

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**



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**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, 2020 and 2019, and the related statements of activities, 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 Foundation'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 Foundation'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 the Foundation as of June 30, 2020 and 2019, 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  
December 17, 2020

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2020 AND 2019**

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 175,563	\$ 156,727
Unconditional Promises to Give	28,596	8,616
Prepaid Expenses	11,219	9,726
Total Current Assets	215,378	175,069
<b>INVESTMENTS</b>	6,674,534	6,719,491
<b>LONG-TERM ASSETS</b>		
Unconditional Promises to Give	25,199	4,249
Beneficial Interest in Assets Held by Community Foundation	12,995	13,912
Total Long-Term Assets	38,194	18,161
 Total Assets	 \$ 6,928,106	 \$ 6,912,721
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 13,921	\$ 14,640
Accrued Payroll Liability	10,212	12,759
Deferred Revenue	2,500	-
Total Current Liabilities	26,633	27,399
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	922,506	987,393
Board-Designated	1,927,168	1,928,085
Total Without Donor Restrictions	2,849,674	2,915,478
With Donor Restrictions	4,051,799	3,969,844
Total Net Assets	6,901,473	6,885,322
 Total Liabilities and Net Assets	 \$ 6,928,106	 \$ 6,912,721

See accompanying Notes to Financial Statements.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND PUBLIC SUPPORT</b>			
Contributions and Grants	\$ 148,027	\$ 185,785	\$ 333,812
Bequests	1,000	10,605	11,605
Investment Revenue, Net of Investment Expense of \$35,254	136,466	50,781	187,247
Net Realized and Unrealized Gain on Investments	(109,958)	7,332	(102,626)
Change in Beneficial Interest in Assets Held by Community Foundation	(315)	-	(315)
Other Income	2,000	-	2,000
Net Assets Released from Restriction	172,548	(172,548)	-
<b>Total Revenues, Gains, and Public Support</b>	<u>349,768</u>	<u>81,955</u>	<u>431,723</u>
<b>EXPENSES</b>			
Program Services:			
Books and Materials	67,758	-	67,758
Children's Services	169,733	-	169,733
Library Programs	25,792	-	25,792
Unrestricted Library	12,343	-	12,343
<b>Total Program Services</b>	<u>275,626</u>	<u>-</u>	<u>275,626</u>
Supporting Services:			
Management and General	88,411	-	88,411
Fundraising	51,535	-	51,535
<b>Total Supporting Services</b>	<u>139,946</u>	<u>-</u>	<u>139,946</u>
<b>Total Expenses</b>	<u>415,572</u>	<u>-</u>	<u>415,572</u>
<b>CHANGE IN NET ASSETS</b>	(65,804)	81,955	16,151
Net Assets - Beginning of Year	<u>2,915,478</u>	<u>3,969,844</u>	<u>6,885,322</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 2,849,674</u></u>	<u><u>\$ 4,051,799</u></u>	<u><u>\$ 6,901,473</u></u>

See accompanying Notes to Financial Statements.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND PUBLIC SUPPORT</b>			
Contributions and Grants	\$ 124,402	\$ 178,280	\$ 302,682
Bequests	-	10,524	10,524
Investment Revenue, Net of Investment Expense of \$35,841	164,929	72,752	237,681
Net Realized and Unrealized Gain on Investments	129,530	57,392	186,922
Change in Beneficial Interest in Assets Held by Community Foundation	515	-	515
Net Assets Released from Restriction	213,545	(213,545)	-
Total Revenues, Gains, and Public Support	632,921	105,403	738,324
<b>EXPENSES</b>			
Program Services:			
Books and Materials	71,860	-	71,860
Children's Services	140,268	-	140,268
Library Programs	25,404	-	25,404
Unrestricted Library	13,334	-	13,334
Total Program Services	250,866	-	250,866
Supporting Services:			
Management and General	93,479	-	93,479
Fundraising	74,308	-	74,308
Total Supporting Services	167,787	-	167,787
Total Expenses	418,653	-	418,653
<b>CHANGE IN NET ASSETS</b>	214,268	105,403	319,671
Net Assets - Beginning of Year	2,701,210	3,864,441	6,565,651
<b>NET ASSETS - END OF YEAR</b>	\$ 2,915,478	\$ 3,969,844	\$ 6,885,322

See accompanying Notes to Financial Statements.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2020**

	Program Services				Total Program Services	Supporting Services			Total
	Books and Materials	Children's Services	Library Programs	Unrestricted Library		Management and General	Fundraising	Total Supporting Services	
Grants and Assistance	\$ 54,380	\$ 136,222	\$ 20,700	\$ 6,056	\$ 217,358	\$ -	\$ -	\$ -	\$ 217,358
Salaries	9,755	24,436	3,713	1,777	39,681	31,585	31,745	63,330	103,011
Benefits	3,623	9,075	1,379	660	14,737	2,948	11,790	14,738	29,475
Professional Fees	-	-	-	-	-	38,425	-	38,425	38,425
Advertising	-	-	-	275	275	-	-	-	275
Office Expenses	-	-	-	-	-	3,390	5,394	8,784	8,784
Information and Technology	-	-	-	-	-	-	2,606	2,606	2,606
Occupancy	-	-	-	-	-	6,998	-	6,998	6,998
Travel	-	-	-	-	-	180	-	180	180
Conferences and Meetings	-	-	-	-	-	3,803	-	3,803	3,803
Other	-	-	-	3,575	3,575	1,082	-	1,082	4,657
<b>Total Expenses by Function</b>	<b>\$ 67,758</b>	<b>\$ 169,733</b>	<b>\$ 25,792</b>	<b>\$ 12,343</b>	<b>\$ 275,626</b>	<b>\$ 88,411</b>	<b>\$ 51,535</b>	<b>\$ 139,946</b>	<b>\$ 415,572</b>

See accompanying Notes to Financial Statements.



**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2019**

	Program Services				Supporting Services				Total
	Books and Materials	Children's Services	Library Programs	Unrestricted Library	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Grants and Assistance	\$ 59,542	\$ 116,224	\$ 21,050	\$ 6,106	\$ 202,922	\$ -	\$ -	\$ -	\$ 202,922
Salaries	8,999	17,565	3,181	1,670	31,415	32,914	39,268	72,182	103,597
Benefits	3,319	6,479	1,173	616	11,587	2,897	14,483	17,380	28,967
Professional Fees	-	-	-	-	-	39,789	-	39,789	39,789
Advertising	-	-	-	1,403	1,403	-	-	-	1,403
Office Expenses	-	-	-	-	-	3,779	18,053	21,832	21,832
Information and Technology	-	-	-	-	-	-	2,504	2,504	2,504
Occupancy	-	-	-	-	-	6,998	-	6,998	6,998
Travel	-	-	-	-	-	142	-	142	142
Conferences and Meetings	-	-	-	-	-	5,878	-	5,878	5,878
Other	-	-	-	3,539	3,539	1,082	-	1,082	4,621
<b>Total Expenses by Function</b>	<b>\$ 71,860</b>	<b>\$ 140,268</b>	<b>\$ 25,404</b>	<b>\$ 13,334</b>	<b>\$ 250,866</b>	<b>\$ 93,479</b>	<b>\$ 74,308</b>	<b>\$ 167,787</b>	<b>\$ 418,653</b>

See accompanying Notes to Financial Statements.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 16,151	\$ 319,671
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Interest and Dividends Reinvested	(187,247)	(237,681)
Change in Beneficial Interest in Assets Held By Community Foundation	315	(515)
Net Realized and Unrealized Gain on Investments	102,626	(186,922)
Contributions Restricted for Investment in Permanent Endowment	(2,944)	(2,920)
Changes in Operating Assets and Liabilities:		
Unconditional Promises to Give	(40,930)	3,932
Prepaid Expenses	(1,493)	(2,377)
Accounts Payable and Accrued Liabilities	(3,266)	(4,557)
Deferred Revenue	2,500	-
Net Cash Used by Operating Activities	(114,288)	(111,369)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(821,777)	(72,920)
Proceeds from Sale of Investments	951,355	157,204
Transfer from Community Foundation	602	592
Net Cash Provided by Investing Activities	130,180	84,876
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions Restricted for Investment in Permanent Endowment	2,944	2,920
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	18,836	(23,573)
Cash and Cash Equivalents - Beginning of Year	156,727	180,300
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 175,563	\$ 156,727

See accompanying Notes to Financial Statements.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization Purpose**

The Cedar Rapids Public Library Foundation (the 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.

**Description of Programs**

*Books and Materials* – Supports Library collections.

*Children's Services* – Supports children's Library collections and programs.

*Library Programs* – Support for the Library's programs.

*Unrestricted Library* – Support areas of greatest need.

**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.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**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* – Resources over which the board of directors (board) has discretionary control. Designated amounts represent amounts which the board has set aside for a particular purpose.

*Net Assets with Donor Restrictions* – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Foundation or passage of time.

**Support and Revenue**

The Foundation recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Bequests are recognized as a contribution once the amount has been determined with certainty and the probate court has declared the will is valid, provided the bequest is unconditional. Conditional promises to give – that is, those with measurable performance or other barriers and a right of return – are not recognized until the conditions on which they depend have been 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.

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, 2020 and 2019.

**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.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Change in Accounting Principle**

In June 2018, FASB issued Accounting Standards (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

Our financial statements reflect the early adoption of ASU 2018-08 guidance beginning in 2019. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2018-08 did not significantly impact the Foundation's reported historical revenue.

**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:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 175,563	\$ 156,727
Unconditional Promises to Give	28,596	8,616
Investments	<u>6,674,534</u>	<u>6,719,491</u>
Total Financial Assets	6,878,693	6,884,834
Donor Imposed Restrictions:		
Restricted by Donor for Endowment	(1,600,488)	(1,597,544)
Restricted by Donor for Purpose	<u>(2,451,311)</u>	<u>(2,372,300)</u>
Net Financial Assets After Restrictions	<u>\$ 2,826,894</u>	<u>\$ 2,914,990</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.

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.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)**

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:

	2020	2019
Restricted for Children's Services	\$ 45,492	\$ 13,116
Unrestricted	9,100	-
Gross Unconditional Promises to Give	54,592	13,116
Less: Unamortized Discount	(797)	(251)
Net Unconditional Promises to Give	\$ 53,795	\$ 12,865
Amounts Due in:		
Less than One Year	\$ 28,596	\$ 8,616
One to Five Years	25,996	4,500
Less: Unamortized Discount	(797)	(251)
Total	\$ 53,795	\$ 12,865

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, 2020 and 2019.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 4 INVESTMENTS**

Investments consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Fixed Income	\$ 2,380,980	\$ 1,873,096
Equities	3,786,188	4,075,638
Real Estate Funds	333,620	596,320
Money Market Funds	173,746	174,437
Total	<u>\$ 6,674,534</u>	<u>\$ 6,719,491</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 \$602 and \$592 during the years ended June 30, 2020 and 2019, respectively.

**NOTE 6 FAIR VALUE MEASUREMENTS**

Accounting principles generally accepted 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, 2020 AND 2019**

**NOTE 6 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.

*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:

	2020			
	Level 1	Level 2	Level 3	Total
Fixed Income	\$ 1,205,562	\$ 1,175,418	\$ -	\$ 2,380,980
Equities	3,786,188	-	-	3,786,188
Real Estate Funds	333,620	-	-	333,620
Total Investments	5,325,370	1,175,418	-	6,500,788
Beneficial Interest in Assets Held by Community Foundation	-	-	12,995	12,995
Total Assets	<u>\$ 5,325,370</u>	<u>\$ 1,175,418</u>	<u>\$ 12,995</u>	<u>\$ 6,513,783</u>
	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>



**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**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, 2020 and 2019:

	2020	2019
Balance - July 1	\$ 13,912	\$ 13,989
Distributions	(602)	(592)
Change in Beneficial Interest in Assets Held by Community Foundation	(315)	515
Balance - June 30	\$ 12,995	\$ 13,912

**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:

- The duration and preservation of the fund
- The purpose of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**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, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 2,068,326	\$ 2,068,326
Board-Designated Endowment Funds in Investments	1,914,173	-	1,914,173
Total Endowment Funds in Investments	1,914,173	2,068,326	3,982,499
Board-Designated Endowment Funds at Community Foundation	12,995	-	12,995
Total Endowment Funds	<u>\$ 1,927,168</u>	<u>\$ 2,068,326</u>	<u>\$ 3,995,494</u>

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
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**NOTE 7 ENDOWMENTS (CONTINUED)**

**Strategies Employed for Achieving Objective (Continued)**

Changes in endowment net assets for the year ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets - Beginning of Year	\$ 1,928,085	\$ 2,046,501	\$ 3,974,586
Contributions	-	2,944	2,944
Distributions	(602)	-	(602)
Investment Income, Net of Fees	-	50,781	50,781
Net Appreciation	-	7,332	7,332
Change in Beneficial Interest	(315)	-	(315)
Appropriation of Endowment Asset for Expenditure	-	(39,232)	(39,232)
Net Assets - End of Year	<u>\$ 1,927,168</u>	<u>\$ 2,068,326</u>	<u>\$ 3,995,494</u>

Endowment net asset composition by type of fund as of June 30, 2019:

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

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

	Without Donor Restrictions	With Donor Restrictions	Total
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 Asset 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>

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
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**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS**

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

	2020	2019
Books and Materials	\$ 242,820	\$ 260,098
Children's Services	395,911	346,043
Downtown Library - Capital Improvements	1,317,202	1,317,202
Endowment Earnings	486,363	448,957
Perpetuity	1,600,488	1,597,544
Future Operations	9,015	-
Total	<u>\$ 4,051,799</u>	<u>\$ 3,969,844</u>

**NOTE 9 NET ASSET RECONCILIATION**

The following is a reconciliation of net assets as of June 30, 2020:

	Without Donor Restrictions			With Donor Restrictions		Total Net Assets
	Undesignated	Board Designated	Total	Purpose and Time	Restricted in Perpetuity	
Books and Materials	\$ -	\$ -	\$ -	\$ 242,820	\$ 385,549	\$ 628,369
Children's Services	-	-	-	395,911	68,761	464,672
Downtown Library						
Capital Improvements	-	-	-	1,317,202	-	1,317,202
Endowment Earnings	-	-	-	486,363	-	486,363
General Endowment	-	1,927,168	1,927,168	-	1,146,178	3,073,346
Undesignated	922,506	-	922,506	9,015	-	931,521
Total	<u>\$ 922,506</u>	<u>\$ 1,927,168</u>	<u>\$ 2,849,674</u>	<u>\$ 2,451,311</u>	<u>\$ 1,600,488</u>	<u>\$ 6,901,473</u>

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

	Without Donor Restrictions			With Donor Restrictions		Total Net Assets
	Undesignated	Board Designated	Total	Purpose and Time	Restricted in Perpetuity	
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	-	1,928,085	1,928,085	-	1,146,178	3,074,263
Undesignated	987,393	-	987,393	-	-	987,393
Total	<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>

**NOTE 10 RELATED ORGANIZATION**

During the years ended June 30, 2020 and 2019, \$92,491 and \$97,282, respectively, was paid to the Library for technology improvements, materials, reimbursement of certain costs, and unrestricted library support.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
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**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 \$3,247 and \$3,114 during the years ended June 30, 2020 and 2019, 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, 2020 and 2019, the Foundation received \$87,757 and \$57,087, respectively, from one contributor. In addition, the Foundation's unconditional promises to give at June 30, 2020 and 2019 includes \$39,992 and \$-0-, respectively from this funding source.

**NOTE 13 RISKS AND UNCERTAINTIES**

In early March 2020, the COVID-19 virus was declared a global pandemic. In order to contain the spread of the virus, a government mandate suspended most of the Foundation business operations. The United States and global markets also experienced significant volatility resulting from uncertainty caused by the world-wide pandemic. The Foundation cannot predict the length or severity of the pandemic, or the extent to which the disruption may interrupt operations. Management is closely monitoring the situation and has taken action to mitigate known vulnerabilities. No adjustments have been made to these financial statements as a result of this uncertainty.

**NOTE 14 RECLASSIFICATION OF AMOUNTS**

Certain reclassifications have been made to the 2019 financial statement presentation to correspond to the current year format. Total assets, net assets and change in net assets were unchanged due to these reclassifications.

**CEDAR RAPIDS PUBLIC LIBRARY FOUNDATION  
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**NOTE 15 SUBSEQUENT EVENTS**

Subsequent to year end the Foundation received notification of a pending bequest from an estate.

Management evaluated subsequent events through December 17, 2020, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2020, but prior to December 17, 2020 that provided additional evidence about conditions that existed at June 30, 2020, have been recognized in the financial statements for the year ended June 30, 2020. Events or transactions that provided evidence about conditions that did not exist at June 30, 2020 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, 2020.

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