

The Greater Cedar Rapids Community Foundation

Financial Report
December 31, 2021

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RSM US LLP

Independent Auditor's Report

Board of Directors
The Greater Cedar Rapids Community Foundation

Opinion

We have audited the financial statements of The Greater Cedar Rapids Community Foundation (the Community Foundation), which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Community Foundation as of December 31, 2021 and 2020, and the results of its operations and its 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 Community 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 Company'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 Community 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 Community 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

Cedar Rapids, Iowa
April 19, 2022

The Greater Cedar Rapids Community Foundation

Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 1,951,539	\$ 5,907,570
Certificates of deposit	3,254,641	-
Receivables, contributions and grants	423,715	212,950
Prepaid expenses	20,422	25,396
Investments	211,446,623	182,776,090
Beneficial interests in charitable trusts	4,479,800	3,761,100
Property and equipment, net	1,416,861	1,492,533
Cash value of life insurance	374,751	346,042
	<u>223,368,352</u>	<u>194,521,681</u>
Total assets	\$ 223,368,352	\$ 194,521,681
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 29,462	\$ 17,378
Accrued expense	148,604	124,062
Grants payable	648,713	59,024
Amounts due under annuity and unitrust agreements	1,175,199	1,228,280
Amounts held on behalf of others	45,611,188	37,683,839
	<u>47,613,166</u>	<u>39,112,583</u>
Total liabilities	47,613,166	39,112,583
Net assets:		
Net assets, without donor restrictions	168,946,179	149,476,592
Net assets, with donor restrictions	6,809,007	5,932,506
	<u>175,755,186</u>	<u>155,409,098</u>
Total net assets	175,755,186	155,409,098
	<u>223,368,352</u>	<u>194,521,681</u>
Total liabilities and net assets	\$ 223,368,352	\$ 194,521,681

See notes to financial statements.

The Greater Cedar Rapids Community Foundation

Statement of Activities
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue, contributions and bequests	\$ 15,022,997	\$ 718,700	\$ 15,741,697
Investment income	3,964,509	115,764	4,080,273
Net appreciation of investments	14,581,042	248,047	14,829,089
Investment income	18,545,551	363,811	18,909,362
Other revenue	86,900	68	86,968
Total support and revenue	33,655,448	1,082,579	34,738,027
Net assets released from restrictions	261,178	(261,178)	-
Expenses and other adjustments:			
Grants	11,397,285	-	11,397,285
Administration of grants, allocated expenses	529,688	-	529,688
Grant expense	11,926,973	-	11,926,973
Other programs	590,605	-	590,605
Management and general expense	955,968	-	955,968
Fundraising and development expenses	973,493	-	973,493
Total expenses	14,447,039	-	14,447,039
Other adjustments, actuarial adjustment on annuities and unitrust agreements	-	(55,100)	(55,100)
Total expenses and other adjustments	14,447,039	(55,100)	14,391,939
Change in net assets	19,469,587	876,501	20,346,088
Net assets, beginning of year	149,476,592	5,932,506	155,409,098
Net assets, end of year	\$ 168,946,179	\$ 6,809,007	\$ 175,755,186

See notes to financial statements.

The Greater Cedar Rapids Community Foundation

**Statement of Activities
Year Ended December 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue, contributions and bequests	\$ 6,848,560	\$ 1,179,500	\$ 8,028,060
Investment income	2,081,513	73,042	2,154,555
Net appreciation (depreciation) of investments	9,461,835	(97,996)	9,363,839
Investment income (loss)	11,543,348	(24,954)	11,518,394
Other revenue	365,557	-	365,557
Total support and revenue	18,757,465	1,154,546	19,912,011
Net assets released from restrictions	-	-	-
Expenses and other adjustments:			
Grants	9,967,252	-	9,967,252
Administration of grants, allocated expenses	524,467	-	524,467
Grant expense	10,491,719	-	10,491,719
Other programs	526,457	-	526,457
Management and general expense	806,931	-	806,931
Fundraising and development expenses	882,446	-	882,446
Total expenses	12,707,553	-	12,707,553
Other adjustments, actuarial adjustment on annuities and unitrust agreements	-	131,337	131,337
Total expenses and other adjustments	12,707,553	131,337	12,838,890
Change in net assets	6,049,912	1,023,209	7,073,121
Net assets, beginning of year	143,426,680	4,909,297	148,335,977
Net assets, end of year	<u>\$ 149,476,592</u>	<u>\$ 5,932,506</u>	<u>\$ 155,409,098</u>

See notes to financial statements.

The Greater Cedar Rapids Community Foundation

**Statements of Cash Flows
Years Ended December 31, 2021 and 2020**

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 20,346,088	\$ 7,073,121
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Change in present value of beneficial interest in charitable trusts	(718,700)	(1,179,500)
Depreciation	66,919	66,750
Actuarial adjustment on annuities and unitrust agreements	(55,100)	131,337
Net (appreciation) in market value of investments	(14,829,089)	(9,363,839)
Reinvested investment earnings	(4,080,273)	(2,154,555)
Loss from sale of interests in real estate	-	82,890
Proceeds from sale of donated investment securities	4,122,420	1,137,728
Effects of changes in operating assets and liabilities:		
Receivables	(210,765)	1,410,649
Prepaid expenses	4,974	(322)
Accounts payable and accrued expenses	36,626	54,757
Amounts due under annuity and unitrust agreements	2,019	-
Grants payable	589,689	(36,917)
Net cash provided by (used in) operating activities	5,274,808	(2,777,901)
Cash flows from investing activities:		
(Purchases) proceeds from certificates of deposit, net	(3,254,641)	4,215,668
Proceeds from sales and maturities of investments	4,077,792	10,616,937
Purchases of investments	(13,280,382)	(5,422,945)
Purchases of property and equipment	-	(80,151)
Proceeds from disposal of property and equipment	8,753	-
(Increase) in cash value of life insurance	(28,709)	(16,960)
Proceeds from sale of interests in real estate	-	493,110
Net cash (used in) provided by investing activities	(12,477,187)	9,805,659
Cash flows from financing activities:		
Contributions raised on behalf of others	4,471,798	1,620,715
Grants paid on behalf of others	(1,225,450)	(3,862,727)
Payments on annuity and life income agreements	-	(219,113)
Net cash provided by (used in) financing activities	3,246,348	(2,461,125)
Net (decrease) increase in cash and cash equivalents	(3,956,031)	4,566,633
Cash and cash equivalents:		
Beginning	5,907,570	1,340,937
Ending	\$ 1,951,539	\$ 5,907,570
Supplemental schedule of noncash operating activities:		
Investment income and net appreciation in market value of investments for earnings on behalf of others	\$ 4,681,001	\$ 2,327,501

See notes to financial statements.

The Greater Cedar Rapids Community Foundation

Notes to Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of business: In 1949, the Community Welfare Foundation of Cedar Rapids was established as a private foundation for the purpose of receiving gifts and bequests to provide support for charitable enterprise in the city of Cedar Rapids. In 1987, the Community Welfare Foundation of Cedar Rapids became a public foundation and changed its name to the Greater Cedar Rapids Community Foundation (the Community Foundation) to reflect the broader interests of the rapidly growing Linn County community. Today, the Community Foundation provides grants to various organizations in the greater Cedar Rapids community to help foster and promote public, charitable, scientific, literary and educational activities.

Accounting estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Summary of the Community Foundation's significant accounting policies follows:

Basis of presentation: The financial statements of the Community Foundation have been prepared on the accrual basis and follow the accounting guidance for contributions received and contributions made and financial statements of not-for-profit organizations. Under these standards, the Community Foundation is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. Contributions received are reported as with donor restrictions or without donor restrictions, depending on the existence or absence of donor-imposed restrictions. The standards also provide that if the governing body of an organization has the right to remove a donor restriction, known as variance power, the contributions should be classified as net assets without donor restrictions. The Community Foundation receives contributions from donors with advice regarding distribution of the assets and the earnings therefrom. The Community Foundation attempts to meet the desires expressed by the donors at the time of the contribution; however, under the fund agreements the Community 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 Community Foundation's Board of Directors, such restrictions or conditions become unnecessary, undesirable, impractical or inconsistent with the charitable needs of the community.

The Greater Cedar Rapids Community Foundation

Notes to Financial Statements

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

A description of the funds of the Community Foundation is as follows:

Endowed funds, subject to variance power as described earlier, include gifts, which require, by donor restriction, that the corpus of the gift be invested in perpetuity and spent for program operations in accordance with donor restrictions, subject to compliance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The related income and expenses associated with these restrictions have been reflected in the endowed funds. The endowed funds are classified as net assets without donor restrictions due to the Community Foundation's variance power over the assets and are included in net assets without donor restrictions in the financial statements. The various types of endowed agreements are as follows:

Type of Endowed Fund	Description of Fund
Without donor restrictions	The donor has made a contribution of cash or assets to the Fund at the Community Foundation which is invested in perpetuity. Distributions are made by the Community Foundation as grants that address current issues and community needs.
Field of interest	The donor has made a contribution of cash or assets to an endowed fund at the Community Foundation which is invested in perpetuity. Distributions are made by the Community Foundation as grants that focus on a particular charitable cause.
Donor advised	The donor has made a contribution of cash or assets to an endowed fund at the Community Foundation which is invested in perpetuity. The donor, or someone the donor names, makes recommendations to the Community Foundation about how distributions are made as grants.
Donor designated	The donor has made a contribution of cash or assets to an endowed fund at the Community Foundation which is invested in perpetuity. Distributions are made by the Community Foundation as grants to the beneficiary(ies) that were specified by the donor when the fund was established to support general operations or a specific program of the organization.

Nonendowed funds include gifts (other than for operations) that are presently available for use and are included in net assets without donor restrictions in the financial statements. The donor may establish a donor advised, donor designated or field of interest fund whereby the corpus of the fund is available for use as determined under the various donor agreements subject to the variance power as described earlier.

Net assets with donor restrictions include funds received under various trust and annuity agreements, which require the Community Foundation to follow the provisions of the trust or annuity agreement until termination. Upon termination, the funds will be classified as net assets without donor restrictions as outlined earlier.

The Greater Cedar Rapids Community Foundation

Notes to Financial Statements

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

Amounts held on behalf of others: The Community Foundation holds funds for certain nonprofit organizations. The total amount of the funds held on behalf of these organizations has been reflected in investments as an asset and a liability on the statements of financial position. On the statements of activities, the Community Foundation reports the net amount of support, revenue and expenses with the amount raised and expended on behalf of others. Below is the break out of amounts raised and expended on behalf of others during the years ended December 31, 2021 and 2020:

	2021	2020
Contributions and bequests	\$ 20,213,495	\$ 9,648,775
Less contributions raised on behalf of others	(4,471,798)	(1,620,715)
Contributions and bequests, net	<u>\$ 15,741,697</u>	<u>\$ 8,028,060</u>
Investment income	\$ 5,161,534	\$ 2,567,888
Less investment income incurred on behalf of others	(1,081,261)	(413,333)
	<u>4,080,273</u>	<u>2,154,555</u>
Net appreciation of investments	18,428,829	11,278,007
Less net appreciation of investments incurred on behalf of others	(3,599,740)	(1,914,168)
	<u>14,829,089</u>	<u>9,363,839</u>
Investment income, net	<u>\$ 18,909,362</u>	<u>\$ 11,518,394</u>
Grants	\$ 12,622,735	\$ 13,829,979
Less grants awarded on behalf of others	(1,225,450)	(3,862,727)
Grant expense, net	<u>\$ 11,397,285</u>	<u>\$ 9,967,252</u>

Endowment fund investment and distribution policies: The Community Foundation has adopted investment and distribution policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The long-term objective of the Community Foundation, as determined by its investment committee, is to achieve a total return in excess of the sum of its distribution rate, the long-term inflation rate, the aggregate costs of portfolio management and any growth factor which the investment committee may, from time to time, determine appropriate. The Community Foundation serves as the steward of endowment funds that are to serve the community forever. These funds must be managed with a long-term time horizon to preserve and enhance the value of the initial endowment gift while allowing for an annual distribution to serve current needs.

To accomplish this goal, the endowment pool is globally diversified, providing exposure to a wide range of asset classes. Such diversification allows the pool to benefit from the strong performance of individual asset classes while mitigating the negative impact of poor performance in any single asset class.

The Greater Cedar Rapids Community Foundation

Notes to Financial Statements

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

On an annual basis, the investment committee recommends the distribution rate to the Board of Directors for the ensuing year. It is the policy of the Community Foundation to distribute an amount equal to the product of the investment portfolio's average market value for the trailing 12-quarter average multiplied by the distribution rate. All distributions are subject to compliance with UPMIFA.

Contributions: The Community Foundation records contributions (including promises to give) when the contribution is deemed unconditional. Contributions are reflected in the financial statements at the earlier of the transfer of the assets or at the time the unconditional promise to give is made. Bequests are recognized as a contribution at the time the will is declared valid, provided that the bequest is unconditional. Pledges, bequests and other promises to give that are to be received after more than a year have been discounted to reflect the present value of the future cash flows.

Conditional promises to give, where the donor has placed a condition on the gift that the ultimate transfer of the assets or promise to give is contingent on a future and uncertain event, are not recorded as contributions until the condition is met. There were no material amounts of conditional promises to give for the years ended December 31, 2021 and 2020.

Gifts of cash and other assets that are received under trust or annuity agreements to be received in subsequent periods are recorded as net assets with donor restrictions. The net assets with donor restrictions are released to net assets without donor restrictions when the trust or annuity agreement terminates and the assets are collected.

Contributions of donated items are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Contributions from related parties, primarily board members, for the years ended December 31, 2021 and 2020 totaled \$164,376 and \$52,510, respectively.

Cash equivalents: The Community Foundation considers highly liquid investments purchased with an original maturity of three months or less and not held by a trustee to be cash equivalents.

Certificates of deposit: Consist of certificates of deposit with a maturity greater than 90 days at the date acquired and are recorded at cost.

Investments: Investments of the Community Foundation are carried at fair value. Fair value is 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. The Community Foundation elected to report the fair value of alternative investments, comprised of hedge funds and private equity funds, 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 Community Foundation based on various factors. See Note 4 for discussion of fair value measurements. Realized gains or losses on investments are determined by the average cost method for mutual funds, and specific identification method for investments in common stock and are reported as increases or decreases in net assets. Investment income is also reported in the statements of activities as an increase in net assets without donor restrictions or net assets with donor restrictions based on the intentions stipulated by the donor.

The Greater Cedar Rapids Community Foundation

Notes to Financial Statements

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

Beneficial interests in charitable trusts: The Community Foundation has beneficial interests in charitable trusts that are held by third parties. Under these arrangements, the Community Foundation has an irrevocable right to receive its share of the income earned on the trust assets in perpetuity, but never receives its share of the underlying assets. The Community Foundation's share of the trust assets is initially recorded at fair value as a beneficial interest in charitable trusts and contribution income under restricted support within net assets with donor restrictions. Subsequent changes in the fair value of the Community Foundation's share of the trust assets are recorded as change in value of split-interest agreements in net assets with donor restrictions in the statements of activities. Annual distributions are reported as investment income.

Living trusts, testamentary trusts and gift annuities: The assets in living trusts, testamentary trusts and gift annuities are recorded at fair value at the inception of the trust or annuity based on the fair value of the underlying investments and a liability is recorded to reflect the net present value of the expected future payments to the beneficiary. Living trusts, testamentary trusts and gift annuities assets totaled \$3,501,869 and \$3,399,687 as of December 31, 2021 and 2020, respectively, and are included with investments in the statements of financial position.

The annuity and life income obligations are determined annually to reflect the change in life expectancy of the donor/beneficiary as well as expected payments to be made under the agreement. Investment income and distributions to beneficiaries increase or decrease the assets and the related obligation. The remainder interest is recorded as a contribution to the Community Foundation or an increase in amounts held on behalf of others, depending on the terms of the agreement.

The NAV of the annuity and life income obligations is computed using life expectancies from the Social Security Administration's life expectancy calculator and the applicable interest rates established by the Internal Revenue Service.

Property and equipment: Property and equipment, which are purchased, are stated at their original cost and donated equipment is recorded at fair value at the date of receipt, typically determined through independent appraisal. Property and equipment are depreciated on the straight-line method over their estimated useful lives, which range from 5 to 40 years. The Community Foundation has adopted a policy of capitalizing, at cost, or at fair value if donated, all acquisitions of property and equipment in excess of \$5,000 and a useful life greater than one year. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Cash value of life insurance: Life insurance is carried at cash surrender value, net of surrender or other charges, with increases/decreases reflected as income/expense in the statements of activities.

Impairment of long-lived assets: The Community Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Grants payable: Grants are recorded in the statements of activities and are recognized as liabilities when authorized by the Board of Directors, regardless of the year in which they are paid. Grants that cover multiple years are recorded when applicable requirements are met and grants that relate to certain non-endowed donor advised funds are recorded when funds are received.

The Greater Cedar Rapids Community Foundation

Notes to Financial Statements

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

Functional expenses: Operating expenses are allocated to program services, management and general, and fundraising based on estimated time spent in the activity. The amounts allocated to each functional expense category are included in the statements of activities.

Income tax status: The Internal Revenue Service has recognized the Community Foundation as exempt from federal income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code. The Community Foundation follows the accounting guidance for accounting for uncertainty in income taxes. The Community 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.

Paycheck Protection Program: The Community Foundation entered into a note payable with the U.S. Small Business Administration (SBA) for a total amount of \$277,100 during the year ended December 31, 2020. On December 7, 2020 this amount was forgiven by the SBA and has been included with other revenue on the statements of activities.

Recent accounting pronouncements: In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. The new standard is effective for fiscal years beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Community Foundation is currently evaluating the effects the adoption of this guidance will have on the financial statements.

Subsequent events: The Community Foundation has evaluated all subsequent events through April 19, 2022, the date the financial statements were available to be issued. Through this date, there are no events required to be disclosed.

Note 2. Receivables

Unconditional promises to give are expected to be realized in the following periods as of December 31, 2021 and 2020:

	2021	2020
In one year or less	\$ 423,715	\$ 172,265
From one to five years	-	40,685
Total	<u>\$ 423,715</u>	<u>\$ 212,950</u>

Imputed interest in discounting contributions receivable was not material for the years ended December 31, 2021 and 2020.

The Greater Cedar Rapids Community Foundation

Notes to Financial Statements

Note 3. Investments

Many of the Community Foundation's investments are pooled on a market value basis. Income from the pool is allocated to funds based on the respective market value of the particular funds. The carrying value of investments is as follows as of December 31, 2021 and 2020:

	2021	2020
Equity securities	\$ 10,925,781	\$ 7,969,486
Mutual funds	147,414,097	126,316,010
Debt securities	8,714,149	1,669,820
Global fixed income bond funds	261,908	288,299
Money market funds	1,793,149	387,022
Real estate based securities	2,370,343	2,047,247
Hedge funds	5,936,158	5,251,826
Private equity funds	31,013,566	29,893,132
Savings and cash equivalents	3,017,472	8,953,248
Total	<u>\$ 211,446,623</u>	<u>\$ 182,776,090</u>

The Community Foundation is the trustee for three charitable remainder trusts whereby the Community Foundation is required to pay certain amounts to the income beneficiary for their lifetime. At the termination of the agreements, the Community Foundation will receive the corpus of these funds. As a result, these investments have been segregated from the general investments of the Community Foundation. Investments in the charitable remainder trusts consist of equity securities, debt securities and money market funds.

As of December 31, 2021 and 2020, the Community Foundation's net unrealized gains attributable to investments held were \$12,190,717 and \$10,727,655, respectively, which is included with net appreciation (depreciation) of investments on the statements of activities. Of this amount, \$3,569,798 and \$1,727,750, respectively, is related to net unrealized gains incurred on behalf of others.

Note 4. Fair Value Measurements

The Community 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 Community Foundation accounts for its investments at fair value. In accordance with the guidance, the Community 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.

The Greater Cedar Rapids Community Foundation

Notes to Financial Statements

Note 4. Fair Value Measurements (Continued)

These levels are:

- Level 1:** Valuation is based upon quoted prices for identical instruments traded in active markets that the Community 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:** The Community Foundation has elected to report the fair value of certain investments, primarily those included in investments on the statements of financial position, using the practical expedient. 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 Community Foundation's ability to redeem out of the fund at report date NAV. For all investments that do not 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 the Community Foundation's 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.

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 instruments measured at fair value and their classification in the valuation hierarchy. There have been no changes in the methodologies used as of December 31, 2021 and 2020.

Debt and equity securities: Valued at the closing price reported on the active or observable market on which the individual securities are traded. In less active markets or if prices are not current, the valuation is based on quoted prices for identical or similar assets.

Mutual funds: Valued at the quoted closing price reported on the active market on which the individual securities are traded.

Money market funds: Valued at cost, which approximates fair value of shares held at year-end.

Global fixed income bond funds: Valued at the closing price reported on the active or observable market on which the individual securities are traded.

Real estate based funds: Fair value is determined based on the value of the underlying assets held by the funds. The valuation policy includes complete independent appraisals at least annually for each asset, with approximately 25% of the real estate investments externally appraised each quarter. Additionally, the fund performs quarterly internal valuations on each of the real estate investments in the fund with the exception of recently acquired real estate investments.

The Greater Cedar Rapids Community Foundation

Notes to Financial Statements

Note 4. Fair Value Measurements (Continued)

Hedge funds: Valued using the practical expedient, which allows for the use of NAV of shares held at year-end. Values are based on exchange quotes, broker quotes or third-party vendor pricing to value complex or illiquid assets. Fair values of other assets are based on the best information available under the circumstances, which may include the Community Foundation's own data.

Beneficial interest in charitable trusts: The value of beneficial interest in charitable trusts is derived from the fair value of the underlying investments of the trusts. The investments are valued by third parties and are based on the fair value of assets held in the trusts. Future expected cash flows are discounted using a risk adjusted discount rate.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Community Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

There were no transfers between levels of the fair value hierarchy during the years ended December 31, 2021 and 2020.

The Greater Cedar Rapids Community Foundation

Notes to Financial Statements

Note 4. Fair Value Measurements (Continued)

The following tables present assets measured at fair value by classification within the fair value hierarchy as of December 31, 2021 and 2020:

	2021			
	Fair Value	Level 1	Level 2	Level 3
Equity securities:				
Service	\$ 1,015,431	\$ 1,015,431	\$ -	\$ -
Technology	2,316,297	2,316,297	-	-
Financials	1,732,717	1,732,717	-	-
Utilities	207,044	207,044	-	-
Consumer goods	615,984	615,984	-	-
Healthcare	1,369,370	1,369,370	-	-
Basic materials	678,757	678,757	-	-
Industrial	1,673,760	1,673,760	-	-
Energy	189,350	189,350	-	-
Consumer discretionary	1,127,071	1,127,071	-	-
Mutual funds:				
Large cap	53,154,039	53,154,039	-	-
Mid cap	2,478,198	2,478,198	-	-
Small cap	8,447,302	8,447,302	-	-
Balanced	14,108	14,108	-	-
Diversifying strategies	951,064	951,064	-	-
International	40,187,665	40,187,665	-	-
Real estate	233,312	233,312	-	-
Real assets	1,259,329	1,259,329	-	-
Bond	40,482,807	40,482,807	-	-
Commodities	206,273	206,273	-	-
Debt securities	8,714,149	8,714,149	-	-
Global fixed income bond funds	261,908	261,908	-	-
Money market funds	1,793,149	1,793,149	-	-
Real estate based funds	204,523	204,523	-	-
Total	169,313,607	\$ 169,313,607	\$ -	\$ -
Investments measured at net asset value (1)	42,133,016			
Total investments portfolio	\$ 211,446,623			
Beneficial interest in charitable trusts	\$ 4,479,800	\$ -	\$ -	\$ 4,479,800

The Greater Cedar Rapids Community Foundation

Notes to Financial Statements

Note 4. Fair Value Measurements (Continued)

	2020			
	Fair Value	Level 1	Level 2	Level 3
Equity securities:				
Service	\$ 968,360	\$ 968,360	\$ -	\$ -
Technology	1,577,970	1,577,970	-	-
Financials	1,216,310	1,216,310	-	-
Utilities	108,044	108,044	-	-
Consumer goods	444,510	444,510	-	-
Healthcare	1,056,774	1,056,774	-	-
Basic materials	305,734	305,734	-	-
Industrial	990,809	990,809	-	-
Energy	299,497	299,497	-	-
Consumer discretionary	1,001,478	1,001,478	-	-
Mutual funds:				
Large cap	38,923,725	38,923,725	-	-
Mid cap	2,095,853	2,095,853	-	-
Small cap	6,233,092	6,233,092	-	-
Balanced	13,808	13,808	-	-
Diversifying strategies	638,317	638,317	-	-
International	36,254,698	36,254,698	-	-
Real estate	192,092	192,092	-	-
Real assets	687,990	687,990	-	-
Bond	41,050,597	41,050,597	-	-
Commodities	225,838	225,838	-	-
Debt securities	1,669,820	1,669,820	-	-
Global fixed income bond funds	288,299	288,299	-	-
Money market funds	387,022	387,022	-	-
Real estate based funds	44,016	44,016	-	-
Total	136,674,653	\$ 136,674,653	\$ -	\$ -
Investments measured at net asset value (1)	46,101,437			
Total investments portfolio	\$ 182,776,090			
Beneficial interest in charitable trusts	\$ 3,761,100	\$ -	\$ -	\$ 3,761,100

(1) In accordance with Subtopic 810-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The Greater Cedar Rapids Community Foundation

Notes to Financial Statements

Note 4. Fair Value Measurements (Continued)

The following table presents additional information about investments measured at fair value on a recurring basis for which the Community Foundation has utilized Level 3 inputs to determine fair value as of December 31, 2021 and 2020:

	2021	2020
	Beneficial Interest in Charitable Trusts	Beneficial Interest in Charitable Trusts
Balance, beginning	\$ 3,761,100	\$ 2,581,600
Change in present value	718,700	1,179,500
Balance, ending	<u>\$ 4,479,800</u>	<u>\$ 3,761,100</u>

The table below sets forth the unfunded commitments and redemption terms for the assets that were valued at NAV (or its practical expedient) as of December 31, 2021 and 2020:

Description	2021		2020		Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
	Fair Value	Fair Value	Fair Value	Fair Value			
Private equity funds (a)	\$ 30,032,783	\$ 28,901,821	\$ 3,372,276		Monthly/Quarterly/Semi-Annually	30-100 days	
Multi-strategy hedge funds (b)	5,936,158	5,251,826	-		Quarterly	Not required	
Real estate funds (c)	2,165,820	2,003,231	-		Daily	Not required	
Private equity funds (a)	980,783	991,311	576,818		Not eligible	N/A	
Money market funds (d)	3,017,472	8,953,248	-		N/A	N/A	
Total	<u>\$ 42,133,016</u>	<u>\$ 46,101,437</u>	<u>\$ 3,949,094</u>				

- (a) These are investments in several private equity funds that invest primarily in equity and debt investments. These investments are considered to have certain nonredeemable interests where redemptions are generally not permitted during the life of the fund. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the fund.
- (b) This category invests in funds that pursue multiple strategies to diversify risks and reduce volatility. The fund classifies its private investment funds into five portfolio strategies: opportunistic equity, enhanced fixed income, absolute return, tactical trading and private investments.
- (c) This category includes investments in a real estate fund that invests primarily in U.S. commercial real estate. The fund uses derivative financial instruments to reduce its exposure to changes in interest rates.
- (d) This category seeks to offer the potential to earn higher yields than other money market funds. Current income consistent with liquidity and stability of capital are sought and the fund invests in various high-quality, short-term instruments.

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.

The Greater Cedar Rapids Community Foundation

Notes to Financial Statements

Note 5. Property and Equipment

The balances of the major classes of depreciable assets at December 31, 2021 and 2020 are as follows:

	2021	2020
Land	\$ 70,000	\$ 70,000
Building and improvements	1,790,167	1,790,167
Furniture and equipment	459,739	468,492
Total	2,319,906	2,328,659
Less accumulated depreciation	(903,045)	(836,126)
Net property and equipment	<u>\$ 1,416,861</u>	<u>\$ 1,492,533</u>

Note 6. Annuity and Unitrust Agreements

The Community Foundation has received amounts from various individuals under annuity and unitrust agreements (life income agreements), which require the Community Foundation to pay the donors varying amounts during their lifetime. The present value of the payments to be made, using discount rates ranging from 5.3% to 7.4%, is \$1,126,300 and \$1,181,400 as of December 31, 2021 and 2020, respectively. In estimating the amounts due under the annuity and unitrust agreements, management has estimated the life expectancy of the annuitants using life expectancy tables prepared by the Society of Actuaries' Annuity 2000 Mortality Table. However, actual events impacting these estimates could significantly change the valuation.

Note 7. Retirement Plan

The Community Foundation has adopted a retirement plan, qualified under Section 403(b) of the Internal Revenue Code, covering all of its employees. The plan is a defined-contribution plan whereby the Community Foundation contributes a percentage of the employees' salaries. The total retirement expense for the years ended December 31, 2021 and 2020 was \$115,281 and \$113,093, respectively.

Note 8. Concentration of Credit Risk

The Community Foundation maintains its cash and cash equivalents in a commercial bank located in Cedar Rapids, Iowa. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. The Community Foundation maintains cash in bank deposit accounts, which at times may exceed federally insured limits. The Community Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Greater Cedar Rapids Community Foundation

Notes to Financial Statements

Note 9. Net Assets

Net assets with donor restrictions are available for the following purposes:

	2021	2020
Charitable remainder trusts	<u>\$ 6,809,007</u>	<u>\$ 5,932,506</u>

Net assets released from restriction during the year ended December 31, 2021 were expended for costs associated primarily with the distribution of funds to donors. There were no net assets released from restriction during the year ended December 31, 2020.

Note 10. Lease Commitments

The Community Foundation leases office equipment under noncancellable operating leases expiring in various years through 2026.

Future minimum lease payments required under these leases are as follows:

Years ending December 31:		
2022	\$	26,598
2023		16,383
2024		12,881
2025		4,485
2026		1,530
Total	<u>\$</u>	<u>61,877</u>

There was minimal rent expense for the years ended December 31, 2021 and 2020.

The Community Foundation rents a portion of its facility under an operating lease to another organization. The lease has a term of one year expiring in June 2022. Rental income from the lease for both of the years ended December 31, 2021 and 2020 was \$25,459. Total future minimum rental payments to be received under the lease are \$35,667 for the year ending December 31, 2022.

Note 11. Endow Iowa Program

The Community 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%. During the years ended December 31, 2021 and 2020, contributions without donor restrictions totaled \$5,945,789 and \$1,658,915, respectively, related to the Program.

The Greater Cedar Rapids Community Foundation

Notes to Financial Statements

Note 12. Functional Expense Classification

The Community Foundation allocates expenses across the following functions as follows for the years ended December 31, 2021 and 2020:

		2021				
		Administration of Grants	Management and General	Fundraising	Other Program	Total
Salaries and benefits		\$ 325,172	\$ 403,619	\$ 612,278	\$ 218,329	\$ 1,559,398
Depreciation and amortization		-	66,919	-	-	66,919
Other		204,516	485,430	361,215	372,276	1,423,437
Total		<u>\$ 529,688</u>	<u>\$ 955,968</u>	<u>\$ 973,493</u>	<u>\$ 590,605</u>	<u>\$ 3,049,754</u>

		2020				
		Administration of Grants	Management and General	Fundraising	Other Program	Total
Salaries and benefits		\$ 338,805	\$ 413,332	\$ 577,276	\$ 269,876	\$ 1,599,289
Depreciation and amortization		-	66,750	-	-	66,750
Other		185,662	326,849	305,170	256,581	1,074,262
Total		<u>\$ 524,467</u>	<u>\$ 806,931</u>	<u>\$ 882,446</u>	<u>\$ 526,457</u>	<u>\$ 2,740,301</u>

Note 13. Financial Assets Availability and Liquidity

The Community Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. The Community Foundation has various sources of liquidity at its disposal, including cash and cash equivalents, certificates of deposit, and marketable debt and equity securities. As of December 31, 2021 and 2020, the following financial assets are available to meet annual operating needs:

	2021	2020
Cash and cash equivalents	\$ 1,951,539	\$ 5,907,570
Certificates of deposit	3,254,641	-
Contributions for unrestricted purposes due in one year or less	423,715	172,265
Investments	211,446,623	182,776,090
Beneficial interests in charitable trusts	4,479,800	3,761,100
Total financial assets as of December 31	<u>\$ 221,556,318</u>	<u>\$ 192,617,025</u>
Financial assets available to meet operating expenditures over the next 12 months:		
Cash and cash equivalents	\$ 433,359	\$ 457,384
Investments	506,571	273,262
Estimated administrative fees	2,450,762	2,148,203
Financial assets available to meet cash needs for operating expenditures within one year	<u>\$ 3,390,692</u>	<u>\$ 2,878,849</u>