Community Foundation of Greater Des Moines

Consolidated Financial Statements
December 31, 2009

Contents

Independent Auditor's Report

To the Board of Directors
Community Foundation of Greater Des Moines
Des Moines, Iowa

We have audited the accompanying consolidated statement of financial position of the Community Foundation of Greater Des Moines (the Foundation) as of December 31, 2009, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The financial statements of the Foundation for the year ended December 31, 2008 were audited by other auditors whose report, dated September 3, 2009, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2009 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Community Foundation of Greater Des Moines as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Des Moines, Iowa
November 1, 2010

Community Foundation of Greater Des Moines

Consolidated Statements of Financial Position
December 31, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	$ 712,887	$ 3,686,456
Investments:		
Certificates of deposit	3,742,063	2,915,723
Money market funds	16,362,146	23,336,658
Debt securities	13,175,853	7,807,591
Equity securities	66,212,907	42,877,599
Promissory notes	6,807,533	7,016,771
Other investments	51,692,733	44,225,537
Total investments	157,993,235	128,179,879
Pledges receivable	1,916,885	4,500,564
Income taxes receivable	19,702	108,491
Prepaid and other assets	1,336,423	1,857,604
Property and equipment:		
Land	300,000	300,000
Building	569,150	569,150
Furniture and fixtures	170,601	147,861
	1,039,751	1,017,011
Less accumulated depreciation	226,428	188,559
	813,323	828,452
Total assets	$ 162,792,455	$ 139,161,446
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 146,214	$ 245,740
Grants payable	21,427	20,000
Annuity payable	53,745	14,405
Unearned revenue	377,170	376,704
Note payable	1,300,000	1,500,000
Agency funds	35,214,475	27,607,548
Total liabilities	37,113,031	29,764,397
COMMITMENTS		
NET ASSETS		
Unrestricted net assets	124,816,053	106,489,156
Temporarily restricted net assets	863,371	2,907,893
Total net assets	125,679,424	109,397,049
Total liabilities and net assets	$ 162,792,455	$ 139,161,446

See Notes to Consolidated Financial Statements.

Community Foundation of Greater Des Moines

Consolidated Statement of Activities
Year Ended December 31, 2009

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Contributions	$ 16,752,870	$ 53,333	$ 16,806,203
Investment income	2,375,635	-	2,375,635
Net realized (loss) on investments	(2,724,263)	-	(2,724,263)
Net unrealized gain on investments	20,337,382	-	20,337,382
Miscellaneous income	28,751	-	28,751
Net assets released from restriction	2,097,855	(2,097,855)	-
Total support and revenue	38,868,230	(2,044,522)	36,823,708
Expenses:			
Grants	19,137,791	-	19,137,791
Management and general	1,365,519	-	1,365,519
Depreciation and amortization	37,869	-	37,869
Total expenses	20,541,179	-	20,541,179
Increase (decrease) in net assets before income taxes	18,327,051	(2,044,522)	16,282,529
Current income tax expense	154	-	154
Increase (decrease) in net assets	18,326,897	(2,044,522)	16,282,375
Net assets at beginning of year	106,489,156	2,907,893	109,397,049
Net assets at end of year	$ 124,816,053	$ 863,371	$ 125,679,424

See Notes to Consolidated Financial Statements.

Community Foundation of Greater Des Moines

Consolidated Statement of Activities
Year Ended December 31, 2008

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Contributions	$ 29,387,194	$ 2,960,516	$ 32,347,710
Investment income	2,989,921	-	2,989,921
Net realized loss on investments	(3,121,648)	-	(3,121,648)
Net unrealized loss on investments	(40,176,053)	-	(40,176,053)
Miscellaneous income	3,340	-	3,340
Net assets released from restriction	1,009,743	(1,009,743)	-
Total support and revenue	(9,907,503)	1,950,773	(7,956,730)
Expenses:			
Grants	27,409,732	-	27,409,732
Management and general	1,551,077	-	1,551,077
Depreciation and amortization	34,225	-	34,225
Total expenses	28,995,034	-	28,995,034
Increase (decrease) in net assets before income taxes	(38,902,537)	1,950,773	(36,951,764)
Current income tax benefit	(40,869)	-	(40,869)
Increase (decrease) in net assets	(38,861,668)	1,950,773	(36,910,895)
Net assets at beginning of year	145,350,824	957,120	146,307,944
Net assets at end of year	$ 106,489,156	$ 2,907,893	$ 109,397,049

See Notes to Consolidated Financial Statements.

Community Foundation of Greater Des Moines

Consolidated Statements of Cash Flows
Years Ended December 31, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	**$ 16,282,375**	$ (36,910,895)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Donated investments	**(5,979,376)**	(4,482,862)
Net unrealized and realized (gain) loss on investments	**(17,613,119)**	43,297,701
Depreciation	**37,869**	34,225
Changes in assets and liabilities:		
Pledges receivable	**2,583,679**	(2,108,810)
Prepaid and other assets	**521,181**	(741,751)
Income taxes receivable	**88,789**	21,334
Accounts payable, accrued expenses and grants payable	**(98,099)**	(126,500)
Annuity payable	**39,340**	(21,230)
Agency funds	**7,606,927**	(6,525,908)
Unearned revenue	**466**	282,276
Net cash provided by (used in) operating activities	**3,470,032**	(7,282,420)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	**(27,728,794)**	(46,422,665)
Purchases of property and equipment	**(22,740)**	(29,777)
Proceeds from sale and maturity of investments	**21,507,933**	56,533,581
Net cash provided by (used in) investing activities	**(6,243,601)**	10,081,139
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of note payable	**-**	1,500,000
Payments on note payable	**(200,000)**	(1,225,148)
Net cash provided by (used in) financing activities	**(200,000)**	274,852
Net increase (decrease) in cash and cash equivalents	**(2,973,569)**	3,073,571
CASH AND CASH EQUIVALENTS		
Beginning	**3,686,456**	612,885
Ending	**$ 712,887**	$ 3,686,456
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for (receipts from):		
Interest	**$ 67,546**	$ 61,129
Income taxes	**(88,635)**	24,675

See 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 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 2006, the Foundation established a supporting business entity, GDMCF Charity Classic, LLC (the Classic), to accommodate acting as the hosting charity for the Principal Charity Classic golf event. The activity is classified as unearned revenue and prepaid expenses, as the Classic event occurs in May or June of the following year.

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.

Significant accounting policies:

Principles of consolidation: The consolidated financial statements include the accounts of the Foundation, the Trust, the Classic and Properties. 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 guidance of the Financial Accounting Standards Board (FASB) for *Accounting for Contributions Received and Contributions Made* and *Financial Statements of Not-for-Profit Organizations.* Under these standards, the Foundation is required to report information regarding its consolidated financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions received are reported as unrestricted, temporarily restricted, or permanently restricted support, 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 unrestricted net assets. 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.

Revenue recognition: Revenues are reported as increases in unrestricted net assets. 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 unrestricted revenues. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets, unless their use is restricted by donor stipulation or by law. Expenses are reported as decreases in unrestricted net assets. The Foundation incurs an insignificant amount of fund-raising expenses during the year that are reported as a component of management and general expenses.

Use of estimates: The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles 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 consolidated 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 temporarily restricted net assets in the consolidated financial statements. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Unconditional promises to give receivables as of December 31, 2009 and 2008 are summarized as follows:

	2009	2008
Unconditional promises expected to be collected in:		
Less than one year	**$ 1,053,514**	$ 2,507,517
One to five years	**1,095,166**	2,205,466
Greater than five years	**-**	160,000
	2,148,680	4,872,983
Less unamortized discount (interest rates 1.55% to 4.75%) on contributions receivable	**231,795**	372,419
Net contributions receivable	**$ 1,916,885**	$ 4,500,564

Investments: Investment income, realized gains and losses and unrealized appreciation or depreciation on investments is reported as increases or decreases to net assets. Investment securities include the following:

Certificates of deposit are valued at brokerage pricing services based on amortized cost, which approximates fair value.

Promissory notes receivable are carried at the amount of unpaid principal, which approximates fair value.

Money market funds, debt securities, and equity securities are investments in publicly traded securities and are recorded at fair value based on quoted market prices at the reporting date.

Other investments consist of fund of funds, hedge funds, investments in private equities, and other nonreadily marketable investments. The Foundation establishes their value based on information gathered from the investees, including audited financial statements and other reports provided by the investees.

The Foundation uses an internal asset classification method that describes the nature of the underlying funds. The terminology used includes:

- *Assets in pooled investment portfolio* – this portfolio is the long-term endowment pool for unrestricted funds of an endowment nature that will not be spent in the near term.
- *Assets in nonpooled investments* – this classification includes short-term investments, nonliquid assets, and life insurance policies that are held for specific funds.
- *Assets in money market pool* – these money market funds include cash for all short-term or project related funds, which will be spent in the near term.
- *Pledges and Accounts Receivable* – the Foundation acts as the fiscal agent for many projects throughout Greater Des Moines. As the fiscal agent, the Foundation receives and manages pledges for those projects.

As of December 31, 2009 and 2008, the Foundation had the following balances in the above asset classification categories:

	2009	2008
Assets in money market pool	**$ 12,760,597**	$ 16,327,594
Assets in nonpooled investments	**14,445,042**	12,422,763
Assets in pooled investment portfolio	**131,504,288**	103,241,563
Pledges and accounts receivable	**2,600,653**	4,916,212
Prepaid expenses	**308,704**	527,167
Land, building, and contents	**986,174**	1,726,147
Total assets	**$ 162,605,458**	$ 139,161,446

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, and furniture and fixtures - 3-10 years).

Unearned revenue: Unearned revenue consists of money received in advance from sponsoring organizations for the Foundation's activities with the Classic event, which occurs annually in May or June. After completion of the event, this funding will be considered earned by the Foundation.

Agency funds: The Foundation acts as a fiscal agent for other not-for-profit organizations that wish to establish a fund at the Foundation with its own funds and specifies itself as the beneficiary of that fund. 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 $4,281,853 and $1,468,391 and contributions to agency funds in the amount of $6,457,556 and $7,351,850 are not included in the reported grants and contributions of the Foundation at December 31, 2009 and 2008, respectively.

Income taxes: The Foundation is a not-for-profit 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. The Foundation has made tax payments in 2009 and 2008 related to investments that create 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.

During the year ended December 31, 2009 the Foundation adopted the guidance for *Accounting for Uncertainty in Income Taxes.* The Foundation is subject to federal and state income taxes to the extent it has unrelated business income. 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 is no longer subject to examination by federal or state authorities for years prior to 2006, nor have we been notified of any impending examination and no examinations are currently in process. Prior to January 1, 2009, the Foundation's policy was to record tax contingencies as they became probable and measurable.

Fair value of financial instruments: Financial instruments include cash and cash equivalents, investments, contributions receivable, accounts payable, accrued expenses, grants payable, annuities payable, agency funds and long-term debt.

The following methods and assumptions were used to estimate the fair value of each class of the Foundation's financial instruments, other than investments, which are described above and in Note 2, at December 31, 2009 and 2008:

Cash and cash equivalents, contributions receivable, gift of real estate available for sale, accounts payable and accrued expenses, unearned revenue, note payable, grants payable, and liabilities for agency funds: The carrying amounts approximate fair value because of the short maturity of these instruments.

Annuity payable: The fair value is determined at the present value of expected future cash flows discounted at the interest rate actuarially determined for charitable gift annuities based on various assumptions.

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. 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 2 investments also include other investments, measured using the practical expedient, that do not have any significant redemption restrictions, lock up periods, gates or other characteristics that would cause report and liquidation date NAV to be significantly different, if redemption were requested at the report date.

Level 3 - Beginning January 1, 2009, the Foundation has elected to report the fair value of certain investments, primarily those included in other investments on the statement of financial position, using the practical expedient. 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 Funds' ability to redeem out of the fund at report date NAV. Prior to January 1, 2009 and for all investments that don't meet the conditions for using the practical expedient, valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques may include use of option pricing models, discounted cash flow models and similar techniques.

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.

Current accounting developments: In April 2009, the FASB issued guidance on determining fair value when volume and level of activity for the asset or liability have significantly decreased and identifying transactions that are not orderly. Under this guidance, if an entity determines that there has been a significant decrease in the volume and level of activity for the asset or the liability on relation to the normal market activity for the asset or liability, then transactions or quoted prices may not accurately reflect fair value. In addition, if there is evidence that the transaction for the asset or liability is not orderly, the entity shall place little, if any, weight on that transaction price as an indicator of fair value. The Foundation adopted this guidance effective for the year ending December 31, 2009. The adoption of this guidance did not have a material impact on the Foundation's financial statements.

In January 2010, the FASB issued an amendment to the guidance on determining fair value which requires new disclosures and reasons for transfers of financial assets and liabilities between Levels 1 and 2. This amendment also clarifies that fair value measurement disclosures are required for each class of financial assets and liabilities, and disclosures about inputs and valuation techniques are required for both Level 2 and Level 3 measurements. It further clarifies that the reconciliation of Level 3 measurements should separately present purchases, sales, issuances, and settlements instead of netting these changes. With respect to matters other than Level 3 measurements, the amendment is effective for periods beginning on or after December 15, 2009. The guidance related to Level 3 measurements is effective for periods beginning on or after December 15, 2010. The Foundation is currently evaluating the impact of the guidance related to Level 3 measurements on our disclosures.

Subsequent events: Subsequent events have been evaluated through November 1, 2010, the date the financial statements were available for issuance. Through that date there were no additional events requiring disclosure in the financial statements.

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, 2009 and 2008 for assets measured at fair value on a recurring basis:

	2009			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Money market funds	$ 16,362,146	$ -	$ -	$ 16,362,146
Mutual funds:				
U.S. equity	34,675,154	-	-	34,675,154
International equity	24,650,364	-	-	24,650,364
Fixed income	13,175,853	-	-	13,175,853
Natural resources	6,491,071	-	-	6,491,071
Common stock:				
U.S. equity	396,318	-	-	396,318
Other investments:				
Real estate	-	-	3,919,797	3,919,797
International equities	-	17,495,193	635,013	18,130,206
Fund of funds	-	-	20,863,247	20,863,247
Fixed income	-	7,858,892	-	7,858,892
Other	-	-	920,591	920,591
	$ 95,750,906	$ 25,354,085	$ 26,338,648	$ 147,443,639

	2008			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Money market funds	$ 23,336,658	$ -	$ -	$ 23,336,658
Mutual funds:				
U.S. equity	42,877,599	-	-	42,877,599
International equity	-	-	-	-
Fixed income	7,807,591	27,687	-	7,835,278
Natural resources	-	-	-	-
Common stock:				
U.S. equity	-	-	-	-
Other investments:				
Real estate	-	-	6,608,993	6,608,993
International equities	-	12,105,465	288,170	12,393,635
Fund of funds	-	-	14,611,904	14,611,904
Fixed income	-	6,940,706	-	6,940,706
Other	-	-	1,142,612	1,142,612
	$ 74,021,848	$ 19,073,858	$ 22,651,679	$ 115,747,385

The following table provides a summary of changes in fair value of the Foundation's level 3 financial assets for the year ended December 31, 2009:

Beginning balance, January 1, 2008	$ 32,959,727
Unrealized gains or losses in net assets from operations	(10,781,724)
Realized gains or losses in net assets from operations	(18,840)
Purchases of investments	7,694,215
Proceeds from disposal of investments	(120,700)
Reinvested interest income, net of management fees	(130,612)
Reclassification of promissory notes	(6,950,387)
Ending balance, December 31, 2008	22,651,679
Unrealized gains or losses in net assets from operations	(73,628)
Realized gains or losses in net assets from operations	(79,306)
Purchases of investments	3,991,934
Proceeds from disposal of investments	(126,078)
Reinvested interest income, net of management fees	(25,953)
Ending balance, December 31, 2009	$ 26,338,648

During the year ended December 31, 2009, the organization reviewed the classification of investments, and reclassified certain investments as of December 31, 2008 to be consistent with the classifications used in the December 31, 2009 financial statements.

Other investments are redeemable with the fund at net asset value 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 net asset value 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 net asset value. 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 net asset value, and the discount could be significant.

The following table provides a summary of information for other investments, by net asset class, that are calculated using a net asset value per share, or its equivalent, for the year ended December 31, 2009:

Description	Fair Value	Unfunded Commitments	Redemption Frequency (if available)	Redemption Notice Period
Real estate investments (A)	$ 3,919,797	$ 121,800	See (A) below	See (A) below
International equity investments (B)	18,130,206	2,405,938	See (B) below	See (B) below
Fund of funds (C)	20,863,247	3,756,507	See (C) below	See (C) below
Fixed income (D)	7,858,892	-		
Other (E)	920,591	679,371		
	$ 51,692,733	$ 6,963,616		

(A) Includes funds invested in debt and equity securities and other investments related to real estate, with a focus on residential, commercial, industrial and retail investments and properties with no particular geographic concentration. Approximately $1,000,000 is subject to 45-60 day redemption notice requirements. Redemptions for the balance of the portfolio are generally not allowed and are subject to approval of the fund administrator.

(B) These 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 are $12,700,000 focused on small cap stocks of foreign entities and $4,800,000 is focused on emerging markets. Investments in foreign entities will incur exposure to risks from economic instability, unfavorable political developments and currency fluctuations. $4,800,000 of the portfolio allows daily redemptions subject to withdrawal safeguards, which have been in place since 2008. The safeguards generally restrict the liquidation and transfer of assets to those approved by the trustees. There are no redemptions allowed on $635,000 and the remainder of the portfolio allows monthly redemptions.

(C) Includes globally diversified feeder funds and funds of funds approximately 50% invested in illiquid investments of closed-end funds with the remainder in debt and equity securities and futures and options. Redemptions have been suspended for $5,200,000 and are not allowed for $1,412,000. Of the remaining balance, $2,800,000 allows semi-annual redemptions with a 30 day notice and $9,800,000 allows annual redemptions with a 100-day notice. 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.

(D) These represent funds invested in primarily fixed income funds.

(E) These represent funds with no particular industry or geographic focus with the remainder in debt and equity securities and futures and options.

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 on behalf of those specific projects. The pledges receivable for those projects are used as collateral for the notes. The notes are paid as the pledge payments are received by the Foundation.

The Foundation has a note payable with a bank due November 30, 2011. This note is payable in one lump sum on the maturity date and bears interest at 5.5%. The outstanding balance on this note as of December 31, 2009 and 2008 is $1,300,000 and $1,500,000, respectively.

On May 16, 2007, the Foundation entered into a $4,000,000 line of credit with a bank that matures on July 5, 2011. There was no outstanding balance on this line of credit at December 31, 2009 or 2008.

Note 4. Endow Iowa Program

The Foundation participates in the Endow Iowa Program (the Program), which is administered by the Iowa Department of Economic Development 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%. At December 31, 2009 and 2008, unrestricted net assets includes $27,914,851 and $20,944,077, respectively, related to the Program.