

Community Foundation of Greater Des Moines

Consolidated Financial Statements
December 31, 2023

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Independent Auditor's Report

Board of Directors
Community Foundation of Greater Des Moines

Opinion

We have audited the consolidated financial statements of the Community Foundation of Greater Des Moines (the Foundation), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

RSM US LLP

Des Moines, Iowa
September 18, 2024

Community Foundation of Greater Des Moines

**Consolidated Statements of Financial Position
December 31, 2023 and 2022**

	2023	2022
Assets		
Cash and cash equivalents	\$ 6,607,997	\$ 7,578,635
Investments:		
Money market funds	51,975,461	62,175,235
Debt securities	139,967,836	119,749,987
Equity securities	444,476,842	382,837,563
Promissory notes	454,994	909,994
Other investments	151,058,888	115,774,708
Total investments	787,934,021	681,447,487
Pledges receivable, net	1,300,108	1,877,996
Prepaid and other assets	9,587,237	10,665,470
Property and equipment:		
Land and land improvements	1,806,445	1,156,445
Buildings	4,797,563	1,027,573
Furniture and fixtures	454,564	305,791
Construction in process	-	2,405,286
	7,058,572	4,895,095
Less accumulated depreciation	766,311	605,650
	6,292,261	4,289,445
Total assets	\$ 811,721,624	\$ 705,859,033
Liabilities and Net Assets		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	\$ 714,680	\$ 785,741
Grants payable	266,500	754,500
Annuity payable	353,285	313,786
Agency funds	217,640,607	193,355,340
Total liabilities	218,975,072	195,209,367
Net assets:		
Net assets without donor restrictions	588,712,822	503,636,120
Net assets with donor restrictions	4,033,730	7,013,546
Total net assets	592,746,552	510,649,666
Total liabilities and net assets	\$ 811,721,624	\$ 705,859,033

See notes to consolidated financial statements.

Community Foundation of Greater Des Moines

**Consolidated Statement of Activities
Year Ended December 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions of cash and other financial assets	\$ 72,331,445	\$ -	\$ 72,331,445
Contributions of nonfinancial assets	184,604	-	184,604
Investment income	14,218,744	-	14,218,744
Net realized gain on investments	6,484,385	-	6,484,385
Net unrealized gain on investments	47,803,638	-	47,803,638
Miscellaneous income	1,352,043	-	1,352,043
Net assets released from restriction	2,979,816	(2,979,816)	-
Total support and revenue	145,354,675	(2,979,816)	142,374,859
Expenses:			
Grants and program expenses	59,437,308	-	59,437,308
Management and general	817,581	-	817,581
Fundraising	23,084	-	23,084
Total expenses	60,277,973	-	60,277,973
Increase (decrease) in net assets	85,076,702	(2,979,816)	82,096,886
Net assets at beginning of year	503,636,120	7,013,546	510,649,666
Net assets at end of year	\$ 588,712,822	\$ 4,033,730	\$ 592,746,552

See notes to consolidated financial statements.

Community Foundation of Greater Des Moines

**Consolidated Statement of Activities
Year Ended December 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions of cash and other financial assets	\$ 97,431,794	\$ 340,006	\$ 97,771,800
Contributions of nonfinancial assets	60,299	-	60,299
Investment income	12,770,167	-	12,770,167
Net realized gain on investments	1,471,040	-	1,471,040
Net unrealized loss on investments	(80,685,968)	-	(80,685,968)
Miscellaneous income	1,408,933	-	1,408,933
Net assets released from restriction	907,418	(907,418)	-
Total support and revenue	33,363,683	(567,412)	32,796,271
Expenses:			
Grants and program expenses	61,531,961	-	61,531,961
Management and general	465,218	-	465,218
Fundraising	25,342	-	25,342
Total expenses	62,022,521	-	62,022,521
Decrease in net assets	(28,658,838)	(567,412)	(29,226,250)
Net assets at beginning of year	532,294,958	7,580,958	539,875,916
Net assets at end of year	\$ 503,636,120	\$ 7,013,546	\$ 510,649,666

See notes to consolidated financial statements.

Community Foundation of Greater Des Moines

Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 82,096,886	\$ (29,226,250)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Donated investments	(25,899,952)	(49,164,491)
Net unrealized and realized (gain) loss on investments	(54,288,023)	79,214,928
Gain on sale of property held for sale	(84,480)	-
Net unrealized loss on impairment of other assets	-	33,370
Depreciation	169,135	98,007
Changes in assets and liabilities:		
Pledges and other receivables	577,888	1,177,815
Prepaid and other assets	337,713	(40,493)
Accounts payable, accrued expenses other liabilities and grants payable	(559,061)	594,670
Annuity payable	39,499	23,842
Agency funds	24,285,267	(22,290,882)
Net cash provided by (used in) operating activities	26,674,872	(19,579,484)
Cash flows from investing activities:		
Purchases of investments	(203,467,829)	(84,044,096)
Proceeds from sale and maturity of investments	177,169,270	103,019,650
Purchases of property and equipment	(2,171,951)	(2,239,883)
Proceeds from sale of property and equipment	-	9,648
Proceeds from sale of property held for sale	825,000	-
Net cash (used in) provided by investing activities	(27,645,510)	16,745,319
	(970,638)	(2,834,165)
Cash and cash equivalents:		
Beginning	7,578,635	10,412,800
Ending	\$ 6,607,997	\$ 7,578,635
Supplemental disclosure of cash flow information:		
Cash paid (received) for income taxes, net	\$ 25,029	\$ (7,629)

See notes to consolidated financial statements.

Community Foundation of Greater Des Moines

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Operations: Community Foundation of Greater Des Moines (the Foundation) was organized to receive gifts and bequests from private and public organizations and to make contributions to projects and organizations benefiting the Greater Des Moines community.

In 2005, the Foundation established a supporting organization, GDMCF Charitable Trust (the Trust), to help enhance fulfilling of the mission of the Foundation. The trustee is elected by, and serves at the pleasure of, the Foundation's board of directors.

In 2005, the Foundation established a wholly owned subsidiary, GDMCF Properties, LLC (Properties), to accommodate gifts of real estate. The entity was funded in 2008. Properties is a disregarded entity for tax purposes.

In 2014, the Foundation established and funded a wholly owned subsidiary, Keep Iowa Growing, LLC (Keep Iowa Growing) to accommodate gifts of farmland. Keep Iowa Growing is a disregarded entity for tax purposes.

In 2017, the Foundation established and funded a wholly owned subsidiary, GDMCF Investments, L.L.C. (Investments) to accommodate gifts of illiquid investments. Investments is a disregarded entity for tax purposes.

Significant accounting policies are as follows:

Principles of consolidation: The consolidated financial statements (collectively, the financial statements) include the accounts of the Foundation, the Trust, Properties, Keep Iowa Growing and Investments. All material intercompany balances and transactions are eliminated in consolidation.

Basis of presentation: The financial statements of the Foundation have been prepared on the accrual basis and follow the accounting guidance of nonprofit organizations. Under these standards, the Foundation is required to report information regarding its consolidated financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Unconditional contributions received or pledged are reported as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. The standards also provide that if the governing body of an organization has the right to remove a donor restriction, the contributions should be classified as net assets without donor restrictions. The Foundation receives contributions from donors with advice regarding distribution of the assets and the earnings therefrom. The Foundation attempts to meet the desires expressed by the donors at the time of the contribution; however, under the gifting agreements, the Foundation reserves the right to modify any restrictions or conditions on the distribution of funds for any specified charitable purpose if, in the sole judgment of the Foundation's board of directors, such restrictions or conditions become unnecessary, undesirable, impractical, or inconsistent with the charitable needs of the community.

Community Foundation of Greater Des Moines

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Revenue recognition: The Foundation recognizes revenue by following the five-step model under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606 to achieve the core principle that the Foundation recognizes revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration to which the Foundation expects to be entitled in exchange for those goods or services. The five-step model requires that the Foundation: (1) identify the contract with the customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, including variable consideration to the extent that it is probable that a significant future reversal will not occur, (4) allocate the transaction price to the respective performance obligations in the contract, and (5) recognize revenue as the performance obligation is satisfied. The Foundation's main revenue streams consisting of contributions and investment income including realized and unrealized gain (loss) on investments are scoped out of ASC 606.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on date of contribution based primarily on publicly available information. Contributions received with donor-imposed restrictions (including those for acquisition of long-lived assets) that are met within the same year as received are reported as revenues in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by donor stipulation or by law. Expenses are reported as decreases in net assets without donor restrictions.

Contributed nonfinancial assets: Volunteers contribute significant amounts of time to the Foundation's program services, administration and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

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

Cash and cash equivalents: The Foundation considers all unrestricted cash and all highly liquid investments with an original maturity date of 90 days or less, other than money market funds, to be cash and cash equivalents.

Concentration of risk: The Foundation maintains cash in bank deposit accounts, which, at times, exceed federally insured limits. The Foundation has not experienced any loss in such accounts.

Pledges receivable: Pledges receivable due after one year are discounted at a risk-free rate and are presented as net assets with donor restrictions in the financial statements. Amortization of discounts are recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. All pledges are expected to be collected, and as a result the Foundation had no allowance at both December 31, 2023 and 2022.

Community Foundation of Greater Des Moines

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Unconditional promises to give as of December 31, 2023 and 2022, are summarized as follows:

	2023	2022
Unconditional promises expected to be collected in:		
Less than one year	\$ 799,634	\$ 938,112
One to five years	529,506	990,943
	<u>1,329,140</u>	<u>1,929,055</u>
Less unamortized discount (interest rates 0.17% to 4.22%) on pledges receivable	29,032	51,059
	<u>\$ 1,300,108</u>	<u>\$ 1,877,996</u>

Contributions receivable from related parties, including Board of Directors and Foundation employees, totaled approximately \$6,000 and \$46,000 as of December 31, 2023 and 2022, respectively. Contribution revenue from Board of Directors and Foundation employees totaled approximately \$2,239,000 and \$8,490,000 for the years ended December 31, 2023 and 2022, respectively.

Investments: Investment income, realized gains and losses and unrealized gain or loss on investments is reported as increases or decreases in net assets. Investments include the following:

- Money market funds, debt and equity securities are investments in publicly traded securities and are recorded at fair value based on quoted market prices at the reporting date.
- Promissory notes receivable are carried at the amount of unpaid principal, which approximates fair value. The notes receivable bear interest at 3.08% and are due between December 2024 and December 2029. Approximately \$114,000 will be received quarterly with the remaining interest and principal being paid upon the maturity date.
- Other investments consist of fund of funds, hedge funds, investments in private equities and other nonreadily marketable investments. The Foundation establishes their value primarily using the practical expedient, based on information gathered from the investees, including audited financial statements and other reports provided by the investees. The practical expedient allows for the use of net asset value (NAV), either as reported by the investee fund or as adjusted by the Foundation based on various factors, to be used to determine fair value, under certain conditions. The fair value of the investment is based on a combination of audited financial statements of the investees and monthly or quarterly statements received from the investees. These investments would have significant redemption and other restrictions that would limit the Foundations' ability to redeem out of the fund at report date.
- Investments in other entities consist of investments in entities in which notes receivable represent a majority of the underlying assets of the entities. The investments are carried at cost which approximates fair value.
- Investments in certificates of deposit are carried at cost plus accrued interest.

Property and equipment: The Foundation capitalizes assets with estimated useful lives greater than one year at the cost to acquire that asset. Depreciation of building, furniture and fixtures is provided over the estimated useful lives of the assets on the straight-line basis (building—39 years, land improvements—15 years and furniture and fixtures—three to 10 years).

Community Foundation of Greater Des Moines

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Split interest agreements: A split-interest agreement is one in which a donor makes an initial gift to a trust or directly to the Foundation, in which the Foundation has the beneficial interest, but the donor retains a portion of the benefits of the assets or names a third party as a recipient of a portion of the benefits. The Foundation has a beneficial interest in a charitable lead annuity trust agreement, for which the accounting policy is as follows:

A charitable lead annuity agreement is an arrangement in which a donor establishes and funds a trust with specific distributions to be made to the Foundation over a specified period. Beneficial interest in the trust is recorded at fair value and included in other assets.

Agency funds: The Foundation acts as a fiscal agent for other nonprofit organizations that wish to establish an investment fund at the Foundation with its own funds and specifies itself as the beneficiary of that fund. These funds are included in the investments in the statements of financial position. The Foundation refers to such funds as agency funds and accounts for the transfer of such assets as a liability. For financial reporting purposes, distributions from agency funds in the amount of \$11,417,231 and \$14,665,627 and contributions to agency funds in the amount of \$8,576,442 and \$11,969,761 are not included in the reported grants and contributions of the Foundation for the years ended December 31, 2023 and 2022, respectively.

Income taxes: The Foundation is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt for federal income tax purposes on related income pursuant to Section 501(a) of the Internal Revenue Code. Certain investments of the Foundation are subject to the unrelated business income tax regulations, and occasionally will require the Foundation to pay tax on this unrelated business income.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases (as it relates to the assets generating unrelated business income). Deferred tax assets and liabilities, if any, are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets, if any, consists of net operating loss carryforward related to unrelated business income generated from alternative investments.

The Foundation follows the accounting guidance for Accounting for Uncertainty in Income Taxes. In accordance with the guidance for uncertainty in income taxes, management has evaluated their material tax positions and determined that there are no income tax effects with respect to its financial statements. The Foundation has not been notified of any impending examination and no examinations are currently in process.

Fair value measurements: The Foundation estimates fair value using the guidance established by Fair Value Measurements, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in its principal market, or in the absence of a principal market the most advantageous market for the investment or liability. The Foundation accounts for its investments at fair value. In accordance with the guidance, the Foundation has categorized its investments, based on the priority of the inputs to the valuation technique which give the highest priority to quoted prices in active markets and the lowest priority to unobservable inputs, into a three-level fair value hierarchy.

Community Foundation of Greater Des Moines

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

These levels are:

Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets that the Foundation has the ability to access as of the measurement date.

Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable, or can be corroborated by, observable market data.

Level 3: Valuation is based upon significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Investments may be exposed to various risks, such as interest rate, market and credit risks. As a result, it is at least reasonably possible that changes in risks in the near term could affect investment balances, and those affects could be significant.

Subsequent events: Subsequent events have been evaluated through September 18, 2024, the date the consolidated financial statements were available for issuance.

Note 2. Investments

The following is a summary of the Foundation's investments under the hierarchy set by fair value guidance as of December 31, 2023 and 2022, for assets measured at fair value on a recurring basis:

	2023			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments:				
Money market funds	\$ 51,975,461	\$ -	\$ -	\$ 51,975,461
Debt and equity securities:				
U.S. equity	349,734,203	3,444,293	179,620	353,358,116
International equity	56,414,663	-	2,100,965	58,515,628
Fixed income	139,967,836	-	-	139,967,836
Natural resources	32,603,098	-	-	32,603,098
	<u>\$ 630,695,261</u>	<u>\$ 3,444,293</u>	<u>\$ 2,280,585</u>	<u>636,420,139</u>
Other investments:				
Alternative investments, at net asset value				143,048,167
Promissory notes, at unpaid principal				454,994
Investment in other entities, at cost				3,995,236
Certificates of deposit				4,015,485
				<u>151,513,882</u>
Total investments				<u>\$ 787,934,021</u>

Community Foundation of Greater Des Moines

Notes to Consolidated Financial Statements

Note 2. Investments (Continued)

	2022			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments:				
Money market funds	\$ 62,175,235	\$ -	\$ -	\$ 62,175,235
Debt and equity securities:				
U.S. equity	275,593,214	4,791,175	9,269,088	289,653,477
International equity	60,978,015	-	3,630,979	64,608,994
Fixed income	119,443,713	306,274	-	119,749,987
Natural resources	28,575,092	-	-	28,575,092
	<u>\$ 546,765,269</u>	<u>\$ 5,097,449</u>	<u>\$ 12,900,067</u>	<u>564,762,785</u>
Other investments:				
Alternative investments, at net asset value				109,992,913
Promissory notes, at unpaid principal				909,994
Investment in other entities, at cost				5,781,795
				<u>116,684,702</u>
Total investments				<u>\$ 681,447,487</u>

The Foundation has one international equity that is valued based on significant unobservable inputs. The investment was gifted to the Foundation during the year ended December 31, 2018. The investment value is \$2,100,965 and \$3,630,979 for the years ended December 31, 2023 and 2022, respectively. The value is determined based on the estimated cash flow to be received at the liquidation of the investment, based off of comparable sales approach at December 31, 2023 and 2022. There were no purchases or sales of the investment during both the years ended December 31, 2023 and 2022.

The Foundation has one U.S. equity that is valued based on significant unobservable inputs. The investment was gifted to the Foundation during the year ended December 31, 2023, with no changes in fair value during the year due to the proximity of the donation to year end. The value is determined based on the estimated cash flow to be received at the liquidation of the investment and is \$179,620 at December 31, 2023. At December 31, 2022, the Foundation had one U.S. equity that was valued at \$9,269,088 based on significant unobservable inputs. The value was determined based on the estimated cash flow to be received at liquidation of the investment.

Alternative investments are redeemable with the fund at NAV under the original terms of the partnership and/or subscription agreements. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of the Foundation's interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported NAV. It is, therefore, reasonably possible that if the Foundation were to sell these investments in the secondary market, a buyer may require a discount to the reported NAV, and the discount could be significant.

Community Foundation of Greater Des Moines

Notes to Consolidated Financial Statements

Note 2. Investments (Continued)

The following table provides a summary of information for other investments, by net asset class, which are calculated using a NAV per share using the practical expedient or its equivalent, as of December 31:

Description	Fair Value	Unfunded Commitments	Redemption Frequency (if available)	Redemption Notice Period
2023:				
International equity (A)	\$ 58,294,950	\$ -	See (A) below	See (A) below
Fund of funds (B)	67,226,265	6,485,520	See (B) below	See (B) below
Fixed income funds (C)	17,389,655	-	See (C) below	See (C) below
Other (D)	137,297	34,849	See (D) below	See (D) below
	<u>\$ 143,048,167</u>	<u>\$ 6,520,369</u>		
2022:				
International equity (A)	\$ 36,920,408	\$ -	See (A) below	See (A) below
Fund of funds (B)	58,459,797	9,161,744	See (B) below	See (B) below
Fixed income funds (C)	14,441,475	-	See (C) below	See (C) below
Other (D)	171,233	33,912	See (D) below	See (D) below
	<u>\$ 109,992,913</u>	<u>\$ 9,195,656</u>	See (E) below	See (E) below

- (A) Funds represent primarily globally diversified portfolios in debt and equity securities, including those issued or guaranteed by the United States and foreign governments and related agencies. Included in this portfolio is a fund of approximately \$15,300,000 invested in small cap stocks of foreign entities (2022, \$9,400,000). Investments in foreign entities will incur exposure to risks from economic instability, unfavorable political developments and currency fluctuations. The portfolio allows monthly redemptions with prior notice required ranging from five to 30 days.
- (B) Includes globally diversified feeder funds and funds of funds totaling approximately \$21,700,000 invested in illiquid investments of closed-end funds (2022, \$17,700,000) with the remainder in debt and equity securities, and futures and options. Redemptions in many cases are subject to the provisions of the underlying fund agreement, with some funds within the fund of funds currently suspending redemptions. Of the total net asset class \$21,000,000 allows quarterly redemptions with a 100-day notice (2022, \$19,200,000) and \$21,700,000 allows annual redemptions with a 100-day notice (2022, \$17,700,000). Redemptions are not allowed on \$24,600,000 (2022, \$21,500,000). The remaining funds have suspended redemptions.
- (C) These represent funds invested in primarily fixed income funds. Redemptions require general partner approval to withdraw amounts if it would reduce the Foundation's balance under \$1,000,000.
- (D) These represent funds with no particular industry or geographic focus with the remainder in debt and equity securities, and futures and options. Redemptions for the portfolio are generally not allowed.

Community Foundation of Greater Des Moines

Notes to Consolidated Financial Statements

Note 3. Note Payable

The Foundation does not typically use debt to finance operating activities. There are times, however, as fiscal agent for project funds when project expenses need to be paid prior to pledges receivable being collected. To facilitate timely completion of projects, the Foundation will from time to time enter into a debt agreement related to those specific projects. There were no notes payable at December 31, 2023 or 2022.

The Foundation had an unsecured \$4,000,000 line of credit with a bank that matured on December 5, 2023, and was not renewed. No borrowings were outstanding at December 31, 2022.

Note 4. Endow Iowa Program

The Foundation participates in the Endow Iowa Program (the Program), which is administered by the Iowa Economic Development Authority through qualified community foundations. The Program's purpose is to create sustainable, philanthropic opportunities for charitable impact in Iowa communities. The legislation governing the Program requires that contributions received be accumulated in a fund, referred to as a permanent endowment, for purposes of calculating annual spending, which may not exceed 5% of the prior year ending fair market value of the Program funds. At December 31, 2023 and 2022, net assets without donor restrictions and agency fund liabilities includes a total of \$307,616,632 and \$252,759,644, respectively, related to the Program.

Note 5. Natural and Functional Expenses

The following reflects the classification of the Foundation's expenses, by both the underlying nature of the expense and function. An individual expense is allocated to the underlying activity through which it was incurred. Certain expenses are allocated on a reasonable basis which has been consistently applied based on actual usage or project purposes.

	2023			Total
	Grants and Program	Management and General	Fundraising	
Grants	\$ 52,385,861	\$ 5,000	\$ -	\$ 52,390,861
Administration and office operations	420,128	47,144	-	467,272
Marketing and outreach	490,615	7,305	2,504	500,424
Occupancy	247,710	307,703	-	555,413
Personnel	3,190,914	398,366	20,580	3,609,860
Professional services	880,675	52,063	-	932,738
Program support services	1,821,405	-	-	1,821,405
	<u>\$ 59,437,308</u>	<u>\$ 817,581</u>	<u>\$ 23,084</u>	<u>\$ 60,277,973</u>

Community Foundation of Greater Des Moines

Notes to Consolidated Financial Statements

Note 5. Natural and Functional Expenses (Continued)

	2022			
	Grants and Program	Supporting Services		Total
		Management and General	Fundraising	
Grants	\$ 54,580,247	\$ 5,000	\$ -	\$ 54,585,247
Administration and office operations	456,266	42,059	-	498,325
Marketing and outreach	528,176	6,115	8,972	543,263
Occupancy	218,901	83,283	-	302,184
Personnel	3,119,944	300,254	16,370	3,436,568
Professional services	1,580,274	28,507	-	1,608,781
Program support services	1,048,153	-	-	1,048,153
	<u>\$ 61,531,961</u>	<u>\$ 465,218</u>	<u>\$ 25,342</u>	<u>\$ 62,022,521</u>

Note 6. Liquidity

The Community Foundation of Greater Des Moines maintains operating reserves and liquidity to assure stakeholders, donors, employees and the community of the Board of Director's diligent focus on its fiduciary responsibility. The Foundation regularly monitors liquidity required to meet its annual operating needs while striving to maximize the return on investment. Use of the reserves and endowment assets will be strategic in nature so that their expenditure furthers the Foundation's ability to achieve its mission. As of December 31, 2023 and 2022, the following financial assets are available to meet operating needs:

	2023	2022
Cash and cash equivalents	\$ 3,313,789	\$ 4,806,033
Receivables, net	39,370	150,908
Investment payout	749,647	585,142
	<u>\$ 4,102,806</u>	<u>\$ 5,542,083</u>

In the event of unexpected liquidity needs, the Foundation had the ability to draw upon the line of credit during the period from January 1, 2023 to December 5, 2023.

Note 7. Restrictions on Net Assets

Net assets with donor restrictions consist of the following:

	2023	2022
Charitable lead annuity trust	\$ 3,533,255	\$ 3,870,465
Capital project—C3 Center	-	2,217,254
Pledge receivable, long term	500,475	925,827
Total net assets with donor restrictions	<u>\$ 4,033,730</u>	<u>\$ 7,013,546</u>