

CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Cedar Rapids Public Library Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors
Cedar Rapids Public Library Foundation

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, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

The financial statements for Cedar Rapids Public Library Foundation as of June 30, 2017 were audited by other auditors, whose report dated November 6, 2017, expressed an unqualified opinion on those statements.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Cedar Rapids, Iowa
November 13, 2018

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017**

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 180,300	\$ 31,242
Unconditional Promises to Give	10,000	27,759
Accounts Receivable	-	1,464
Prepaid Expenses	7,349	-
Total Current Assets	197,649	60,465
INVESTMENTS	6,379,172	6,300,662
LONG-TERM ASSETS		
Unconditional Promises to Give	6,797	2,914
Beneficial Interest in Assets Held by Community Foundation	13,989	13,695
Total Long-Term Assets	20,786	16,609
Total Assets	\$ 6,597,607	\$ 6,377,736
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 19,580	\$ 21,309
Accrued Payroll Liability	12,376	7,790
Total Current Liabilities	31,956	29,099
NET ASSETS		
Unrestricted:		
Undesignated	773,048	685,468
Board Designated	1,928,162	1,927,868
Total Unrestricted	2,701,210	2,613,336
Temporarily Restricted	2,269,817	2,143,612
Permanently Restricted	1,594,624	1,591,689
Total Net Assets	6,565,651	6,348,637
Total Liabilities and Net Assets	\$ 6,597,607	\$ 6,377,736

See accompanying Notes to Financial Statements.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2018 AND 2017**

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND PUBLIC SUPPORT								
Contributions and Grants	\$ 132,424	\$ 197,590	\$ -	\$ 330,014	\$ 185,702	\$ 29,756	\$ 400	\$ 215,858
Bequests	2,238	7,643	2,935	12,816	-	7,867	3,024	10,891
Investment Revenue, Net of Investment Expense of \$34,599 and \$46,491 in 2018 and 2017	128,613	56,490	-	185,103	165,044	37,086	-	202,130
Net Realized and Unrealized Gain on Investments	40,300	17,729	-	58,029	155,506	69,291	-	224,797
Change in Beneficial Interest in Assets Held by Community Foundation	294	-	-	294	653	-	-	653
Net Assets Released from Restriction	153,247	(153,247)	-	-	151,497	(151,497)	-	-
Total Revenues, Gains, and Public Support	457,116	126,205	2,935	586,256	658,402	(7,497)	3,424	654,329
EXPENSES								
Program:								
Payroll Expenses	42,390	-	-	42,390	35,913	-	-	35,913
Books and Materials	80,978	-	-	80,978	57,511	-	-	57,511
Children's Services	38,790	-	-	38,790	63,327	-	-	63,327
Technology	389	-	-	389	2,251	-	-	2,251
Program and Event Support	24,100	-	-	24,100	24,550	-	-	24,550
Staff Enrichment, Appreciation, and Training	5,963	-	-	5,963	5,485	-	-	5,485
Marketing Materials and Newsletters	13,347	-	-	13,347	7,443	-	-	7,443
Advocacy	-	-	-	-	6,500	-	-	6,500
Unrestricted Library Support	12,859	-	-	12,859	20,734	-	-	20,734
Total Program Expenses	218,816	-	-	218,816	223,714	-	-	223,714
Supporting Activities:								
Management and General:								
Payroll Expenses	33,811	-	-	33,811	38,822	-	-	38,822
Professional Fees	39,978	-	-	39,978	36,170	-	-	36,170
Office Expense, Lease, and Professional Development	15,743	-	-	15,743	12,494	-	-	12,494
Total Management and General	89,532	-	-	89,532	87,486	-	-	87,486

See accompanying Notes to Financial Statements.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
STATEMENTS OF ACTIVITIES (CONTINUED)
YEARS ENDED JUNE 30, 2018 AND 2017**

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
EXPENSES (CONTINUED)								
Supporting Activities (Continued):								
Fundraising:								
Payroll Expenses	\$ 52,988	\$ -	\$ -	\$ 52,988	\$ 51,305	\$ -	\$ -	\$ 51,305
Donor Appeals and Recognition	5,437	-	-	5,437	7,782	-	-	7,782
Software and Maintenance	2,469	-	-	2,469	3,471	-	-	3,471
Total Fundraising	<u>60,894</u>	<u>-</u>	<u>-</u>	<u>60,894</u>	<u>62,558</u>	<u>-</u>	<u>-</u>	<u>62,558</u>
Total Supporting Activities	<u>150,426</u>	<u>-</u>	<u>-</u>	<u>150,426</u>	<u>150,044</u>	<u>-</u>	<u>-</u>	<u>150,044</u>
Total Expenses	<u>369,242</u>	<u>-</u>	<u>-</u>	<u>369,242</u>	<u>373,758</u>	<u>-</u>	<u>-</u>	<u>373,758</u>
CHANGE IN NET ASSETS	87,874	126,205	2,935	217,014	284,644	(7,497)	3,424	280,571
Net Assets - Beginning of Year	<u>2,613,336</u>	<u>2,143,612</u>	<u>1,591,689</u>	<u>6,348,637</u>	<u>2,328,692</u>	<u>2,151,109</u>	<u>1,588,265</u>	<u>6,068,066</u>
NET ASSETS - END OF YEAR	<u><u>\$ 2,701,210</u></u>	<u><u>\$ 2,269,817</u></u>	<u><u>\$ 1,594,624</u></u>	<u><u>\$ 6,565,651</u></u>	<u><u>\$ 2,613,336</u></u>	<u><u>\$ 2,143,612</u></u>	<u><u>\$ 1,591,689</u></u>	<u><u>\$ 6,348,637</u></u>

See accompanying Notes to Financial Statements.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 217,014	\$ 280,571
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Interest and Dividends Reinvested	(185,103)	(202,130)
Change in Beneficial Interest in Assets Held By Community Foundation	(294)	(653)
Net Realized and Unrealized Gain on Investments	(58,029)	(224,797)
Contributions Restricted for Investment in Permanent Endowment	(2,935)	(3,424)
(Increase) Decrease in:		
Unconditional Promises to Give	13,876	28,745
Accounts Receivable	1,464	(1,464)
Prepaid Expenses	(7,349)	1,639
Increase in:		
Accounts Payable and Accrued Liabilities	2,857	3,222
Net Cash Used by Operating Activities	(18,499)	(118,291)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(2,935)	(23,424)
Proceeds from Sale of Investments	167,557	50,000
Net Cash Provided by Investing Activities	164,622	26,576
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Investment in Permanent Endowment	2,935	3,424
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	149,058	(88,291)
Cash and Cash Equivalents - Beginning of Year	31,242	119,533
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 180,300	\$ 31,242

See accompanying Notes to Financial Statements.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Purpose

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 in Preparing Financial Statements

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Although the estimates and assumptions are considered to be fairly stated at the time they are made, actual results could vary from estimates and assumptions that were used.

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 with unrealized and realized gains and losses on investments reported as an increase or decrease in unrestricted net assets. Investment income is also reported in the statement of activities as an increase in unrestricted or temporarily restricted net assets based on the intention stipulated by the donor.

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. All equipment was fully depreciated at June 30, 2018 and 2017.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 SUMMARY OF 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 general and board-designated assets and liabilities of the Foundation which are not temporarily or permanently restricted. The unrestricted net assets of the Foundation may be used at the discretion of management to support their purposes and operations.

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.

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 Internal Revenue Service has not classified the Foundation as a private foundation.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Foundation files information returns in the U.S. federal jurisdiction. The Foundation follows the accounting standard for evaluating uncertain tax positions and has determined that it was not required to record a liability related to uncertain tax position at June 30, 2018 and 2017.

Functional Expenses

The Foundation allocates its expenses on a functional basis among its various programs and supporting activities. Expenses that can be identified with a specific program and supporting activity are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. The reclassifications had no effect on the change in net assets or total net assets as previously reported.

NOTE 2 UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following as of June 30:

	2018	2017
Restricted for Children's Services	\$ 14,000	\$ -
Restricted for Books and Materials	-	20,759
Unrestricted	3,000	10,000
Gross Unconditional Promises to Give	17,000	30,759
Less: Unamortized Discount	(203)	(86)
Net Unconditional Promises to Give	\$ 16,797	\$ 30,673
Amounts Due in:		
Less than One Year	\$ 10,000	\$ 27,759
One to Five Years	7,000	3,000
Less: Unamortized Discount	(203)	(86)
Total	\$ 16,797	\$ 30,673

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%.

There was no allowance for doubtful accounts at June 30, 2018 and 2017.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 3 INVESTMENTS

Investments consist of the following at June 30:

	2018	2017
Fixed Income	\$ 1,719,930	\$ 1,654,639
Equities	3,973,163	4,027,954
Real Estate Funds	577,222	576,048
Money Market Funds	108,857	42,021
	\$ 6,379,172	\$ 6,300,662

NOTE 4 BENEFICIAL INTEREST IN ASSETS HELD BY A COMMUNITY FOUNDATION

The Foundation has funds held by The Greater Cedar Rapids Community Foundation (Community Foundation). The 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. A portion of the fund’s earnings is made available for distribution to the Foundation periodically.

NOTE 5 FAIR VALUE MEASUREMENTS

Generally accepted accounting principles in the United States of America establish a 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 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

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.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

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.

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

Equities 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.

Corporate bonds are valued at the most recent price of the equivalent quoted yield for such securities, or those of comparable maturity, quality, and type.

Beneficial interest in assets held by Community Foundation is valued at the Foundation's pro-rata share of the Community Foundation's investment pool. The unobservable inputs are the underlying assets at the Community Foundation and follow their investment policy.

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

	2018			
	Level 1	Level 2	Level 3	Total
Fixed Income	\$ 1,230,427	\$ 489,503	\$ -	\$ 1,719,930
Equities	3,973,163	-	-	3,973,163
Real Estate Funds	577,222	-	-	577,222
Total Investments	5,780,812	489,503	-	6,270,315
Beneficial Interest in Assets Held by Community Foundation	-	-	13,989	13,989
Total Assets	<u>\$ 5,780,812</u>	<u>\$ 489,503</u>	<u>\$ 13,989</u>	<u>\$ 6,284,304</u>
	2017			
	Level 1	Level 2	Level 3	Total
Fixed Income	\$ 1,654,639	\$ -	\$ -	\$ 1,654,639
Equities	4,027,954	-	-	4,027,954
Real Estate Funds	576,048	-	-	576,048
Total Investments	6,258,641	-	-	6,258,641
Beneficial Interest in Assets Held by Community Foundation	-	-	13,695	13,695
Total Assets	<u>\$ 6,258,641</u>	<u>\$ -</u>	<u>\$ 13,695</u>	<u>\$ 6,272,336</u>

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the years ended June 30, 2018 and 2017:

	2018	2017
Balance - July 1	\$ 13,695	\$ 13,042
Change in Beneficial Interest in Assets Held by Community Foundation	294	653
Balance - June 30	\$ 13,989	\$ 13,695

NOTE 6 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 the 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

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 6 ENDOWMENTS (CONTINUED)

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 purchases allowed in mutual funds, equities, corporate bonds, and money market funds.

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 Objective

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 three to five 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 1%.

Endowment net asset composition by type of fund as of June 30, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Donor Restricted Endowment Funds	\$ -	\$ 363,009	\$ 1,594,624	\$ 1,957,633
Board Designated Endowment				
Funds in Investments	1,914,173	-	-	1,914,173
Endowment Funds in Investments	1,914,173	363,009	1,594,624	3,871,806
Board Designated Endowment				
Funds at Community Foundation	13,989	-	-	13,989
Total Endowment Funds	<u>\$ 1,928,162</u>	<u>\$ 363,009</u>	<u>\$ 1,594,624</u>	<u>\$ 3,885,795</u>

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 6 ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Net Assets
Net Assets - Beginning of Year	\$ 1,927,868	\$ 332,863	\$ 1,591,689	\$ 3,852,420
Contributions	-	-	2,935	2,935
Investment Income, Net of Fees	-	56,490	-	56,490
Net Appreciation	-	17,730	-	17,730
Change in Beneficial Interest	294	-	-	294
Appropriation of Endowment Assets for Expenditure	-	(44,074)	-	(44,074)
Net Assets - End of Year	<u>\$ 1,928,162</u>	<u>\$ 363,009</u>	<u>\$ 1,594,624</u>	<u>\$ 3,885,795</u>

Endowment net asset composition by type of fund as of June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Net Assets
Donor Restricted Endowment Funds	\$ -	\$ 332,863	\$ 1,591,689	\$ 1,924,552
Board Designated Endowment Funds in Investments	<u>1,914,173</u>	-	-	1,914,173
Endowment Funds in Investments	1,914,173	332,863	1,591,689	3,838,725
Board Designated Endowment Funds at Community Foundation	<u>13,695</u>	-	-	13,695
Total Endowment Funds	<u>\$ 1,927,868</u>	<u>\$ 332,863</u>	<u>\$ 1,591,689</u>	<u>\$ 3,852,420</u>

Changes in endowment net assets for the year ended June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Net Assets
Net Assets - Beginning of Year	\$ 1,702,991	\$ 254,489	\$ 1,588,265	\$ 3,545,745
Contributions	-	-	3,424	3,424
Investment Income, Net of Fees	147,272	37,086	-	184,358
Net Appreciation	135,739	69,291	-	205,030
Change in Beneficial Interest	653	-	-	653
Appropriation of Endowment Assets for Expenditure	(58,787)	(28,003)	-	(86,790)
Net Assets - End of Year	<u>\$ 1,927,868</u>	<u>\$ 332,863</u>	<u>\$ 1,591,689</u>	<u>\$ 3,852,420</u>

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 7 RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes as of June 30:

	2018	2017
Books and Materials	\$ 276,162	\$ 313,571
Children's Services	305,238	163,805
Program Support	50	8,000
Technology	514	529
Downtown Library - Capital Improvements	1,324,844	1,324,844
Endowment Earnings	363,009	332,863
Total	<u>\$ 2,269,817</u>	<u>\$ 2,143,612</u>

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

NOTE 8 NET ASSET RECONCILIATION

The following is a reconciliation of net assets as of June 30, 2018:

	Undesignated	Board Designated	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Assets
Books and Materials	\$ -	\$ -	\$ -	\$ 276,162	\$ 371,265	\$ 647,427
Children's Services	-	-	-	305,238	68,761	373,999
Program Support	-	-	-	50	-	50
Technology	-	-	-	514	8,420	8,934
Downtown Library Capital Improvements	-	-	-	1,324,844	-	1,324,844
Endowment Earnings	-	-	-	363,009	-	363,009
General Endowment	-	1,928,162	1,928,162	-	1,146,178	3,074,340
Undesignated	773,048	-	773,048	-	-	773,048
Total Net Assets	<u>\$ 773,048</u>	<u>\$ 1,928,162</u>	<u>\$ 2,701,210</u>	<u>\$ 2,269,817</u>	<u>\$ 1,594,624</u>	<u>\$ 6,565,651</u>

The following is a reconciliation of net assets as of June 30, 2017:

	Undesignated	Board Designated	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Assets
Books and Materials	\$ -	\$ -	\$ -	\$ 313,571	\$ 368,330	\$ 681,901
Children's Services	-	-	-	163,805	68,761	232,566
Program Support	-	-	-	8,000	-	8,000
Technology	-	-	-	529	8,420	8,949
Downtown Library Capital Improvements	-	-	-	1,324,844	-	1,324,844
Endowment Earnings	-	-	-	332,863	-	332,863
General Endowment	-	1,927,868	1,927,868	-	1,146,178	3,074,046
Undesignated	685,468	-	685,468	-	-	685,468
Total Net Assets	<u>\$ 685,468</u>	<u>\$ 1,927,868</u>	<u>\$ 2,613,336</u>	<u>\$ 2,143,612</u>	<u>\$ 1,591,689</u>	<u>\$ 6,348,637</u>

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 9 RELATED ORGANIZATION

During the years ended June 30, 2018 and 2017, \$144,730 and \$178,180, respectively, was paid to the Cedar Rapids Public Library for technology improvements, materials, reimbursement of certain costs, and unrestricted library support.

NOTE 10 DESIGNATED FUNDS HELD BY A COMMUNITY FOUNDATION

Designated funds for the benefit of the Foundation have been established by donors with the 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 Foundation. Revenue is recognized upon receipt of distributions. Distributions from these funds totaled \$2,557 and \$2,503 during the years ended June 30, 2018 and 2017, respectively.

NOTE 11 SUPPORT CONCENTRATION

The Foundation receives contributions and grants from certain major funding sources, defined as greater than 10% of total support and revenue. During the years ended June 30, 2018 and 2017, the Foundation received \$65,900 and \$33,912, respectively, from one contributor.

NOTE 12 SUBSEQUENT EVENTS

Management evaluated subsequent events through November 13, 2018, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2018, but prior to November 13, 2018 that provided additional evidence about conditions that existed at June 30, 2018, have been recognized in the financial statements for the year ended June 30, 2018. Events or transactions that provided evidence about conditions that did not exist at June 30, 2018 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, 2018.



Investment advisory services are offered through CliftonLarsonAllen
Wealth Advisors, LLC, an SEC-registered investment advisor.