

# **Community Foundation of Greater Dubuque**

Consolidated Financial Report  
December 31, 2023

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## Independent Auditor's Report

RSM US LLP

Board of Directors  
Community Foundation of Greater Dubuque

### Opinion

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

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

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

*RSM US LLP*

Des Moines, Iowa  
August 26, 2024

Community Foundation of Greater Dubuque

Consolidated Statements of Financial Position  
December 31, 2023 and 2022

	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$ 8,601,997	\$ 10,039,693
Investments	139,973,736	120,339,311
Promises to give, net	162,133	175,258
Prepaid expenses and other assets	208,721	164,124
Property and equipment, net	695,295	822,397
Arbitrage annuities	600,000	600,000
Assets held in charitable gift annuity	252,349	203,124
Right-of-use asset	88,258	128,618
	<u>150,582,489</u>	<u>132,472,525</u>
<b>Total assets</b>	<b>\$ 150,582,489</b>	<b>\$ 132,472,525</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 191,553	\$ 161,291
Accrued expenses	85,856	84,700
Grants payable	175,606	110,447
Note payable	238,585	304,170
Amounts due under annuity agreement	80,194	50,747
Deferred compensation payable	208,720	164,124
Funds held for others	19,707,807	19,002,280
Operating lease liability	162,296	232,535
	<u>20,850,617</u>	<u>20,110,294</u>
<b>Total liabilities</b>	<b>20,850,617</b>	<b>20,110,294</b>
Net assets:		
Without donor restrictions:		
Undesignated	1,508,982	1,509,780
Board-designated	20,049,487	18,923,217
Board-designated endowment	107,769,277	91,661,611
	<u>129,327,746</u>	<u>112,094,608</u>
With donor restrictions	404,126	267,623
	<u>129,731,872</u>	<u>112,362,231</u>
<b>Total net assets</b>	<b>129,731,872</b>	<b>112,362,231</b>
	<u>150,582,489</u>	<u>132,472,525</u>
<b>Total liabilities and net assets</b>	<b>\$ 150,582,489</b>	<b>\$ 132,472,525</b>

See notes to consolidated financial statements.

**Community Foundation of Greater Dubuque**

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

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gains:			
Contributions of cash and other financial assets	\$ 12,285,754	\$ 381,250	\$ 12,667,004
Contributions of nonfinancial assets	41,727	-	41,727
Service fee income	249,066	-	249,066
Net investment gain	15,374,842	-	15,374,842
Change in value of split-interest agreements	6,796	-	6,796
Other revenue	100,726	-	100,726
Net assets released from restrictions	244,747	(244,747)	-
<b>Total revenue and support</b>	<b>28,303,658</b>	<b>136,503</b>	<b>28,440,161</b>
Expenses:			
Program services expense:			
Grants to others	5,903,597	-	5,903,597
Community programs	3,868,841	-	3,868,841
<b>Total program services expenses</b>	<b>9,772,438</b>	<b>-</b>	<b>9,772,438</b>
Supporting services expense:			
Management and general	1,153,948	-	1,153,948
Fundraising and development	144,134	-	144,134
<b>Total supporting services expenses</b>	<b>1,298,082</b>	<b>-</b>	<b>1,298,082</b>
<b>Total expenses</b>	<b>11,070,520</b>	<b>-</b>	<b>11,070,520</b>
<b>Change in net assets</b>	<b>17,233,138</b>	<b>136,503</b>	<b>17,369,641</b>
Net assets:			
Beginning of year	112,094,608	267,623	112,362,231
End of year	<b>\$ 129,327,746</b>	<b>\$ 404,126</b>	<b>\$ 129,731,872</b>

See notes to consolidated financial statements.

**Community Foundation of Greater Dubuque**

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

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, support and gains:</b>			
Contributions of cash and other financial assets	\$ 14,866,469	\$ 200,000	\$ 15,066,469
Contributions of nonfinancial assets	246,524	-	246,524
Service fee income	252,679	-	252,679
Net investment loss	(15,925,422)	-	(15,925,422)
Change in value of split-interest agreements	(18,620)	-	(18,620)
Other revenue	95,053	-	95,053
Net assets released from restrictions	208,860	(208,860)	-
<b>Total revenue (loss) and support</b>	<b>(274,457)</b>	<b>(8,860)</b>	<b>(283,317)</b>
<b>Expenses:</b>			
Program services expense:			
Grants to others	5,679,248	-	5,679,248
Community programs	2,998,727	-	2,998,727
<b>Total program services expenses</b>	<b>8,677,975</b>	<b>-</b>	<b>8,677,975</b>
Supporting services expense:			
Management and general	964,260	-	964,260
Fundraising and development	106,067	-	106,067
<b>Total supporting services expenses</b>	<b>1,070,327</b>	<b>-</b>	<b>1,070,327</b>
<b>Total expenses</b>	<b>9,748,302</b>	<b>-</b>	<b>9,748,302</b>
<b>Change in net assets</b>	<b>(10,022,759)</b>	<b>(8,860)</b>	<b>(10,031,619)</b>
<b>Net assets:</b>			
Beginning of year	122,117,367	276,483	122,393,850
End of year	<b>\$ 112,094,608</b>	<b>\$ 267,623</b>	<b>\$ 112,362,231</b>

See notes to consolidated financial statements.

**Community Foundation of Greater Dubuque**

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

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 17,369,641	\$ (10,031,619)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	127,102	110,554
Realized and unrealized (gains) losses on investments, net	(12,147,180)	18,605,820
Contributions of stock	(1,504,854)	(2,396,153)
Change in assets held in charitable gift annuity	(19,778)	95,386
Change in value of split-interest agreements held	33,510	30,939
Noncash lease expense	40,360	36,308
Changes in operating assets and liabilities:		
Promises to give	13,125	8,938
Prepaid expenses and other assets	(44,597)	65,450
Accounts payable	30,262	24,379
Accrued expenses	1,156	(33,066)
Grants payable	65,159	(33,539)
Deferred compensation payable	44,596	(65,450)
Operating lease liability	(70,239)	(65,724)
Funds held for others	705,527	(2,837,449)
<b>Net cash provided by operating activities</b>	<b>4,643,790</b>	<b>3,514,774</b>
Cash flows from investing activities:		
Purchases of investments	(33,368,812)	(30,173,115)
Proceeds from sales of investments	27,352,911	21,048,649
Purchases of property and equipment	-	(150,425)
<b>Net cash used in investing activities</b>	<b>(6,015,901)</b>	<b>(9,274,891)</b>
Cash flows from financing activities:		
Principal payments on note payable	(65,585)	(162,537)
<b>Net decrease in cash and cash equivalents</b>	<b>(1,437,696)</b>	<b>(5,922,654)</b>
Cash and cash equivalents:		
Beginning of year	10,039,693	15,962,347
End of year	\$ 8,601,997	\$ 10,039,693

(Continued)



**Community Foundation of Greater Dubuque**

**Consolidated Statements of Cash Flows (Continued)**  
**Years Ended December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
Schedule of noncash financing and investing activities:		
Right-of-use asset obtained in exchange for operating lease liability, net of reduction of deferred rent liability against right-of-use asset	<u><u>\$ -</u></u>	<u><u>\$ 164,926</u></u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	<u><u>\$ 9,215</u></u>	<u><u>\$ 12,263</u></u>
Cash paid for amounts included in measurement of operating lease liability	<u><u>\$ 73,410</u></u>	<u><u>\$ 70,010</u></u>

See notes to consolidated financial statements.

## Community Foundation of Greater Dubuque

### Notes to Consolidated Financial Statements

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#### Note 1. Principal Activity and Significant Accounting Policies

**Organization:** The Community Foundation of Greater Dubuque (the Foundation) is a nonprofit foundation established to support the scientific, educational and charitable activities in the seven-county Dubuque region, which comprises the Iowa counties of Dubuque, Allamakee, Delaware, Clayton, Clinton, Jackson and Jones, and the individual communities within them. The Foundation is supported through contributions from the general public and area organizations.

The financial statements of the Foundation include its affiliates, Clayton County Foundation for the Future, Dyersville Area Community Foundation, Allamakee County Community Foundation, Foundation for the Future of Delaware County, Jones County Community Foundation, Community Foundation of Jackson County, Lincoln Way Community Foundation and River Bluff Community Foundation. The Foundation and its affiliates are collectively referred to herein as the Foundation.

CFGD Real Estate, LLC and CFGD Charitable Trust, were established to assist the Foundation with its charitable giving needs. The Foundation exercises control and economic interest of these two separate entities.

**Principles of consolidation:** The consolidated financial statements (collectively, the financial statements) include the affiliates described above and the accounts of CFGD Real Estate, LLC and CFGD Charitable trust. All material intercompany balances and transactions are eliminated in consolidation.

**Cash and cash equivalents:** The Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are not board-designated for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments that are board-designated are excluded from this definition.

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

**Promises to give:** Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Foundation determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions and a review of subsequent collections. Promises to give are written off when deemed uncollectible. The Foundation had no allowance for uncollectible pledges at both December 31, 2023 and 2022.

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

	2023	2022
Within one year	\$ 112,780	\$ 113,290
In one to five years	60,000	45,000
Over five years	-	30,000
	172,780	188,290
Less unamortized discount rates ranging from 0.6% to 1.6%	(10,647)	(13,032)
	<u>\$ 162,133</u>	<u>\$ 175,258</u>

## Community Foundation of Greater Dubuque

### Notes to Consolidated Financial Statements

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#### Note 1. Principal Activity and Significant Accounting Policies (Continued)

**Property and equipment:** Property and equipment additions over \$2,500 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to 15 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation is removed, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. The Foundation has determined that there are no long-lived asset impairments for the years ended December 31, 2023 or 2022.

**Leases:** Under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, Leases, lessees recognize right-of-use assets and lease liabilities on the statement of financial position. The Foundation elected the practical expedient to not record a right-of-use asset or lease liability for leases with a term of 12 months or less.

The Foundation also elected the practical expedient under ASC 842 to combine lease and nonlease components into a single lease component when measuring right-of-use assets and lease liabilities. The Foundation's operating lease provides for nonlease component costs related to maintenance, insurance and taxes. Any variable costs are excluded from the measurement of the right-of-use asset and lease liability.

Operating lease liabilities are recorded at the present value of remaining lease payments not yet paid for the lease term using the applicable discount rate. Under ASC 842, the Foundation made the accounting policy election to use a risk-free discount rate for all leases when the rate implicit in the lease is not readily available.

**Arbitrage annuities:** Arbitrage annuities are designed to provide the Foundation with interest and annuity payments throughout the life of the insured annuitant. The Foundation is the owner and named beneficiary of life insurance policies in the amount of the initial investment in these contracts. These investments are recorded at the original amount invested.

**Charitable gift annuities:** Under charitable gift annuity contracts, the Foundation receives immediate and unrestricted title to contributed assets and agrees to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the annuity liability is recorded as an unrestricted contribution. In subsequent years, the liability for future annuity payments is reduced by payments made to the specified beneficiaries and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income.

## Community Foundation of Greater Dubuque

### Notes to Consolidated Financial Statements

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#### Note 1. Principal Activity and Significant Accounting Policies (Continued)

**Investments:** The Foundation records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at fair value in the statements of financial position. Net investment income (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment management and custodial fees (see Note 5).

**Grants payable:** Grants payable represent grants approved at year-end, but not yet paid to the beneficiaries.

**Deferred compensation payable:** The Foundation has a deferred compensation agreement covering the Chief Executive Officer. The Foundation contributes a percentage of the Chief Executive Officer's salary quarterly to an investment account. The Chief Executive Officer director is immediately vested in contributions when made.

**Funds held for others:** The Foundation invests funds for other organizations that have sole discretion over the use of these assets. All financial activity related to these funds is recorded as adjustments to the funds held for others liability and is omitted from the statement of activities. The Foundation charges service fees for managing these funds.

**Net assets:** Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Without donor restrictions:** Net assets are not subject to donor-imposed stipulations and are available for use in general operations. Board-designated net assets consist of net assets designated by the Board of Directors for operating reserve and the board-designated endowment.

**With donor restrictions:** Net assets are subject to donor-imposed stipulations that require they be maintained permanently or that may or will be met by expenditures, actions and/or the passage of time.

**Contributions:** Unconditional contributions received or pledged are reported as without donor restriction or with donor restriction support, depending on the existence or nature of any donor restrictions. The Foundation receives contributions from donors with advice regarding distribution of the assets and the earnings therefrom. The Foundation attempts to meet the desires expressed by the donors at the time of the contribution; however, under the gifting agreements the Foundation reserves the right to modify any restrictions or conditions on the distribution of funds for any specified charitable purpose if, in the sole judgment of the Foundation's board of directors, such restrictions or conditions become unnecessary, undesirable, impractical, or inconsistent with the charitable needs of the community. These contributions are recorded as without restriction.

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

## Community Foundation of Greater Dubuque

### Notes to Consolidated Financial Statements

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#### Note 1. Principal Activity and Significant Accounting Policies (Continued)

Service fee income and other revenue is recognized when the performance obligation is satisfied, and control is transferred at a point in time. Program service fees received in advance are deferred to the applicable point in time in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

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

**Advertising costs:** Advertising costs of \$132,770 and \$112,000 were expensed as incurred for the years ended December 31, 2023 and 2022, respectively.

**Income taxes:** The Foundation is organized as an Iowa nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under section 501(a) of the Internal Revenue Code as Foundations described in section 501(c)(3), qualifies for the charitable contribution deduction under sections 170(b)(1)(A)(vi), and has been determined not to be a private foundation under section 509(a)(1). The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. Management has determined that the Foundation is subject to unrelated business income tax and will file an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates and those differences could be material.

**Subsequent events:** Subsequent events have been evaluated through August 26, 2024, the date the financial statements were available to be issued.

## Community Foundation of Greater Dubuque

### Notes to Consolidated Financial Statements

#### Note 2. Classification of Expenses

The following reflects the classification of the Foundation's expenses, by both the underlying nature of the expense and function, for the years ended December 31, 2023 and 2022. An individual expense is allocated to the underlying activity through which it was incurred. Certain expenses are allocated on a reasonable basis which has been consistently applied based on actual usage or project purpose.

	2023			
	Program Services	Supporting Services		Total
		Management and General	Fundraising and Development	
Grants	\$ 5,903,597	\$ -	\$ -	\$ 5,903,597
Salaries and benefits	1,342,723	699,099	111,593	2,153,415
Insurance	104,516	5,464	548	110,528
Rent	83,388	23,243	3,931	110,562
Parking	5,978	5,164	242	11,384
Technology supplies and services	110,114	44,203	4,341	158,658
Professional services	320,600	102,100	9,274	431,974
Office and other expense	78,096	56,350	4,014	138,460
Memberships and publications	55,993	13,483	54	69,530
Travel	44,905	28,501	1,664	75,070
Program support expenses	1,613,133	21,001	4,121	1,638,255
Marketing	106,891	21,527	4,352	132,770
Loan interest	2,504	6,711	-	9,215
Deprecation expense	-	127,102	-	127,102
	<u>\$ 9,772,438</u>	<u>\$ 1,153,948</u>	<u>\$ 144,134</u>	<u>\$ 11,070,520</u>
	2022			
	Program Services	Supporting Services		Total
		Management and General	Fundraising and Development	
Grants	\$ 5,679,248	\$ -	\$ -	\$ 5,679,248
Salaries and benefits	1,387,704	529,692	81,129	1,998,525
Insurance	104,601	7,087	449	112,137
Rent	64,906	36,899	3,390	105,195
Parking	6,255	5,129	284	11,668
Technology supplies and services	87,813	53,244	3,894	144,951
Professional services	325,758	96,923	7,297	429,978
Office and other expense	69,946	49,188	3,390	122,524
Memberships and publications	44,867	15,115	27	60,009
Travel	26,041	12,073	1,355	39,469
Program support expenses	782,897	24,393	1,818	809,108
Marketing	89,249	20,144	2,607	112,000
Capital purchases and repairs	673	-	-	673
Loan interest	8,017	3,819	427	12,263
Deprecation expense	-	110,554	-	110,554
	<u>\$ 8,677,975</u>	<u>\$ 964,260</u>	<u>\$ 106,067</u>	<u>\$ 9,748,302</u>

## Community Foundation of Greater Dubuque

### Notes to Consolidated Financial Statements

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#### Note 3. Liquidity

The Foundation's financial assets available within one year from the statement of financial position date for general operating expenses are as follows:

	2023	2022
Cash and cash equivalents	\$ 1,359,754	\$ 1,314,829
Board-designated, fiscal endowment payout	151,346	148,874
	<u>1,511,100</u>	<u>1,463,703</u>
Less operating reserve	(718,050)	(664,288)
	<u>\$ 793,050</u>	<u>\$ 799,415</u>

The Foundation has \$793,050 and \$799,415 of financial assets available within one year of December 31, 2023 and 2022, respectively, to meet cash needs for general expenditure consisting of cash and investments, other assets and endowment payouts received for operations. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The Foundation has a policy to maintain financial assets, which consist of cash and cash equivalents, on hand to meet six months of normal supporting services expenses, which are, on average, approximately \$1,300,000 as of both December 31, 2023 and 2022. At times, the Board of Directors designates a portion of any operating surplus to its Operating Reserve, which totaled \$718,050 and \$664,288 at December 31, 2023 and 2022, respectively. The Operating Reserve may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the Foundation's routine course of operations.

#### Note 4. Fair Value Measurements and Disclosures

The Foundation reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

**Level 1:** Quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

**Level 3:** Unobservable inputs for the asset or liability. In these situations, inputs are developed market assumptions about the assumptions that market participants would use in pricing an asset or liability.

## Community Foundation of Greater Dubuque

### Notes to Consolidated Financial Statements

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

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk or liquidity profile of the asset or liability.

Investment assets are classified within Level 1 because they are comprised of equity securities and mutual funds with readily determinable fair values based on daily redemption values.

The following table presents assets measured at fair value on a recurring basis at December 31, 2023 and 2022:

	Fair Value Measurements at December 31, 2023		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total		
Assets:			
Investments:			
Equity securities	\$ 118,635,655	\$ 118,635,655	\$ -
Fixed-income mutual funds	17,537,617	17,537,617	-
	<u>136,173,272</u>	<u>\$ 136,173,272</u>	<u>\$ -</u>
Other investments not at fair value (cost):			
Cash surrender value of life insurance policies	1,045,115		
Cash and money market	<u>2,755,349</u>		
	<u>3,800,464</u>		
Total investments	<u>\$ 139,973,736</u>		
Assets held in charitable gift annuity:			
Fixed income mutual funds	\$ 74,697	\$ 74,697	\$ -
Equity securities	118,956	118,956	-
	<u>193,653</u>	<u>\$ 193,653</u>	<u>\$ -</u>
Cash and money market (cost)	<u>58,696</u>		
Total assets held in charitable gift annuity	<u>\$ 252,349</u>		



**Community Foundation of Greater Dubuque**

**Notes to Consolidated Financial Statements**

**Note 4. Fair Value Measurements and Disclosures (Continued)**

	Fair Value Measurements at December 31, 2022			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Equity securities	\$ 101,042,894	\$ 101,042,894	\$ -	\$ -
Fixed-income mutual funds	16,295,482	16,295,482	-	-
	<u>117,338,376</u>	<u>\$ 117,338,376</u>	<u>\$ -</u>	<u>\$ -</u>
Other investments not at fair value (cost):				
Cash surrender value of life insurance policies	1,011,605			
Cash and money market	<u>1,989,330</u>			
	<u>3,000,935</u>			
Total investments	<u>\$ 120,339,311</u>			
Assets held in charitable gift annuity:				
Fixed income mutual funds	\$ 74,138	\$ 74,138	\$ -	\$ -
Equity securities	117,926	117,926	-	-
	<u>192,064</u>	<u>\$ 192,064</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and money market (cost)	<u>11,060</u>			
Total assets held in charitable gift annuity	<u>\$ 203,124</u>			

**Note 5. Net Investment Income (Loss)**

Net investment income (loss) consists of the following for the years ended December 31, 2023 and 2022:

	2023	2022
Interest and dividends	\$ 3,580,882	\$ 3,008,676
Net realized and unrealized gains (losses), net	12,147,180	(18,605,820)
Less investment management and custodial fees	(353,220)	(328,278)
	<u>\$ 15,374,842</u>	<u>\$ (15,925,422)</u>

## Community Foundation of Greater Dubuque

### Notes to Consolidated Financial Statements

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#### Note 6. Property and Equipment

Property and equipment at December 31, 2023 and 2022, included the following:

	2023	2022
Leasehold improvements	\$ 794,872	\$ 794,872
Equipment	698,068	698,068
Total property and equipment	<u>1,492,940</u>	<u>1,492,940</u>
Less accumulated depreciation	797,645	670,543
Net property and equipment	<u>\$ 695,295</u>	<u>\$ 822,397</u>

#### Note 7. Funds Held for Others

The change in funds held for others for the years ended December 31, 2023 and 2022, is as follows:

	2023	2022
Balance, beginning of year	\$ 19,002,280	\$ 21,839,729
Contributions	379,537	915,933
Interest and dividends	587,517	573,687
Net realized and unrealized gains (losses)	2,072,833	(3,375,192)
Grant revenue	31,130	77,912
Fees	(251,468)	(255,585)
Grant expense	(2,018,927)	(698,127)
Other expenses	(95,095)	(76,077)
Balance, end of year	<u>\$ 19,707,807</u>	<u>\$ 19,002,280</u>

#### Note 8. Note Payable

The Foundation has a note payable to a bank bearing interest at 3.25%. Principal and interest payments of \$18,700 are due quarterly, with any remaining principal and interest to be paid at maturity in September 2025. The note payable requires a minimum balance of \$1,700,000 to be maintained in an account held with the lender in cash or liquid securities. At December 31, 2023 and 2022, \$9,679,173 and \$7,833,722, respectively, was held in this account, which is included in investments on the consolidated statements of financial position. The outstanding balance on the note payable was \$238,585 and \$304,170 at December 31, 2023 and 2022, respectively.

Maturities required on the note payable at December 31, 2023, are as follows:

Years ending December 31:	
2024	\$ 67,750
2025	170,835
	<u>\$ 238,585</u>

## Community Foundation of Greater Dubuque

### Notes to Consolidated Financial Statements

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#### Note 9. Leases

The Foundation leases office space under an operating lease that expires in March 2026. Under ASC 842, lessees recognize the right-of-use assets and lease liabilities on the statements of financial position.

The Foundation recorded the following lease costs included in program services, management and general and fundraising and development expense on the consolidated statements of activities for the years ended December 31, 2023 and 2022:

	2023	2022
Operating lease cost	\$ 43,531	\$ 40,594
Variable lease cost	44,261	42,808

The following is a schedule of future minimum rental payments required under the operating lease as of December 31, 2023:

Years ending December 31:		
2024		\$ 73,410
2025		73,410
2026		18,353
Total minimum lease payments		<u>165,173</u>
Less interest		<u>2,877</u>
Present value of operating lease liability		<u>\$ 162,296</u>

The weighted-average remaining lease term and discount rate as of December 31, 2023 and 2022, are as follows:

	2023	2022
Weighted-average remaining lease term (years)	2.25	3.15
Weighted-average discount rate	1.63%	1.63%

## Community Foundation of Greater Dubuque

### Notes to Consolidated Financial Statements

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#### Note 10. Endowments

The Board of Directors of the Foundation has interpreted the Iowa Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the endowment funds, unless there are explicit donor stipulations to the contrary. For the years ended December 31, 2023 and 2022, there were no such donor stipulations.

The Foundation considers the following factors in making a determination to appropriate or accumulate board-designated endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the board-designated endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

**Investment and spending policies:** The Foundation has adopted investment and spending policies for the endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the endowment investments. The target minimum rate of return is 6.75% on an annual basis. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

The Foundation uses an endowment spending-rate formula to determine the maximum amount to spend from the endowment. During the year ended December 31, 2023, 5% of the fair value of the endowment investments for the prior 20 quarter moving average are available for distribution for the upcoming year. In establishing this policy, the Board of Directors considered the long-term expected return on the endowment and sets the rate with the objective of maintaining the purchasing power of the endowment over time.

## Community Foundation of Greater Dubuque

### Notes to Consolidated Financial Statements

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#### Note 10. Endowments (Continued)

Changes in endowment net assets and net asset composition by type for December 31, 2023 and 2022, are as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 91,661,611	\$ -	\$ 91,661,611
Investment return:			
Investment income, net of fees	2,892,402	-	2,892,402
Net realized and unrealized gain	10,688,561	-	10,688,561
	<u>105,242,574</u>	<u>-</u>	<u>105,242,574</u>
Contributions	7,809,943	-	7,809,943
Appropriation of endowment assets for expenditure	(5,283,240)	-	(5,283,240)
Endowment net assets, end of year	<u>\$ 107,769,277</u>	<u>\$ -</u>	<u>\$ 107,769,277</u>
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 104,552,158	\$ -	\$ 104,552,158
Investment return:			
Investment income, net of fees	2,508,515	-	2,508,515
Net realized and unrealized loss	(16,401,312)	-	(16,401,312)
	<u>90,659,361</u>	<u>-</u>	<u>90,659,361</u>
Contributions	6,149,114	-	6,149,114
Appropriation of endowment assets for expenditure	(5,146,864)	-	(5,146,864)
Endowment net assets, end of year	<u>\$ 91,661,611</u>	<u>\$ -</u>	<u>\$ 91,661,611</u>

## Community Foundation of Greater Dubuque

### Notes to Consolidated Financial Statements

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#### Note 11. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes at December 31, 2023 and 2022:

	2023	2022
Restricted by donors for:		
Community programs	\$ 339,773	\$ 190,655
Promises to give, time	64,353	76,968
	<u>\$ 404,126</u>	<u>\$ 267,623</u>

Net assets were released from donor restriction by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows:

	2023	2022
Expiration of time restrictions	\$ 12,615	\$ 22,510
Satisfaction of purpose restrictions:		
Community programs	232,132	186,350
	<u>\$ 244,747</u>	<u>\$ 208,860</u>

#### Note 12. Pension Plan

The Foundation sponsors a tax-deferred annuity plan (the Plan) qualified under Section 403(b) of the Internal Revenue Code covering employees who are scheduled to work 20 or more hours per week. The Foundation may also make a discretionary match of 50% of the first 6% of employee contributions based on certain eligibility requirements. Total expenses during the years ended December 31, 2023 and 2022, were \$48,888 and \$41,954, respectively.