

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

Independent Auditors' Report  
Financial Statements

June 30, 2016 and 2015

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, 2016 and 2015, 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, 2016 and 2015, 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 3, 2016

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

**Statements of Financial Position**  
**June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 119,533	25,906
Promises to give, net of allowance of \$-0- as of June 30, 2016 and 2015	59,418	698,947
Accounts receivable - other	-	1,211
Bequests receivable	-	22,750
Investments	5,900,311	5,966,343
Prepaid expenses	1,639	1,604
Equipment, net of accumulated depreciation of \$11,557 in 2016 and \$11,185 in 2015	-	372
Beneficial interest in assets held by Community Foundation	13,042	13,245
Total assets	<u>\$ 6,093,943</u>	<u>6,730,378</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 20,501	17,981
Library support payable:		
Unrestricted library support	-	200,905
Downtown library project	-	210,359
Accrued payroll liability	5,376	4,465
Total current liabilities	<u>25,877</u>	<u>433,710</u>
Net assets:		
Unrestricted net assets	2,328,692	2,714,012
Temporarily restricted net assets	2,151,109	1,997,924
Permanently restricted net assets	1,588,265	1,584,732
Total net assets	<u>6,068,066</u>	<u>6,296,668</u>
Total liabilities and net assets	<u>\$ 6,093,943</u>	<u>6,730,378</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, 2016 and 2015

	2016			2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, and public support:								
Contributions and grants	\$ 112,846	134,471	400	247,717	56,753	82,910	220	139,883
Bequests	787	8,073	3,133	11,993	25,096	-	3,168	28,264
Investment revenue, net of investment expense of \$45,570 in 2016 and \$43,241 in 2015	168,354	81,474	-	249,828	141,339	63,196	-	204,535
Net realized and unrealized gain (loss) on investments	(219,679)	(98,474)	-	(318,153)	(114,887)	(50,712)	-	(165,599)
Net change in beneficial interest in assets held by Community Foundation	(203)	-	-	(203)	(382)	-	-	(382)
Net assets released from restrictions	182,718	(182,718)	-	-	74,627	(74,627)	-	-
Total revenues, gains and public support	244,823	(57,174)	3,533	191,182	182,546	20,767	3,388	206,701
Expenses:								
Program:								
Charitable donations to the Cedar Rapids Public Library for the purposes of:								
Payroll expenses	25,380	-	-	25,380	9,374	-	-	9,374
Books and materials	73,320	-	-	73,320	20,660	-	-	20,660
Children's services	62,823	-	-	62,823	3,559	-	-	3,559
Technology	7,815	-	-	7,815	10,000	-	-	10,000
Program and event support	39,419	-	-	39,419	75,077	-	-	75,077
Staff enrichment, appreciation, and training	5,796	-	-	5,796	4,314	-	-	4,314
Advocacy	1,188	-	-	1,188	40,000	-	-	40,000
Unrestricted library support	255,995	-	-	255,995	200,905	-	-	200,905
Downtown library project	-	-	-	-	3,667	-	-	3,667
Total program expenses	471,736	-	-	471,736	367,556	-	-	367,556
Supporting activities:								
Management and general:								
Payroll expenses	41,838	-	-	41,838	29,526	-	-	29,526
Bad debt expense (recoveries)	-	-	-	-	(13,560)	-	-	(13,560)
Professional fees	39,227	-	-	39,227	34,347	-	-	34,347
Office expense, lease, and professional development	15,349	-	-	15,349	9,979	-	-	9,979
Depreciation and amortization	372	-	-	372	728	-	-	728
Total management and general	96,786	-	-	96,786	61,020	-	-	61,020

(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, 2016 and 2015

	2016			2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Expenses (continued):								
Supporting activities (continued):								
Fundraising:								
Payroll expenses	50,762	-	-	50,762	36,452	-	-	36,452
Marketing	4,929	-	-	4,929	7,199	-	-	7,199
Software and printing	5,930	-	-	5,930	5,929	-	-	5,929
Total fundraising	61,621	-	-	61,621	49,580	-	-	49,580
Total supporting activities	158,407	-	-	158,407	110,600	-	-	110,600
Total expenses	630,143	-	-	630,143	478,156	-	-	478,156
Change in net assets, before change in estimate	(385,320)	(57,174)	3,533	(438,961)	(295,610)	20,767	3,388	(271,455)
Change in estimate - Downtown library payable	-	210,359	-	210,359	-	-	-	-
Change in net assets	(385,320)	153,185	3,533	(228,602)	(295,610)	20,767	3,388	(271,455)
Net assets at beginning 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
Net assets at end of year	\$ 2,328,692	2,151,109	1,588,265	6,068,066	2,714,012	1,997,924	1,584,732	6,296,668

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

**Statements of Cash Flows**  
**For the Years Ended June 30, 2016 and 2015**

	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ (228,602)	(271,455)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	372	728
Interest and dividends reinvested	(295,398)	(247,775)
Change in estimate: Downtown library project payable	(210,359)	-
Change in beneficial interest in assets held by Community Foundation	203	382
Net realized and unrealized loss on investments	318,153	165,599
Contributions restricted for investment in permanent endowment	(3,533)	(3,388)
(Increase) decrease in:		
Unconditional promises to give	639,529	708,111
Accounts receivable - other	1,211	(804)
Bequests receivable	22,750	26,445
Prepaid expenses	(35)	857
Increase (decrease) in:		
Unrestricted library support payable	(200,905)	(36,486)
Accounts payable and accrued liabilities	3,431	(16,364)
Net cash flows provided by operating activities	46,817	325,850
Cash flows from investing activities:		
Purchase of investments	(631,198)	(721,275)
Proceeds from sale of investments	674,475	340,632
Net cash flows provided (used) by investing activities	43,277	(380,643)
Cash flows from financing activities:		
Contributions restricted for investment in permanent endowment	3,533	3,388
Net cash flows provided (used) by financing activities	3,533	3,388
Net increase (decrease) in cash and cash equivalents	93,627	(51,405)
Cash and cash equivalents at beginning of year	25,906	77,311
Cash and cash equivalents at end of year	\$ 119,533	25,906

See accompanying notes to financial statements.

CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
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Notes to Financial Statements  
June 30, 2016 and 2015

Note 1 – Nature of Operations and Significant Accounting Policies

Nature of Operations

The Cedar Rapids Public Library Foundation was incorporated in 1974 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, 2016 and 2015

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 once the amount has been determined with certainty and the probate court has declared the will as 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, 2016 and 2015

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.

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 3, 2016, 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, 2016 and 2015**

Note 2 – Promises to Give

Unconditional promises to give consist of the following:

	<u>2016</u>	<u>2015</u>
Restricted for downtown library	\$ 20,000	647,630
Restricted for books and materials	40,000	-
Restricted for children's services	-	50,000
Unrestricted	<u>-</u>	<u>1,899</u>
 Gross unconditional promises to give	 \$ 60,000	 699,529
Less: Unamortized discount	( 582)	( 582)
 Net unconditional promises to give	 \$ <u>59,418</u>	 <u>698,947</u>
 Amounts due in:		
Less than one year	\$ 40,000	679,529
One to five years	20,000	20,000
Less: Allowance for uncollectible promises to give	-	-
Less: Unamortized discount	( 582)	( 582)
	\$ <u>59,418</u>	<u>698,947</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%.

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, 2016 and 2015. The designated agency fund balance as of June 30, 2016 and 2015 was \$13,042 and \$13,245, respectively.

CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
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Notes to Financial Statements (Continued)  
June 30, 2016 and 2015

Note 4 – Fair Value Measurements

Fair value accounting literature establishes 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 fair value accounting literature 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, 2016 and 2015

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, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 4,970,539	-	-	4,970,539
Equities	653,490	-	-	653,490
Cash and money market funds	<u>276,282</u>	<u>-</u>	<u>-</u>	<u>276,282</u>
Total investments	5,900,311	-	-	5,900,311
Beneficial interest in assets held by Community Foundation	<u>-</u>	<u>13,042</u>	<u>-</u>	<u>13,042</u>
Total assets	\$ <u>5,900,311</u>	<u>13,042</u>	<u>-</u>	<u>5,913,353</u>

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>-</u>	<u>-</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>-</u>	<u>13,245</u>
Total assets	\$ <u>5,966,343</u>	<u>13,245</u>	<u>-</u>	<u>5,979,588</u>

CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
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Notes to Financial Statements (Continued)  
June 30, 2016 and 2015

Note 5 – Endowments

The Foundation's endowment consists 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. 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, 2016 and 2015

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. Distributions from the board-designated endowment funds are at the discretion of the Foundation's Board of Directors.

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 Consumer Price Index, plus one percent (1%).

Endowment net asset composition by type of fund as of June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Donor-restricted endowment funds	\$ (25,229)	254,489	1,588,265	1,817,525
Board-designated endowment funds in investments	<u>1,715,178</u>	-	-	<u>1,715,178</u>
Endowment funds in investments	1,689,949	254,489	1,588,265	3,532,703
Board-designated endowment funds at Community Foundation	<u>13,042</u>	-	-	<u>13,042</u>
Total endowment funds	\$ <u>1,702,991</u>	<u>254,489</u>	<u>1,588,265</u>	<u>3,545,745</u>

(continued)

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

**Notes to Financial Statements (Continued)**  
**June 30, 2016 and 2015**

Note 5 – Endowments (Continued)

Changes in endowment net assets for the year ended June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Net assets, beginning of year	\$ 2,470,838	296,353	1,584,732	4,351,923
Contributions	-	-	3,533	3,533
Investment income, net of fees	125,879	81,474	-	207,353
Net appreciation (depreciation)	( 165,283)	( 98,474)	-	( 263,757)
Change in beneficial interest	( 203)	-	-	( 203)
Appropriation of endowment assets for expenditure	<u>( 728,240)</u>	<u>( 24,864)</u>	<u>-</u>	<u>( 753,104)</u>
Net assets, end of year	\$ <u>1,702,991</u>	<u>254,489</u>	<u>1,588,265</u>	<u>3,545,745</u>

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>-</u>	<u>-</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>-</u>	<u>-</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**  
**(A Non-Profit Corporation)**

**Notes to Financial Statements (Continued)**  
**June 30, 2016 and 2015**

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>

Note 6 – Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Books and materials	\$ 510,266	502,540
Children's services	236,267	295,256
Program support	8,000	-
Technology	6,096	4,758
Downtown library – capital improvements	1,324,649	1,113,945
Future operations	<u>65,832</u>	<u>81,425</u>
	\$ <u>2,151,110</u>	<u>1,997,924</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  
(A Non-Profit Corporation)

Notes to Financial Statements (Continued)  
June 30, 2016 and 2015

Note 7 – Related Organization

During the years ended June 30, 2016 and 2015, \$175,234 and \$107,971 was paid to the Cedar Rapids Public Library for technology improvements, materials, and reimbursement of certain costs, respectively. The Foundation also contributed \$255,995 and \$200,905, respectively, as unrestricted library support for the year ended June 30, 2016 and 2015.

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. Distributions from these funds totaled \$2,389 and \$0 during the years ended June 30, 2016 and 2015.

Note 9 – Support Concentration

The Hall-Perrine Foundation pledge balance was \$0 and \$600,000 as of June 30, 2016 and 2015, respectively. This represented approximately 0% and 86% of the Foundation's total pledge receivable balance as of June 30, 2016 and 2015, respectively.

Note 10 – Change in Estimate

In fiscal year 2014 the Foundation promised \$210,359 as a contribution for the Downtown Library project. The Foundation held the funds pending the City's confirmation of total project expenses. During the year-ended June 30, 2016, the Foundation received notification that payment of a \$210,359 liability relating to the Downtown library project would no longer be necessary as project costs were less than the estimated amount. The resulting increase to temporarily restricted net assets is reflected as a change in estimate in the Statement of Support, Revenue, Functional Expenses, and Changes in Net Assets for the year ended June 30, 2016.