,077	21,263	-	-	21,263
Staff enrichment, appreciation, and training	4,314	-	-	4,314	3,239	-	-	3,239
Advocacy	40,000	-	-	40,000	-	-	-	-
Ladd library project	-	-	-	-	13,420	-	-	13,420
Unrestricted library support	200,905	-	-	200,905	237,392	-	-	237,392
Downtown library project	3,667	-	-	3,667	4,202,837	-	-	4,202,837
Total program expenses	367,556	-	-	367,556	4,579,370	-	-	4,579,370
Supporting activities:								
Management and general:								
Payroll expenses	29,526	-	-	29,526	45,529	-	-	45,529
Bad debt expense (recoveries)	(13,560)	-	-	(13,560)	(7,037)	-	-	(7,037)
Professional fees	34,347	-	-	34,347	32,768	-	-	32,768
Office expense, lease, and professional development	9,979	-	-	9,979	11,733	-	-	11,733
Depreciation and amortization	728	-	-	728	728	-	-	728
Total management and general	61,020	-	-	61,020	83,721	-	-	83,721

(continued)

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION**  
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**Statements of Support, Revenue, Functional Expenses  
and Changes in Net Assets (Continued)**  
For the Years Ended June 30, 2015 and 2014

	2015			2014				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Expenses (continued):								
Supporting activities (continued):								
Fundraising:								
Capital campaign	-	-	-	-	29,711	-	-	29,711
Payroll expenses	36,452	-	-	36,452	75,565	-	-	75,565
Marketing	7,199	-	-	7,199	2,299	-	-	2,299
Software and printing	5,929	-	-	5,929	5,865	-	-	5,865
Total fundraising	49,580	-	-	49,580	113,440	-	-	113,440
Total supporting activities	110,600	-	-	110,600	197,161	-	-	197,161
Total expenses	478,156	-	-	478,156	4,776,531	-	-	4,776,531
Change in net assets, before transfer	(295,610)	20,767	3,388	(271,455)	215,938	(3,943,414)	3,475	(3,724,001)
Transfer of excess Library 3.0 funds to Endowment	-	-	-	-	-	(1,000,000)	1,000,000	-
Change in net assets	(295,610)	20,767	3,388	(271,455)	215,938	(4,943,414)	1,003,475	(3,724,001)
Net assets at beginning of year	3,009,622	1,977,157	1,581,344	6,568,123	2,793,684	6,920,571	577,869	10,292,124
Net assets at end of year	\$ 2,714,012	1,997,924	1,584,732	6,296,668	3,009,622	1,977,157	1,581,344	6,568,123

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION**  
**(A Non-Profit Corporation)**

**Statements of Cash Flows**  
**For the Years Ended June 30, 2015 and 2014**

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ (271,455)	(3,724,001)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	728	728
Interest and dividends reinvested	(247,775)	(210,884)
Noncash receipt of contribution to beneficial interest	-	(1,000)
Change in beneficial interest in assets held by		
Community Foundation	382	(1,053)
Net realized and unrealized (gain) loss on investments	165,599	(420,081)
Contributions restricted for investment in permanent endowment	(3,388)	(3,475)
(Increase) decrease in:		
Unconditional promises to give	708,111	805,370
Accounts receivable - other	(804)	1,475
Bequests receivable	26,445	(49,195)
Prepaid expenses	857	1,243
Increase (decrease) in:		
Unrestricted library support payable	(36,486)	237,391
Downtown library project payable	-	210,359
Accounts payable and accrued liabilities	(16,364)	8,636
Net cash flows provided by operating activities	325,850	(3,144,487)
Cash flows from investing activities:		
Purchase of investments	(721,275)	(1,899,235)
Proceeds from sale of investments	340,632	4,961,306
Net cash flows provided (used) by investing activities	(380,643)	3,062,071
Cash flows from financing activities:		
Contributions restricted for investment in permanent endowment	3,388	3,475
Net cash flows provided (used) by financing activities	3,388	3,475
Net increase (decrease) in cash and cash equivalents	(51,405)	(78,941)
Cash and cash equivalents at beginning of year	77,311	156,252
Cash and cash equivalents at end of year	\$ 25,906	77,311

See accompanying notes to financial statements.

CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
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Notes to Financial Statements  
June 30, 2015 and 2014

Note 1 – Nature of Operations and Significant Accounting Policies

Nature of Operations

The Cedar Rapids Public Library Foundation was incorporated in 1986 in the state of Iowa. The Foundation's primary purpose is to enhance the quality of the Cedar Rapids Public Library services to the community by securing resources to support library programs and projects not normally met by public funding. The Foundation's fiscal year ends on June 30. Significant accounting policies followed by the Foundation are presented below.

Use of Estimates

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

Cash and Cash Equivalents

The Foundation considers all liquid investments with an initial maturity of three months or less to be cash equivalents.

Promises to Give

Promises to give are recognized as revenue in the period the pledge is received. Amounts due in more than one year are recorded at net realizable discounted cash flow using an appropriate discount rate commensurate with risks involved. Amortization of the discount is recorded as additional revenue.

Investments

Investments are carried at fair value, determined by quoted market prices, with investment revenue and net realized and unrealized gains and losses reported in the statement of activities as an increase or decrease in unrestricted, temporarily restricted, or permanently restricted net assets based upon donor-imposed restrictions.

Equipment

Purchased equipment is recorded at cost while contributed equipment is recorded at estimated fair value at the date of gift. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the assets which range from three to seven years.

(continued)



CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
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Notes to Financial Statements (Continued)  
June 30, 2015 and 2014

Note 1 – Nature of Operations and Significant Accounting Policies (Continued)

Net Assets

Net assets are classified based on the existence or absence of donor-imposed restrictions. The following is a description of each class:

*Unrestricted net assets* include all net assets which are neither temporarily or permanently restricted. If the Board of Directors specifies a purpose where none has been stated by the original donor, such funds are classified as designated unrestricted funds.

*Temporarily restricted net assets* include contributed net assets for which donor imposed time and purpose restrictions have not been met, and the ultimate purpose of the contribution is not permanently restricted. For donor-restricted endowment funds, the Foundation classifies the portion of the fund in excess of the permanently restricted amount as temporarily restricted until appropriated for expenditure by the Foundation.

*Permanently restricted net assets* include contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

Support and Revenue

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Amounts received which are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Foundation records contributions (including promises to give) when the contribution is deemed unconditional. Contributions are reflected in the financial statements at the earlier of the transfer of the assets or at the time the unconditional promise to give is made. Bequests are recognized as a contribution at the time the probate court declares the will is valid, provided that the bequest is unconditional. Conditional promises to give, where the donor has placed a condition on the gift that the ultimate transfer of the assets or promise to give is contingent on a future and uncertain event, are not recorded as contributions until the condition is met.

(continued)

CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
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Notes to Financial Statements (Continued)  
June 30, 2015 and 2014

Note 1 – Nature of Operations and Significant Accounting Policies (Continued)

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law, which provides income tax exemption for corporations organized and operated exclusively for religious, charitable, or educational purposes. The Foundation is not classified as a private foundation. The Foundation files information returns with the U.S. federal jurisdiction. The Foundation has determined that it was not required to record a liability related to uncertain tax position. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to June 30, 2012.

Functional Expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the statement of support, revenue, functional expenses and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Date of Management Review

Management has evaluated subsequent events through November 2, 2015, the date which the financial statements were available to be issued.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION**  
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**Notes to Financial Statements (Continued)**  
**June 30, 2015 and 2014**

Note 2 – Promises to Give

Unconditional promises to give consist of the following:

	<u>2015</u>	<u>2014</u>
Restricted for downtown library	\$ 647,630	1,360,733
Restricted for Children’s projects	50,000	100,000
Unrestricted	<u>1,899</u>	<u>1,594</u>
 Gross unconditional promises to give	 \$ 699,529	 1,462,327
Less: Allowance for uncollectible promises to give	-	( 14,615)
Less: Unamortized discount	<u>( 582)</u>	<u>( 40,654)</u>
 Net unconditional promises to give	 \$ <u>698,947</u>	 <u>1,407,058</u>
 Amounts due in:		
Less than one year	\$ 679,529	763,597
One to five years	20,000	698,730
Less: Allowance for uncollectible promises to give	-	( 14,615)
Less: Unamortized discount	<u>( 582)</u>	<u>( 40,654)</u>
	 \$ <u>698,947</u>	 <u>1,407,058</u>

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques and a discount rate of 3%, when the donor makes an unconditional promise to give to the Foundation.

Note 3 – Beneficial Interest in Assets held by a Community Foundation

The Foundation has contributed funds to The Greater Cedar Rapids Community Foundation (Community Foundation) in order to establish a designated agency fund. This fund is administered by the Community Foundation for the benefit of the Foundation. Control over the investment or reinvestment of these funds is exercised exclusively by the Community Foundation. Distributions from the fund are at the discretion of the Foundation’s Board. No amounts were distributed to the Foundation from the Community Foundation for the years ended June 30, 2015 and 2014. The designated agency fund balance as of June 30, 2015 and 2014 was \$13,245 and \$13,627, respectively.

CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
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Notes to Financial Statements (Continued)  
June 30, 2015 and 2014

Note 4 – Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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's 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.

Valuation approaches are reviewed on an ongoing basis by the trustee and revised as necessary based on changing market conditions to ensure values represent a reasonable exit price and that the valuation techniques used have not changed so as to cause a change in the level used for the basis of fair value measurement.

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

*Equity securities and mutual funds* are securities listed on a national market or exchange and valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end.

(continued)

CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
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Notes to Financial Statements (Continued)  
June 30, 2015 and 2014

Note 4 – Fair Value Measurements (Continued)

*Money market funds* are valued at the net asset value of shares held at year-end.

*Beneficial interest in assets held by Community Foundation* is valued at the pro-rata share of the Community Foundation's investment pool.

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 5,210,269	-	-	5,210,269
Equities	520,442	-	-	520,442
Cash and money market funds	<u>235,632</u>	-	-	<u>235,632</u>
Total investments	5,966,343	-	-	5,966,343
Beneficial interest in assets held by Community Foundation	<u>-</u>	<u>13,245</u>	-	<u>13,245</u>
Total assets	\$ <u>5,966,343</u>	<u>13,245</u>	<u>-</u>	<u>5,979,588</u>

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 4,816,911	-	-	4,816,911
Equities	422,579	-	-	422,579
Cash and money market funds	<u>264,034</u>	-	-	<u>264,034</u>
Total investments	5,503,524	-	-	5,503,524
Beneficial interest in assets held by Community Foundation	<u>-</u>	<u>13,627</u>	-	<u>13,627</u>
Total assets	\$ <u>5,503,524</u>	<u>13,627</u>	<u>-</u>	<u>5,517,151</u>

CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
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Notes to Financial Statements (Continued)  
June 30, 2015 and 2014

Note 5 – Endowments

The Foundation's endowment consist of various funds established to provide income to meet the Foundation's annual operating needs and to provide funds for ongoing support to the Cedar Rapids Public Library in the areas of books and materials, children's services, technology and general needs above what public funding is able to provide for. Its endowments consist of donor-restricted and unrestricted designated endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board to function as endowments, 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 Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) 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 permanently restricted net assets 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 not classified as permanently restricted is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation's board. In accordance with UPMIFA, 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

Return Objectives and Risk Parameters

The primary objective is to provide growth of principal and income in the fund's assets relative to the consumer price index. The objective should be pursued as the long-term designed to maximize total return without undue risk. The Foundation's risk tolerance is described as moderate. The need to preserve and enhance the value of the assets for future needs of the library supports a larger percentage of the portfolio in stocks.

(continued)

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION**  
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**Notes to Financial Statements (Continued)**  
**June 30, 2015 and 2014**

Note 5 – Endowments (Continued)

Spending Policy

The annual distribution made to the Cedar Rapids Public Library from the Foundation is currently 3% of the average fair market value of the permanently restricted endowment fund for the prior three fiscal years using the values of the funds at the end of each fiscal year. Total return in excess of the 3% spending guidelines should be reinvested to grow the fund.

Strategies Employed for Achieving Objectives

The objective of the fund manager should be long-term appreciation of the fund's assets and consistency of total portfolio performance. The performance of the portfolio is reviewed at least annually. The primary focus will be on a market cycle which covers a period of 3-5 years. The fund should earn a total rate of return (interest, dividends, and net realized and unrealized gains/losses) of at least the board approved distribution rate, plus the CPI, plus one percent (1%).

Endowment net asset composition by type of fund as of June 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Donor-restricted endowment funds	\$ -	296,353	1,584,732	1,881,085
Board-designated endowment funds in investments	<u>2,457,593</u>	-	-	<u>2,457,593</u>
Endowment funds in investments	2,457,593	296,353	1,584,732	4,338,678
Board-designated endowment funds at Community Foundation	<u>13,245</u>	-	-	<u>13,245</u>
Total endowment funds	\$ <u>2,470,838</u>	<u>296,353</u>	<u>1,584,732</u>	<u>4,351,923</u>

(continued)

CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
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Notes to Financial Statements (Continued)  
June 30, 2015 and 2014

Note 5 – Endowments (Continued)

Changes in endowment net assets for the year ended June 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Net assets, beginning of year	\$ 2,792,930	283,869	1,581,344	4,658,143
Contributions	-	-	3,388	3,388
Investment income, net of fees	95,796	63,196	-	158,992
Net appreciation (depreciation)	( 76,871)	( 50,712)	-	( 127,583)
Change in beneficial interest	( 382)	-	-	( 382)
Appropriation of endowment assets for expenditure	<u>( 340,635)</u>	<u>-</u>	<u>-</u>	<u>( 340,635)</u>
Net assets, end of year	\$ <u>2,470,838</u>	<u>296,353</u>	<u>1,584,732</u>	<u>4,351,923</u>

Endowment net asset composition by type of fund as of June 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Donor-restricted endowment funds	\$ -	283,869	1,581,344	1,865,213
Board-designated endowment funds in investments	<u>2,779,303</u>	<u>-</u>	<u>-</u>	<u>2,779,303</u>
Endowment funds in investments	2,779,303	283,869	1,581,344	4,644,516
Board-designated endowment funds at Community Foundation	<u>13,627</u>	<u>-</u>	<u>-</u>	<u>13,627</u>
Total endowment funds	\$ <u>2,792,930</u>	<u>283,869</u>	<u>1,581,344</u>	<u>4,658,143</u>

(continued)



**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION**  
**(A Non-Profit Corporation)**

**Notes to Financial Statements (Continued)**  
**June 30, 2015 and 2014**

Note 5 – Endowments (Continued)

Changes in endowment net assets for the year ended June 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Net assets, beginning of year	\$ 2,457,682	168,946	577,869	3,204,497
Contributions	-	-	3,475	3,475
Permanently restricted additions (See Note 10)	-	-	1,000,000	1,000,000
Investment income, net of fees	100,353	25,421	-	125,774
Net appreciation (depreciation)	353,323	89,502	-	442,825
Contribution to beneficial interest	1,000	-	-	1,000
Change in beneficial interest	1,053	-	-	1,053
Appropriation of endowment assets for expenditure	<u>(120,481)</u>	<u>-</u>	<u>-</u>	<u>(120,481)</u>
Net assets, end of year	\$ <u>2,792,930</u>	<u>283,869</u>	<u>1,581,344</u>	<u>4,658,143</u>

Note 6 – Restrictions on Net Assets

Temporarily restricted net asset are available for the following purposes:

	<u>2015</u>	<u>2014</u>
Books and materials	\$ 502,540	459,684
Children's services	295,256	340,115
Technology	4,758	4,675
Downtown library – capital improvements	1,113,945	1,063,890
Program support	-	5,350
Future operations	<u>81,425</u>	<u>103,443</u>
	\$ <u>1,997,924</u>	<u>1,977,157</u>

Permanently restricted net assets consist of endowment funds which must be invested in perpetuity, the income from which is expendable.

CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
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Notes to Financial Statements (Continued)  
June 30, 2015 and 2014

Note 7 – Related Organization

During the years ended June 30, 2015 and 2014, \$107,971 and \$96,469 was paid to the Cedar Rapids Public Library for technology improvements, materials, and reimbursement of certain costs, respectively. During the years ended June 30, 2015 and 2014, \$3,667 and \$4,202,837, respectively, was paid to the Cedar Rapids Public Library or on behalf of the Library for costs related to the downtown library project. The Foundation also contributed \$200,905 and \$237,391, respectively, as unrestricted library support for the year ended June 30, 2015 and 2014.

Note 8 – Designated Funds Held by a Community Foundation

Designated funds for the benefit of Cedar Rapids Public Library Foundation have been established by donors with The Greater Cedar Rapids Community Foundation (Community Foundation). In establishing a designated fund, the donor grants variance power to the Community Foundation and therefore, an asset is not recognized by the Cedar Rapids Public Library Foundation. Revenue is recognized upon receipt of distributions. There were no distributions received from these funds during the years ended June 30, 2015 and 2014.

Note 9 – Support Concentration

The Hall-Perrine Foundation pledge balance was \$600,000 and \$1,200,000 as of June 30, 2015 and 2014, respectively. This represented approximately 86% and 85% of the Foundation's total pledge receivable balance as of June 30, 2015 and 2014, respectively.

Note 10 – Transfer to Endowment

The Library 3.0 capital campaign was developed primarily to obtain funding for the construction of the new downtown Cedar Rapids Public Library. An endowment component was included in the Library 3.0 campaign to allocate excess funds to a permanently restricted endowment fund. During the year ended June 30, 2014, the Foundation determined there were excess funds left over from the capital campaign and transferred \$1,000,000 to the permanently restricted endowment fund.

Note 11 – Reclassification

Certain amounts in the prior year notes to the financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.