

CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018



CLAconnect.com

WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES AND FUNCTIONAL EXPENSES	4
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7



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, 2019 and 2018, and the related statements of activities and functional expenses and cash flows for the years 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 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 audits 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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Cedar Rapids, Iowa
November 12, 2019

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018**

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 156,727	\$ 180,300
Unconditional Promises to Give	8,616	10,000
Prepaid Expenses	9,726	7,349
Total Current Assets	175,069	197,649
INVESTMENTS	6,719,491	6,379,172
LONG-TERM ASSETS		
Unconditional Promises to Give	4,249	6,797
Beneficial Interest in Assets Held by Community Foundation	13,912	13,989
Total Long-Term Assets	18,161	20,786
Total Assets	\$ 6,912,721	\$ 6,597,607
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 14,640	\$ 19,580
Accrued Payroll Liability	12,759	12,376
Total Current Liabilities	27,399	31,956
NET ASSETS		
Without Donor Restrictions:		
Undesignated	987,393	773,048
Board Designated	1,928,085	1,928,162
Total Without Donor Restrictions	2,915,478	2,701,210
With Donor Restrictions	3,969,844	3,864,441
Total Net Assets	6,885,322	6,565,651
Total Liabilities and Net Assets	\$ 6,912,721	\$ 6,597,607

See accompanying Notes to Financial Statements.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
STATEMENTS OF ACTIVITIES AND FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND PUBLIC SUPPORT						
Contributions and Grants	\$ 124,402	\$ 178,280	\$ 302,682	\$ 132,424	\$ 197,590	\$ 330,014
Bequests	-	10,524	10,524	2,238	10,578	12,816
Investment Revenue, Net of Investment Expense of \$35,841 and \$34,599 in 2019 and 2018	164,929	72,752	237,681	128,613	56,490	185,103
Net Realized and Unrealized Gain on Investments	129,530	57,392	186,922	40,300	17,729	58,029
Change in Beneficial Interest in Assets Held by Community Foundation	515	-	515	294	-	294
Net Assets Released from Restriction	213,545	(213,545)	-	153,247	(153,247)	-
Total Revenues, Gains, and Public Support	632,921	105,403	738,324	457,116	129,140	586,256
EXPENSES						
Program:						
Payroll Expenses	43,001	-	43,001	42,390	-	42,390
Books and Materials	59,542	-	59,542	80,978	-	80,978
Children's Services	116,224	-	116,224	38,790	-	38,790
Technology	-	-	-	389	-	389
Program and Event Support	21,050	-	21,050	24,100	-	24,100
Staff Enrichment, Appreciation, and Training	6,106	-	6,106	5,963	-	5,963
Marketing Materials and Newsletters	4,941	-	4,941	13,347	-	13,347
Unrestricted Library Support	-	-	-	12,859	-	12,859
Total Program Expenses	250,864	-	250,864	218,816	-	218,816
Supporting Activities:						
Management and General:						
Payroll Expenses	35,811	-	35,811	33,811	-	33,811
Professional Fees	39,789	-	39,789	39,978	-	39,978
Office Expense, Lease, and Professional Development	17,879	-	17,879	15,743	-	15,743
Total Management and General	93,479	-	93,479	89,532	-	89,532

See accompanying Notes to Financial Statements.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
STATEMENTS OF ACTIVITIES AND FUNCTIONAL EXPENSES (CONTINUED)
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES (CONTINUED)						
Supporting Activities (Continued):						
Fundraising:						
Payroll Expenses	\$ 53,752	\$ -	\$ 53,752	\$ 52,988	\$ -	\$ 52,988
Donor Appeals and Recognition	18,054	-	18,054	5,437	-	5,437
Software and Maintenance	2,504	-	2,504	2,469	-	2,469
Total Fundraising	<u>74,310</u>	<u>-</u>	<u>74,310</u>	<u>60,894</u>	<u>-</u>	<u>60,894</u>
Total Supporting Activities	<u>167,789</u>	<u>-</u>	<u>167,789</u>	<u>150,426</u>	<u>-</u>	<u>150,426</u>
Total Expenses	<u>418,653</u>	<u>-</u>	<u>418,653</u>	<u>369,242</u>	<u>-</u>	<u>369,242</u>
CHANGE IN NET ASSETS	214,268	105,403	319,671	87,874	129,140	217,014
Net Assets - Beginning of Year	<u>2,701,210</u>	<u>3,864,441</u>	<u>6,565,651</u>	<u>2,613,336</u>	<u>3,735,301</u>	<u>6,348,637</u>
NET ASSETS - END OF YEAR	<u>\$ 2,915,478</u>	<u>\$ 3,969,844</u>	<u>\$ 6,885,322</u>	<u>\$ 2,701,210</u>	<u>\$ 3,864,441</u>	<u>\$ 6,565,651</u>

See accompanying Notes to Financial Statements.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 319,671	\$ 217,014
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Interest and Dividends Reinvested	(237,681)	(185,103)
Change in Beneficial Interest in Assets Held By Community Foundation	(515)	(294)
Net Realized and Unrealized Gain on Investments	(186,922)	(58,029)
Contributions Restricted for Investment in Permanent Endowment	(2,920)	(2,935)
(Increase) Decrease in:		
Unconditional Promises to Give	3,932	13,876
Accounts Receivable	-	1,464
Prepaid Expenses	(2,377)	(7,349)
Increase in:		
Accounts Payable and Accrued Liabilities	(4,557)	2,857
Net Cash Used by Operating Activities	(111,369)	(18,499)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(72,920)	(2,935)
Proceeds from Sale of Investments	157,204	167,557
Transfer from Community Foundation	592	-
Net Cash Provided by Investing Activities	84,876	164,622
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Investment in Permanent Endowment	2,920	2,935
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(23,573)	149,058
Cash and Cash Equivalents - Beginning of Year	180,300	31,242
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 156,727	\$ 180,300

See accompanying Notes to Financial Statements.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

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 (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 net assets with and without donor restrictions. Investment income is also reported in the statement of activities as an increase in net assets with and without donor restrictions 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, 2019 and 2018.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions. The board of directors has designated, from net assets without donor restrictions, net assets for a board designated endowment.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions. Unless donor stipulations limit the use of the assets for a period of time or a particular purpose, donor restrictions on long-lived assets, if any, or cash to acquire long-lived assets are considered to have expired when the assets are placed in service.

Support and Revenue

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, 2019 AND 2018**

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, 2019 and 2018.

Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a more reasonable basis that is consistently applied. The expenses that are allocated are payroll expenses, which are allocated on the basis of estimate of time and effort.

Change in Accounting Principle

The Foundation adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* in 2018. The adoption did not impact the Foundation's financial position as of June 30, 2019 and 2018 or the changes in its net assets or cash flows for the years then ended.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30, 2019:

Cash and Cash Equivalents	\$ 156,727
Unconditional Promises to Give	8,616
Investments	<u>6,719,491</u>
Total Financial Assets	<u>6,884,834</u>
Donor Imposed Restrictions:	
Restricted by Donor for Endowment	(1,597,544)
Restricted by Donor for Purpose	<u>(2,372,300)</u>
Net Financial Assets After Restrictions	<u><u>\$ 2,914,990</u></u>

The Foundation frequently receives contributions with donor restrictions to be used in accordance with the associated purpose of those restrictions. It occasionally receives gifts to establish endowments that will exist in perpetuity; a portion of the income generated from such endowments is distributed in accordance with the Foundation Investment Policy and in accordance with any donor restrictions. In addition, the Foundation receives contributions without donor restrictions.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted and board designated endowments, contributions without donor restrictions, and contributions with donor restrictions for use in current programs to be available to meet cash needs for operational expenditures while in compliance with donor restrictions, if any. Operational expenditures include administrative and general expenses, fundraising expenses, and funding commitments to the Library expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long term Library funding commitments and obligations under endowments with donor restrictions and quasi-endowments will continue to be met, ensuring the sustainability of the Foundation and Foundation-funded Library programs and services.

The Foundation's finance committee meets as needed throughout the fiscal year to review financial records, proposed budget, fundraising plan, and Library support requests for the subsequent year. The Foundation strives to maintain financial assets available to meet necessary expenditures at a level that represents 100% of annual expenses for operational needs plus an amount that represents commitments for Library programs and services as approved by the board of directors.

NOTE 3 UNCONDITIONAL PROMISES TO GIVE

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

	2019	2018
Restricted for Children's Services	\$ 13,116	\$ 14,000
Unrestricted	-	3,000
Gross Unconditional Promises to Give	13,116	17,000
Less: Unamortized Discount	(251)	(203)
Net Unconditional Promises to Give	\$ 12,865	\$ 16,797
Amounts Due in:		
Less than One Year	\$ 8,616	\$ 10,000
One to Five Years	4,500	7,000
Less: Unamortized Discount	(251)	(203)
Total	\$ 12,865	\$ 16,797

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%.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 3 UNCONDITIONAL PROMISES TO GIVE (CONTINUED)

There was no allowance for doubtful accounts at June 30, 2019 and 2018.

NOTE 4 INVESTMENTS

Investments consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Fixed Income	\$ 1,873,096	\$ 1,719,930
Equities	4,075,638	3,973,163
Real Estate Funds	596,320	577,222
Money Market Funds	174,437	108,857
	<u>\$ 6,719,491</u>	<u>\$ 6,379,172</u>

NOTE 5 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. Distributions from these funds totaled \$592 and \$587 during the years ended June 30, 2019 and 2018, respectively. The distribution for the year ended June 30, 2018 is included in the change in beneficial interest in assets held by community foundation on the statement of activities.

NOTE 6 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.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

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.

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

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

Equities and real estate 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.

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:

	2019			
	Level 1	Level 2	Level 3	Total
Fixed Income	\$ 1,257,200	\$ 615,896	\$ -	\$ 1,873,096
Equities	4,075,638	-	-	4,075,638
Real Estate Funds	596,320	-	-	596,320
Total Investments	5,929,158	615,896	-	6,545,054
Beneficial Interest in Assets Held by Community Foundation	-	-	13,912	13,912
Total Assets	<u>\$ 5,929,158</u>	<u>\$ 615,896</u>	<u>\$ 13,912</u>	<u>\$ 6,558,966</u>
	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>

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 6 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, 2019 and 2018:

	2019	2018
Balance - July 1	\$ 13,989	\$ 13,695
Distributions	(592)	-
Change in Beneficial Interest in Assets Held by Community Foundation	515	294
Balance - June 30	\$ 13,912	\$ 13,989

NOTE 7 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, and general needs above what the public funding is able to provide. Its endowments consist of donor-restricted and board 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 net assets with donor restrictions as:

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

The remaining portion of the donor-restricted endowment fund not restricted to the permanent endowment is classified as net assets with donor restrictions 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, 2019 AND 2018**

NOTE 7 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 Library from the Foundation is currently 3% of the average fair market value of the permanent 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, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor Restricted Endowment Funds	\$ -	\$ 2,046,501	\$ 2,046,501
Board Designated Endowment			
Funds in Investments	<u>1,914,173</u>	<u>-</u>	<u>1,914,173</u>
Endowment Funds in Investments	1,914,173	2,046,501	3,960,674
Board Designated Endowment			
Funds at Community Foundation	<u>13,912</u>	<u>-</u>	<u>13,912</u>
Total Endowment Funds	<u>\$ 1,928,085</u>	<u>\$ 2,046,501</u>	<u>\$ 3,974,586</u>

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 7 ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net Assets - Beginning of Year	\$ 1,928,162	\$ 1,957,633	\$ 3,885,795
Contributions	-	2,920	2,920
Distributions	(592)	-	(592)
Investment Income, Net of Fees	-	72,752	72,752
Net Appreciation	-	57,392	57,392
Change in Beneficial Interest	515	-	515
Appropriation of Endowment Assets for Expenditure	-	(44,196)	(44,196)
Net Assets - End of Year	<u>\$ 1,928,085</u>	<u>\$ 2,046,501</u>	<u>\$ 3,974,586</u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor Restricted Endowment Funds	\$ -	\$ 1,957,633	\$ 1,957,633
Board Designated Endowment Funds in Investments	<u>1,914,173</u>	-	<u>1,914,173</u>
Endowment Funds in Investments	1,914,173	1,957,633	3,871,806
Board Designated Endowment Funds at Community Foundation	<u>13,989</u>	-	<u>13,989</u>
Total Endowment Funds	<u>\$ 1,928,162</u>	<u>\$ 1,957,633</u>	<u>\$ 3,885,795</u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net Assets - Beginning of Year	\$ 1,927,868	\$ 1,924,552	\$ 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>\$ 1,957,633</u>	<u>\$ 3,885,795</u>

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30:

	<u>2019</u>	<u>2018</u>
Books and Materials	\$ 260,098	\$ 276,162
Children's Services	346,043	305,238
Program Support	-	50
Technology	-	514
Downtown Library - Capital Improvements	1,317,202	1,324,844
Endowment Earnings	448,957	363,009
Perpetuity	1,597,544	1,594,624
Total	<u>\$ 3,969,844</u>	<u>\$ 3,864,441</u>

NOTE 9 NET ASSET RECONCILIATION

The following is a reconciliation of net assets as of June 30, 2019:

	<u>Undesignated</u>	<u>Board Designated</u>	<u>Total Without Donor Restrictions</u>	<u>Donor Restricted for Purpose</u>	<u>Donor Restricted in Perpetuity</u>	<u>Total Net Assets</u>
Books and Materials	\$ -	\$ -	\$ -	\$ 260,098	\$ 382,605	\$ 642,703
Children's Services	-	-	-	346,043	68,761	414,804
Downtown Library Capital Improvements	-	-	-	1,317,202	-	1,317,202
Endowment Earnings	-	-	-	448,957	-	448,957
General Endowment Undesignated	-	1,928,085	1,928,085	-	1,146,178	3,074,263
	987,393	-	987,393	-	-	987,393
Total Net Assets	<u>\$ 987,393</u>	<u>\$ 1,928,085</u>	<u>\$ 2,915,478</u>	<u>\$ 2,372,300</u>	<u>\$ 1,597,544</u>	<u>\$ 6,885,322</u>

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

	<u>Undesignated</u>	<u>Board Designated</u>	<u>Total Without Donor Restrictions</u>	<u>Donor Restricted for Purpose</u>	<u>Donor Restricted in Perpetuity</u>	<u>Total Net Assets</u>
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 Undesignated	-	1,928,162	1,928,162	-	1,146,178	3,074,340
	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>

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 10 RELATED ORGANIZATION

During the years ended June 30, 2019 and 2018, \$97,282 and \$144,730, respectively, was paid to the Library for technology improvements, materials, reimbursement of certain costs, and unrestricted library support.

NOTE 11 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 \$2,628 and \$2,557 during the years ended June 30, 2019 and 2018, respectively.

NOTE 12 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, 2019 and 2018, the Foundation received \$57,087 and \$65,900, respectively, from one contributor.

NOTE 13 SUBSEQUENT EVENTS

Management evaluated subsequent events through November 12, 2019, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2019, but prior to November 12, 2019 that provided additional evidence about conditions that existed at June 30, 2019, have been recognized in the financial statements for the year ended June 30, 2019. Events or transactions that provided evidence about conditions that did not exist at June 30, 2019 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, 2019.

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

