

# **The Greater Cedar Rapids Community Foundation**

Financial Report  
December 31, 2023

## Contents

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Independent auditor's report	1-2
<hr/>	
Financial statements	
Statements of financial position	3
Statements of activities	4-5
Statements of cash flows	6
Notes to financial statements	7-20

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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, 2023 and 2022, 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, 2023 and 2022, 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, which 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, which 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 25, 2024

The Greater Cedar Rapids Community Foundation

Statements of Financial Position  
December 31, 2023 and 2022

	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$ 5,691,572	\$ 3,104,041
Certificates of deposit	-	3,000,000
Receivables, contributions and grants	1,192,133	1,107,728
Prepaid expenses	138,921	93,209
Investments	199,782,960	177,975,539
Beneficial interests in charitable trusts	3,718,300	2,979,800
Property, equipment and software, net	1,383,982	1,391,075
Cash value of life insurance	394,378	363,605
	<u>212,302,246</u>	<u>190,014,997</u>
<b>Total assets</b>	<b>\$ 212,302,246</b>	<b>\$ 190,014,997</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 19,495	\$ 118,623
Accrued expense	118,334	124,164
Grants payable	99,230	317,168
Amounts due under annuity and unitrust agreements	244,400	329,100
Amounts held on behalf of others	39,425,793	35,954,414
	<u>39,907,252</u>	<u>36,843,469</u>
<b>Total liabilities</b>	<b>39,907,252</b>	<b>36,843,469</b>
Net assets:		
Net assets without donor restrictions	168,715,358	150,199,199
Net assets with donor restrictions	3,679,636	2,972,329
	<u>172,394,994</u>	<u>153,171,528</u>
<b>Total net assets</b>	<b>172,394,994</b>	<b>153,171,528</b>
	<u>\$ 212,302,246</u>	<u>\$ 190,014,997</u>
<b>Total liabilities and net assets</b>	<b>\$ 212,302,246</b>	<b>\$ 190,014,997</b>

See notes to financial statements.

The Greater Cedar Rapids Community Foundation

Statement of Activities  
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, contributions and bequests, net	\$ 12,858,527	\$ -	\$ 12,858,527
Investment income, net	1,398,277	2,655	1,400,932
Net appreciation of investments	16,576,096	20,972	16,597,068
Change in value of beneficial interest in charitable trusts	-	738,500	738,500
<b>Investment income</b>	<b>17,974,373</b>	<b>762,127</b>	<b>18,736,500</b>
Other revenue	29,276	-	29,276
<b>Total revenue and investment income</b>	<b>30,862,176</b>	<b>762,127</b>	<b>31,624,303</b>
Net assets released from restrictions	139,520	(139,520)	-
Expenses and other adjustments:			
Grants, net	9,540,018	-	9,540,018
Administration of grants, allocated expenses	568,003	-	568,003
<b>Grant expense</b>	<b>10,108,021</b>	<b>-</b>	<b>10,108,021</b>
Other programs	364,125	-	364,125
Management and general expense	1,054,680	-	1,054,680
Development expenses	958,711	-	958,711
<b>Total expenses</b>	<b>12,485,537</b>	<b>-</b>	<b>12,485,537</b>
Other adjustments, actuarial adjustment on annuities and unitrust agreements	-	(84,700)	(84,700)
<b>Total expenses and other adjustments</b>	<b>12,485,537</b>	<b>(84,700)</b>	<b>12,400,837</b>
<b>Change in net assets</b>	<b>18,516,159</b>	<b>707,307</b>	<b>19,223,466</b>
Adjustment for transfer of funds to amounts held on behalf of others (Note 1)	-	-	-
Net assets, beginning of year	150,199,199	2,972,329	153,171,528
Net assets, end of year	\$ 168,715,358	\$ 3,679,636	\$ 172,394,994

See notes to financial statements.

## The Greater Cedar Rapids Community Foundation

### Statement of Activities Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, contributions and bequests	\$ 10,639,678	\$ -	\$ 10,639,678
Investment income	1,648,782	9,422	1,658,204
Net depreciation of investments	(19,836,665)	(1,921,667)	(21,758,332)
Change in value of beneficial interest in charitable trusts	-	(1,500,000)	(1,500,000)
<b>Investment loss</b>	<b>(18,187,883)</b>	<b>(3,412,245)</b>	<b>(21,600,128)</b>
Other revenue	26,207	-	26,207
<b>Total revenue and investment loss</b>	<b>(7,521,998)</b>	<b>(3,412,245)</b>	<b>(10,934,243)</b>
Net assets released from restrictions	1,221,633	(1,221,633)	-
Expenses and other adjustments:			
Grants	9,482,109	-	9,482,109
Administration of grants, allocated expenses	521,706	-	521,706
<b>Grant expense</b>	<b>10,003,815</b>	<b>-</b>	<b>10,003,815</b>
Other programs	445,482	-	445,482
Management and general expense	942,008	-	942,008
Development expenses	907,924	-	907,924
<b>Total expenses</b>	<b>12,299,229</b>	<b>-</b>	<b>12,299,229</b>
Other adjustments, actuarial adjustment on annuities and unitrust agreements	-	(797,200)	(797,200)
<b>Total expenses and other adjustments</b>	<b>12,299,229</b>	<b>(797,200)</b>	<b>11,502,029</b>
<b>Change in net assets</b>	<b>(18,599,594)</b>	<b>(3,836,678)</b>	<b>(22,436,272)</b>
Adjustment for transfer of funds to amounts held on behalf of others (Note 1)	(147,386)	-	(147,386)
Net assets, beginning of year	168,946,179	6,809,007	175,755,186
Net assets, end of year	\$ 150,199,199	\$ 2,972,329	\$ 153,171,528

See notes to financial statements.

## The Greater Cedar Rapids Community Foundation

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

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 19,223,466	\$ (22,436,272)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in value of beneficial interest in charitable trusts	(738,500)	1,500,000
Depreciation and amortization	64,719	63,559
Actuarial adjustment on annuities and unitrust agreements	(84,700)	(797,200)
Net (appreciation) depreciation of investments	(16,597,068)	21,758,332
Reinvested investment earnings	(1,400,932)	(1,658,204)
Proceeds from sale of donated investment securities	6,569,063	2,958,203
Effects of changes in operating assets and liabilities:		
Receivables	(84,405)	(684,013)
Prepaid expenses	(45,712)	(72,787)
Accounts payable and accrued expenses	(104,958)	64,721
Amounts due under annuity and unitrust agreements	-	(48,899)
Grants payable	(217,938)	(331,545)
<b>Net cash provided by operating activities</b>	<b>6,583,035</b>	<b>315,895</b>
Cash flows from investing activities:		
Proceeds from certificates of deposit, net	3,000,000	254,641
Proceeds from sales and maturities of investments	2,122,717	17,720,590
Purchases of investments	(8,370,113)	(11,833,027)
Purchases of property, equipment and software	(57,626)	(37,773)
(Increase) decrease in cash value of life insurance	(30,773)	11,146
<b>Net cash (used in) provided by investing activities</b>	<b>(3,335,795)</b>	<b>6,115,577</b>
Cash flows from financing activities:		
Contributions raised on behalf of others	772,402	2,658,884
Grants paid on behalf of others	(1,432,111)	(7,937,854)
<b>Net cash used in financing activities</b>	<b>(659,709)</b>	<b>(5,278,970)</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,587,531</b>	<b>1,152,502</b>
Cash and cash equivalents:		
Beginning	3,104,041	1,951,539
Ending	\$ 5,691,572	\$ 3,104,041
Supplemental schedule of noncash operating activities:		
Investment income (loss) and net (appreciation) depreciation of investments incurred on behalf of others	\$ (4,131,088)	\$ 4,525,190

See notes to financial statements.



## The Greater Cedar Rapids Community Foundation

### Notes to Financial Statements

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#### 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 changed its name to the Greater Cedar Rapids Foundation, and in 1992 became a public foundation and changed its name to the Greater Cedar Rapids 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.

A 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 of nonprofit 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 recommendations 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.

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

**Endowed funds:** Endowed funds are subject to variance power as described earlier, include gifts, which require that the corpus of the gift be invested in perpetuity and distributed as grants 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 Greater Cedar Rapids Community Foundation

### Notes to Financial Statements

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

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.

**Non-endowed funds:** Non-endowed funds include gifts 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:** 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.

**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.

## The Greater Cedar Rapids Community Foundation

### Notes to Financial Statements

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

Below is the breakout of amounts raised and expended on behalf of others during the years ended December 31, 2023 and 2022:

	2023	2022
Contributions and bequests	\$ 13,630,929	\$ 13,298,562
Less contributions raised on behalf of others	(772,402)	(2,658,884)
Contributions, net	<u>\$ 12,858,527</u>	<u>\$ 10,639,678</u>
Investment income	\$ 1,404,416	\$ 1,845,493
Less investment income incurred on behalf of others	(3,484)	(187,289)
	<u>1,400,932</u>	<u>1,658,204</u>
Net appreciation (depreciation) of investments	20,724,672	(26,470,811)
Less net (appreciation) depreciation of investments incurred on behalf of others	(4,127,604)	4,712,479
	<u>16,597,068</u>	<u>(21,758,332)</u>
Change in value of beneficial interest in charitable trusts	738,500	(1,500,000)
Investment income (loss), net	<u>\$ 18,736,500</u>	<u>\$ (21,600,128)</u>
Grants	\$ 10,972,129	\$ 17,419,963
Less grants paid on behalf of others	(1,432,111)	(7,937,854)
Grant expense, net	<u>\$ 9,540,018</u>	<u>\$ 9,482,109</u>

During the years ended December 31, 2023 and 2022, management determined that funds totaling \$0 and \$147,386, respectively, needed to be transferred to amounts held on behalf of others upon changes in the donor agreements.

**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 is to achieve a total return more than the sum of the distribution rate, the Community Foundation fees, and the inflation rate. 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.

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.

## The Greater Cedar Rapids Community Foundation

### Notes to Financial Statements

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

**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, 2023 and 2022.

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, 2023 and 2022, totaled \$25,910 and \$511,964, 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:** Certificates of deposit have 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, composed 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

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#### 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, and at the termination of the agreement, the Community Foundation will receive the corpus of the fund. 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 beneficial interest charitable trusts 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 \$205,734 and \$321,629 as of December 31, 2023 and 2022, 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, equipment and software:** Purchased property, equipment and software is stated at the original cost, and donated equipment is recorded at fair value at the date of receipt, typically determined through independent appraisal. Property, equipment and software is depreciated or amortized on the straight-line method over the estimated useful lives, which range from five to 40 years. The Community Foundation has adopted a policy of capitalizing, at cost, or at fair value if donated, all acquisitions of property, equipment and software in excess of \$5,000 with 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

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

**Functional expenses:** Operating expenses are allocated to the administration of grants, program services, management and general, and development 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.

**Subsequent events:** The Community Foundation has evaluated all subsequent events through April 25, 2024, 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, 2023 and 2022:

	2023	2022
In one year or less	\$ 1,192,133	\$ 1,107,728
From one to five years	-	-
Total	<u>\$ 1,192,133</u>	<u>\$ 1,107,728</u>

Imputed interest in discounting contributions receivable was not material for the years ended December 31, 2023 and 2022.

#### 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, 2023 and 2022:

	2023	2022
Equity securities	\$ 10,432,841	\$ 8,905,932
Mutual funds	140,489,756	120,645,072
Debt securities	7,076,690	6,778,878
Global fixed income bond funds	-	205,016
Money market funds	378,590	464,135
Real estate funds	2,238,445	2,079,524
Multistrategy hedge funds	5,558,280	5,940,646
Private equity funds	28,035,782	29,793,100
Money market funds	5,572,576	3,163,236
Total	<u>\$ 199,782,960</u>	<u>\$ 177,975,539</u>

## The Greater Cedar Rapids Community Foundation

### Notes to Financial Statements

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#### **Note 3. Investments (Continued)**

The Community Foundation is the trustee for one charitable remainder trust whereby the Community Foundation is required to pay certain amounts to the income beneficiary for the lifetime. At the termination of the agreement, the Community Foundation will receive the corpus of this fund. As a result, the investment has been segregated from the general investments of the Community Foundation. The investment in the charitable remainder trust consists of equity securities, debt securities and money market funds.

#### **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.

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, which 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.

## The Greater Cedar Rapids Community Foundation

### Notes to Financial Statements

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#### Note 4. Fair Value Measurements (Continued)

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, 2023 and 2022.

**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 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.

**Private equity funds, multistrategy hedge funds, certain real estate funds and certain money market 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, 2023 and 2022.



## 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, 2023 and 2022:

	2023			
	Fair Value	Level 1	Level 2	Level 3
Equity securities:				
Service	\$ 675,758	\$ 675,758	\$ -	\$ -
Technology	2,083,688	2,083,688	-	-
Financials	1,939,064	1,939,064	-	-
Utilities	314,655	314,655	-	-
Consumer goods	657,978	657,978	-	-
Health care	1,281,826	1,281,826	-	-
Basic materials	579,028	579,028	-	-
Industrial	1,481,009	1,481,009	-	-
Energy	342,121	342,121	-	-
Consumer discretionary	1,077,714	1,077,714	-	-
Mutual funds:				
Large cap	57,426,499	57,426,499	-	-
Mid cap	1,241,396	1,241,396	-	-
Small cap	15,530,827	15,530,827	-	-
Balanced	11,209	11,209	-	-
Diversifying strategies	942,198	942,198	-	-
International	34,498,583	34,498,583	-	-
Real estate	231,504	231,504	-	-
Real assets	1,265,283	1,265,283	-	-
Bond	29,342,257	29,342,257	-	-
Debt securities	7,076,690	7,076,690	-	-
Money market funds	378,590	378,590	-	-
Real estate funds	263,270	263,270	-	-
Total	158,641,147	\$ 158,641,147	\$ -	\$ -
Investments measured at net asset value (a)	41,141,813			
Total investments portfolio	\$ 199,782,960			
Beneficial interest in charitable trusts	\$ 3,718,300	\$ -	\$ -	\$ 3,718,300

## The Greater Cedar Rapids Community Foundation

### Notes to Financial Statements

#### Note 4. Fair Value Measurements (Continued)

	2022			
	Fair Value	Level 1	Level 2	Level 3
Equity securities:				
Service	\$ 626,589	\$ 626,589	\$ -	\$ -
Technology	1,756,031	1,756,031	-	-
Financials	1,500,983	1,500,983	-	-
Utilities	244,557	244,557	-	-
Consumer goods	543,476	543,476	-	-
Health care	1,309,558	1,309,558	-	-
Basic materials	479,788	479,788	-	-
Industrial	1,234,415	1,234,415	-	-
Energy	234,805	234,805	-	-
Consumer discretionary	975,730	975,730	-	-
Mutual funds:				
Large cap	50,854,582	50,854,582	-	-
Mid cap	1,968,601	1,968,601	-	-
Small cap	7,243,813	7,243,813	-	-
Balanced	10,826	10,826	-	-
Diversifying strategies	678,652	678,652	-	-
International	26,212,632	26,212,632	-	-
Real estate	146,006	146,006	-	-
Real assets	1,185,759	1,185,759	-	-
Bond	32,270,233	32,270,233	-	-
Commodities	73,968	73,968	-	-
Debt securities	6,778,878	6,778,878	-	-
Global fixed income bond funds	205,016	205,016	-	-
Money market funds	464,135	464,135	-	-
Real estate funds	115,947	115,947	-	-
Total	137,114,980	\$ 137,114,980	\$ -	\$ -
Investments measured at net asset value (a)	40,860,559			
Total investments portfolio	\$ 177,975,539			
Beneficial interest in charitable trusts	\$ 2,979,800	\$ -	\$ -	\$ 2,979,800

- (a) 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, 2023 and 2022:

	Beneficial Interest in Charitable Trusts	
	2023	2022
Balance, beginning	\$ 2,979,800	\$ 4,479,800
Change in present value	738,500	(1,500,000)
Balance, ending	<u>\$ 3,718,300</u>	<u>\$ 2,979,800</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, 2023 and 2022:

Description	Fair Value		Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
	2023	2022			
Private equity funds (a)	\$ 27,644,907	\$ 29,307,062	\$ 5,192,870	Monthly/Quarterly/Semiannually	30-100 days
Multistrategy hedge funds (b)	5,558,280	5,940,646	-	Quarterly	Not required
Real estate funds (c)	1,975,175	1,963,577	-	Daily	Not required
Private equity funds (a)	390,875	486,038	391,694	Not eligible	N/A
Money market funds (d)	5,572,576	3,163,236	-	N/A	N/A
Total	<u>\$ 41,141,813</u>	<u>\$ 40,860,559</u>	<u>\$ 5,584,564</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

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#### Note 5. Property, Equipment and Software

The balances of the major classes of depreciable and amortizable assets at December 31, 2023 and 2022, are as follows:

	2023	2022
Land	\$ 70,000	\$ 70,000
Building and improvements	1,811,556	1,795,939
Furniture and equipment	259,221	233,337
Software	274,528	258,403
Total	<u>2,415,305</u>	<u>2,357,679</u>
Less accumulated depreciation and amortization	(1,031,323)	(966,604)
Net property, equipment and software	<u>\$ 1,383,982</u>	<u>\$ 1,391,075</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 \$244,400 and \$329,100 as of December 31, 2023 and 2022, 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 may contribute a percentage of the employees' salaries. The total retirement expense for the years ended December 31, 2023 and 2022, was \$121,586 and \$120,103, 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). 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:

	2023	2022
Charitable remainder trusts	\$ 3,679,636	\$ 2,972,329

Net assets released from restriction during the years ended December 31, 2023 and 2022, related to distributions to fundholders and market value changes. During the year ended December 31, 2023, there was also a distribution to net assets without donor restrictions.

#### Note 10. 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, 2023 and 2022, contributions without donor restrictions totaled \$3,353,481 and \$3,454,742, respectively, related to the Program.

#### Note 11. Functional Expense Classification

The Community Foundation allocates expenses across the following functions as follows for the years ended December 31, 2023 and 2022:

	2023				
	Administration of Grants	Management and General	Development	Other Programs	Total
Salaries and benefits	\$ 445,992	\$ 683,990	\$ 763,727	\$ 285,685	\$ 2,179,394
Depreciation and amortization	-	64,719	-	-	64,719
Other	122,011	305,971	194,984	78,440	701,406
Total	<u>\$ 568,003</u>	<u>\$ 1,054,680</u>	<u>\$ 958,711</u>	<u>\$ 364,125</u>	<u>\$ 2,945,519</u>
	2022				
	Administration of Grants	Management and General	Development	Other Programs	Total
Salaries and benefits	\$ 416,217	\$ 639,876	\$ 736,631	\$ 276,893	\$ 2,069,617
Depreciation and amortization	-	63,559	-	-	63,559
Other	105,489	238,573	171,293	168,589	683,944
Total	<u>\$ 521,706</u>	<u>\$ 942,008</u>	<u>\$ 907,924</u>	<u>\$ 445,482</u>	<u>\$ 2,817,120</u>

## The Greater Cedar Rapids Community Foundation

### Notes to Financial Statements

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#### Note 12. 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, 2023 and 2022, the following financial assets are available to meet annual operating needs:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 5,691,572	\$ 3,104,041
Certificates of deposit	-	3,000,000
Contributions for unrestricted purposes due in one year or less	1,192,133	1,107,728
Investments	199,782,960	177,975,539
Beneficial interests in charitable trusts	3,718,300	2,979,800
Total financial assets as of December 31	<u>\$ 210,384,965</u>	<u>\$ 188,167,108</u>
Financial assets available to meet operating expenditures over the next 12 months:		
Cash and cash equivalents	\$ 483,732	\$ 264,015
Investments	-	453,182
Estimated administrative fees	2,297,270	2,354,141
Financial assets available to meet cash needs for operating expenditures within one year	<u>\$ 2,781,002</u>	<u>\$ 3,071,338</u>