

The Greater Cedar Rapids Community Foundation

Financial Report
December 31, 2024

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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, 2024 and 2023, 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, 2024 and 2023, 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 Community Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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
May 6, 2025

The Greater Cedar Rapids Community Foundation

Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	\$ 5,784,291	\$ 5,691,572
Receivables, contributions and grants	104,364	1,192,133
Prepaid expenses	71,162	138,921
Investments	217,385,428	199,782,960
Beneficial interests in charitable trusts	4,158,000	3,718,300
Property, equipment and software, net	1,352,325	1,383,982
Cash value of life insurance	438,169	394,378
	<u>229,293,739</u>	<u>212,302,246</u>
Total assets	\$ 229,293,739	\$ 212,302,246
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 13,033	\$ 19,495
Accrued expense	110,961	118,334
Grants payable	69,171	99,230
Amounts due under annuity and unitrust agreements	228,500	244,400
Amounts held on behalf of others	43,058,938	39,425,793
	<u>43,480,603</u>	<u>39,907,252</u>
Total liabilities	43,480,603	39,907,252
Net assets:		
Net assets without donor restrictions	181,713,162	168,715,358
Net assets with donor restrictions	4,099,974	3,679,636
	<u>185,813,136</u>	<u>172,394,994</u>
Total net assets	185,813,136	172,394,994
Total liabilities and net assets	\$ 229,293,739	\$ 212,302,246

See notes to financial statements.

The Greater Cedar Rapids Community Foundation

Statement of Activities
Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Contributions and bequests—cash	\$ 6,429,756	\$ -	\$ 6,429,756
Contributions of financial assets—stocks	2,568,657	-	2,568,657
Total revenue	8,998,413	-	8,998,413
Investment income, net	5,738,040	4,613	5,742,653
Net appreciation of investments	11,440,747	9,417	11,450,164
Change in value of beneficial interest in charitable trusts	-	439,700	439,700
Investment income	17,178,787	453,730	17,632,517
Other revenue	54,976	-	54,976
Total revenue and investment income	26,232,176	453,730	26,685,906
Net assets released from restrictions	49,292	(49,292)	-
Expenses and other adjustments:			
Grants, net	10,222,829	-	10,222,829
Administration of grants, allocated expenses	938,963	-	938,963
Grant expense	11,161,792	-	11,161,792
Management and general expense	1,147,666	-	1,147,666
Development expenses	974,206	-	974,206
Total expenses	13,283,664	-	13,283,664
Other adjustments, actuarial adjustment on annuities and unitrust agreements	-	(15,900)	(15,900)
Total expenses and other adjustments	13,283,664	(15,900)	13,267,764
Change in net assets	12,997,804	420,338	13,418,142
Net assets, beginning of year	168,715,358	3,679,636	172,394,994
Net assets, end of year	\$ 181,713,162	\$ 4,099,974	\$ 185,813,136

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—cash	\$ 6,092,188	\$ -	\$ 6,092,188
Contributions of financial assets— stocks	6,766,339	-	6,766,339
Total revenue	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
Investment income	17,974,373	762,127	18,736,500
Other revenue	29,276	-	29,276
Total revenue and investment income	30,862,176	762,127	31,624,303
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	932,128	-	932,128
Grant expense	10,472,146	-	10,472,146
Management and general expense	1,054,680	-	1,054,680
Development expenses	958,711	-	958,711
Total expenses	12,485,537	-	12,485,537
Other adjustments, actuarial adjustment on annuities and unitrust agreements	-	(84,700)	(84,700)
Total expenses and other adjustments	12,485,537	(84,700)	12,400,837
Change in net assets	18,516,159	707,307	19,223,466
Net assets, beginning of year	150,199,199	2,972,329	153,171,528
Net assets, end of year	<u>\$ 168,715,358</u>	<u>\$ 3,679,636</u>	<u>\$ 172,394,994</u>

See notes to financial statements.

The Greater Cedar Rapids Community Foundation

Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 13,418,142	\$ 19,223,466
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Change in value of beneficial interest in charitable trusts	(439,700)	(738,500)
Depreciation and amortization	73,908	64,719
Actuarial adjustment on annuities and unitrust agreements	(15,900)	(84,700)
Net appreciation of investments	(11,450,164)	(16,597,068)
Reinvested investment earnings	(5,742,653)	(1,400,932)
Proceeds from sale of contributed financial assets - stocks	2,568,657	6,766,339
Effects of changes in operating assets and liabilities:		
Receivables, contributions and grants	1,087,769	(84,405)
Prepaid expenses	67,759	(45,712)
Accounts payable and accrued expenses	(13,835)	(104,958)
Grants payable	(30,059)	(217,938)
Net cash (used in) provided by operating activities	(476,076)	6,780,311
Cash flows from investing activities:		
Proceeds from certificates of deposit, net	-	3,000,000
Proceeds from sales and maturities of investments	7,783,123	1,925,441
Purchases of investments	(6,795,401)	(8,370,113)
Purchases of property, equipment and software	(42,251)	(57,626)
Increase in cash value of life insurance	(43,791)	(30,773)
Net cash provided by (used in) investing activities	901,680	(3,533,071)
Cash flows from financing activities:		
Contributions raised on behalf of others	1,624,702	772,402
Grants paid on behalf of others	(1,957,587)	(1,432,111)
Net cash used in financing activities	(332,885)	(659,709)
Net increase in cash and cash equivalents	92,719	2,587,531
Cash and cash equivalents:		
Beginning	5,691,572	3,104,041
Ending	\$ 5,784,291	\$ 5,691,572
Supplemental schedule of noncash operating activities:		
Investment income and net appreciation of investments incurred on behalf of others	\$ (3,966,030)	\$ (4,131,088)

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 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

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

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, 2024 and 2023:

	2024	2023
Contributions and bequests	\$ 10,623,115	\$ 13,630,929
Less contributions raised on behalf of others	(1,624,702)	(772,402)
Contributions, net	<u>\$ 8,998,413</u>	<u>\$ 12,858,527</u>
Investment income	\$ 7,194,657	\$ 1,404,416
Less investment income incurred on behalf of others	(1,452,004)	(3,484)
	<u>5,742,653</u>	<u>1,400,932</u>
Net appreciation of investments	13,964,190	20,724,672
Less net (appreciation) of investments incurred on behalf of others	(2,514,026)	(4,127,604)
	<u>11,450,164</u>	<u>16,597,068</u>
Change in value of beneficial interest in charitable trusts	439,700	738,500
Investment income, net	<u>\$ 17,632,517</u>	<u>\$ 18,736,500</u>
Grants	\$ 12,180,416	\$ 10,972,129
Less grants paid on behalf of others	(1,957,587)	(1,432,111)
Grant expense, net	<u>\$ 10,222,829</u>	<u>\$ 9,540,018</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 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

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, 2024 and 2023.

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.

Gifts of financial assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Contributed financial assets utilized in programs and activities for the years ended December 31, 2024 and 2023, are as follows:

Category	Utilization	Valuation	2024	2023
Stocks	Programmatic activities	Fair value provided by donor or internal valuation	<u>\$ 2,568,657</u>	<u>\$ 6,766,339</u>

Contributions from related parties, primarily board members, for the years ended December 31, 2024 and 2023, totaled \$12,900 and \$25,910, 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.

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

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 \$170,474 and \$205,734 as of December 31, 2024 and 2023, 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

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.

Reclassifications: Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent events: The Community Foundation has evaluated all subsequent events through May 6, 2025, the date the financial statements were available to be issued.

Note 2. Receivables

Unconditional promises to give are expected to be realized in the following periods as of December 31, 2024 and 2023:

	2024	2023
In one year or less	\$ 104,364	\$ 1,192,133
Total	<u>\$ 104,364</u>	<u>\$ 1,192,133</u>

Imputed interest in discounting contributions receivable was not material for the years ended December 31, 2024 and 2023.

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, 2024 and 2023:

	2024	2023
Equity securities	\$ 10,055,489	\$ 10,432,841
Mutual funds	167,927,019	140,489,756
Debt securities	363,372	7,076,690
Money market funds	1,994,008	5,951,166
Real estate funds	6,185,849	2,238,445
Multistrategy hedge funds	6,361,917	5,558,280
Private equity funds	24,497,774	28,035,782
Total	<u>\$ 217,385,428</u>	<u>\$ 199,782,960</u>

The Greater Cedar Rapids Community Foundation

Notes to Financial Statements

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

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, 2024 and 2023.

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.

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, and certain real estate 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, 2024 and 2023.

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, 2024 and 2023:

	2024			
	Fair Value	Level 1	Level 2	Level 3
Equity securities:				
Service	\$ 613,502	\$ 613,502	\$ -	\$ -
Technology	1,752,863	1,752,863	-	-
Financials	2,158,455	2,158,455	-	-
Utilities	278,032	278,032	-	-
Consumer goods	460,859	460,859	-	-
Health care	1,176,234	1,176,234	-	-
Basic materials	497,835	497,835	-	-
Industrial	1,540,056	1,540,056	-	-
Energy	316,004	316,004	-	-
Consumer discretionary	1,261,649	1,261,649	-	-
Mutual funds:				
Large cap	76,374,482	76,374,482	-	-
Mid cap	1,122,828	1,122,828	-	-
Small cap	10,575,734	10,575,734	-	-
Balanced	11,391	11,391	-	-
Diversifying strategies	789,392	789,392	-	-
International	35,710,112	35,710,112	-	-
Real estate	224,640	224,640	-	-
Real assets	1,349,376	1,349,376	-	-
Bond	41,769,064	41,769,064	-	-
Debt securities	363,372	363,372	-	-
Money market funds	1,994,008	1,994,008	-	-
Real estate funds	171,576	171,576	-	-
Total	180,511,464	\$ 180,511,464	\$ -	\$ -
Investments measured at net asset value (a)	36,873,964			
Total investments portfolio	\$ 217,385,428			
Beneficial interest in charitable trusts	\$ 4,158,000	\$ -	\$ -	\$ 4,158,000

The Greater Cedar Rapids Community Foundation

Notes to Financial Statements

Note 4. Fair Value Measurements (Continued)

	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	5,951,166	5,951,166	-	-
Real estate funds	263,270	263,270	-	-
Total	164,213,723	<u>\$ 164,213,723</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at net asset value (a)	<u>35,569,237</u>			
Total investments portfolio	<u>\$ 199,782,960</u>			
Beneficial interest in charitable trusts	<u>\$ 3,718,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,718,300</u>

(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, 2024 and 2023:

	Beneficial Interest in Charitable Trusts	
	2024	2023
Balance, beginning	\$ 3,718,300	\$ 2,979,800
Change in present value	439,700	738,500
Balance, ending	<u>\$ 4,158,000</u>	<u>\$ 3,718,300</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, 2024 and 2023:

Description	Fair Value		Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
	2024	2023			
Private equity funds (a)	\$ 13,448,601	\$ 27,644,907	\$ 3,962,743	Monthly/Quarterly/Semiannually	30-100 days
Multistrategy hedge funds (b)	6,361,917	5,558,280	-	Quarterly	Not required
Real estate funds (c)	6,014,273	1,975,175	-	Daily	Not required
Private equity funds (a)	11,049,173	390,875	371,694	Not eligible	N/A
Total	<u>\$ 36,873,964</u>	<u>\$ 35,569,237</u>	<u>\$ 4,334,437</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.

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, Equipment and Software

The balances of the major classes of depreciable and amortizable assets at December 31, 2024 and 2023, are as follows:

	2024	2023
Land	\$ 70,000	\$ 70,000
Building and improvements	1,853,807	1,811,556
Furniture and equipment	259,221	259,221
Software	267,028	274,528
Total	<u>2,450,056</u>	<u>2,415,305</u>
Less accumulated depreciation and amortization	<u>(1,097,731)</u>	<u>(1,031,323)</u>
Net property, equipment and software	<u>\$ 1,352,325</u>	<u>\$ 1,383,982</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 \$228,500 and \$244,400 as of December 31, 2024 and 2023, 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, 2024 and 2023, was \$120,445 and \$121,586, 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:

	2024	2023
Charitable remainder trusts	\$ 4,099,974	\$ 3,679,636

Net assets released from restriction during the years ended December 31, 2024 and 2023, related to distributions to fundholders and market value changes. During the year ended December 31, 2024, 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, 2024 and 2023, contributions without donor restrictions totaled \$2,932,756 and \$3,353,481, 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, 2024 and 2023:

	2024			
	Administration of Grants	Management and General	Development	Total
Salaries and benefits	\$ 712,435	\$ 727,820	\$ 772,434	\$ 2,212,689
Depreciation and amortization	-	73,908	-	73,908
Other	226,528	345,938	201,772	774,238
Total	\$ 938,963	\$ 1,147,666	\$ 974,206	\$ 3,060,835

	2023			
	Administration of Grants	Management and General	Development	Total
Salaries and benefits	\$ 731,677	\$ 683,990	\$ 763,727	\$ 2,179,394
Depreciation and amortization	-	64,719	-	64,719
Other	200,451	305,971	194,984	701,406
Total	\$ 932,128	\$ 1,054,680	\$ 958,711	\$ 2,945,519

The Greater Cedar Rapids Community Foundation

Notes to Financial Statements

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, and marketable debt and equity securities. As of December 31, 2024 and 2023, the following financial assets are available to meet annual operating needs:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 5,784,291	\$ 5,691,572
Contributions for unrestricted purposes due in one year or less	104,364	1,192,133
Investments	217,385,428	199,782,960
Beneficial interests in charitable trusts	4,158,000	3,718,300
Total financial assets as of December 31	<u>\$ 227,432,083</u>	<u>\$ 210,384,965</u>
Financial assets available to meet operating expenditures over the next 12 months:		
Cash and cash equivalents	\$ 634,779	\$ 483,732
Estimated administrative fees	2,559,751	2,297,270
Financial assets available to meet cash needs for operating expenditures within one year	<u>\$ 3,194,530</u>	<u>\$ 2,781,002</u>