

**Iowa Western Community College Foundation
Council Bluffs, Iowa**

FINANCIAL REPORT

June 30, 2019 and 2018

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	3
FINANCIAL STATEMENTS	
Statements of financial position	4
Statements of activities	5
Statements of functional expenses	6
Statements of cash flows	7
Notes to financial statements	8-17



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Iowa Western Community College Foundation
Council Bluffs, Iowa

We have audited the accompanying financial statements of Iowa Western Community College Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Iowa Western Community College Foundation as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Denman & Company, LLP
DENMAN & COMPANY, LLP

West Des Moines, Iowa
December 10, 2019

**Iowa Western Community College Foundation
STATEMENTS OF FINANCIAL POSITION**

	June 30	
	2019	2018
ASSETS		
Cash and cash equivalents	\$ 1,562,386	\$ 899,308
Investments	16,732,307	14,636,295
Contributions and other receivables	2,944,814	2,523,600
Due from Iowa Western Community College	473,567	513,028
Beneficial interest in irrevocable trust	4,308	6,425
Prepaid expenses	419,204	382,913
Land held for sale	-	350,000
Land held for investment	9,697,131	9,724,770
Other assets	283,353	269,385
Net investment in capital leases	<u>554,936</u>	<u>658,926</u>
Total assets	<u>\$32,672,006</u>	<u>\$29,964,650</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 49,771	\$ 26,484
Deposits held for others	581,866	490,525
Due to Iowa Western Community College	<u>2,523,722</u>	<u>382,913</u>
Total liabilities	<u>3,155,359</u>	<u>899,922</u>
Net assets		
Net assets without donor restrictions	8,292,776	8,215,062
Net assets with donor restrictions	<u>21,223,871</u>	<u>20,849,666</u>
Total net assets	<u>29,516,647</u>	<u>29,064,728</u>
Total liabilities and net assets	<u>\$32,672,006</u>	<u>\$29,964,650</u>

See Notes to Financial Statements.

**Iowa Western Community College Foundation
STATEMENTS OF ACTIVITIES**

	<u>Year ended June 30, 2019</u>			<u>Year ended June 30, 2018</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE						
Contributions	\$ 28,907	\$ 5,947,359	\$ 5,976,266	\$ 4,061	\$ 6,692,239	\$ 6,696,300
Investment return, net	52,061	725,015	777,076	53,561	956,107	1,009,668
Rental income	-	34,200	34,200	-	26,400	26,400
Miscellaneous income	-	117,316	117,316	-	88,017	88,017
Loss on sale of land held for investment	(17,639)	-	(17,639)	-	-	-
Impairment loss on land held for sale	-	-	-	(673,660)	-	(673,660)
Net assets released from restrictions and reclassifications	<u>6,449,685</u>	<u>(6,449,685)</u>	<u>-</u>	<u>5,802,581</u>	<u>(5,802,581)</u>	<u>-</u>
Total support and revenue	<u>6,513,014</u>	<u>374,205</u>	<u>6,887,219</u>	<u>5,186,543</u>	<u>1,960,182</u>	<u>7,146,725</u>
EXPENSES						
Program services	3,743,621	-	3,743,621	3,557,716	-	3,557,716
Supporting services						
Management and general	2,582,693	-	2,582,693	159,150	-	159,150
Fundraising	108,986	-	108,986	112,725	-	112,725
Total expenses	<u>6,435,300</u>	<u>-</u>	<u>6,435,300</u>	<u>3,829,591</u>	<u>-</u>	<u>3,829,591</u>
CHANGE IN NET ASSETS	77,714	374,205	451,919	1,356,952	1,960,182	3,317,134
NET ASSETS						
Beginning	<u>8,215,062</u>	<u>20,849,666</u>	<u>29,064,728</u>	<u>6,858,110</u>	<u>18,889,484</u>	<u>25,747,594</u>
Ending	<u>\$ 8,292,776</u>	<u>\$21,223,871</u>	<u>\$29,516,647</u>	<u>\$ 8,215,062</u>	<u>\$20,849,666</u>	<u>\$29,064,728</u>

See Notes to Financial Statements.

**Iowa Western Community College Foundation
STATEMENTS OF FUNCTIONAL EXPENSES**

	<u>Year ended June 30, 2019</u>				<u>Year ended June 30, 2018</u>			
	<u>Supporting Services</u>				<u>Supporting Services</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
IWCC Scholarships	\$3,743,621	\$ -	\$ -	\$3,743,621	\$3,557,716	\$ -	\$ -	\$3,557,716
Professional services	-	6,405	26,248	32,653	-	2,238	30,296	32,534
Other services	-	16,512	2,068	18,580	-	45,564	16,475	62,039
Materials and supplies	-	2,723	19,591	22,314	-	556	11,449	12,005
Conferences, conventions, and meetings	-	-	35,405	35,405	-	2,247	24,095	26,342
Travel expenses	-	23,632	50	23,682	-	-	-	-
Maintenance	-	257,615	-	257,615	-	-	-	-
Rental	-	-	6,740	6,740	-	-	6,493	6,493
Postage and printing	-	216	5,811	6,027	-	-	9,347	9,347
Tuition reimbursement	-	70,655	-	70,655	-	46,145	-	46,145
Support and transfers to IWCC	-	2,137,632	-	2,137,632	-	16,406	-	16,406
Other expense	-	67,303	13,073	80,376	-	43,194	14,570	57,764
Depreciation	-	-	-	-	-	2,800	-	2,800
Total expenses	<u>\$3,743,621</u>	<u>\$2,582,693</u>	<u>\$ 108,986</u>	<u>\$6,435,300</u>	<u>\$3,557,716</u>	<u>\$ 159,150</u>	<u>\$ 112,725</u>	<u>\$3,829,591</u>

See Notes to Financial Statements.

**Iowa Western Community College Foundation
STATEMENTS OF CASH FLOWS**

	Year ended June 30	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 451,919	\$3,317,134
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	-	2,800
Loss on sale of land held for investment	17,639	-
Impairment loss on land held for sale	-	673,660
Contributions restricted for long-term purposes	(811,242)	(2,579,788)
Contribution of artwork	-	(2,800)
Changes in net unrealized gains on investments	341,663	364,584
Realized (gains) on investments	(713,456)	(1,102,606)
Change in value of beneficial interest in irrevocable trust	2,117	2,483
Changes in assets and liabilities		
Contributions and other receivables	(93,005)	220,440
Due from Iowa Western Community College	(40,748)	(294,728)
Prepaid expenses	(36,291)	(227,989)
Other assets	(13,968)	(19,500)
Net investment in capital leases	103,990	(445,594)
Accounts payable	23,287	9,790
Due to Iowa Western Community College	<u>2,140,809</u>	<u>227,989</u>
Net cash provided by operating activities	<u>1,372,714</u>	<u>145,875</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(7,212,275)	(3,541,887)
Proceeds from sale of investments	5,488,056	3,308,159
Proceeds from sales of land	<u>360,000</u>	<u>-</u>
Net cash (used in) investing activities	<u>(1,364,219)</u>	<u>(233,728)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions received for long-term purposes	563,242	224,288
Increase in deposits held for others	<u>91,341</u>	<u>77,053</u>
Net cash provided by financing activities	<u>654,583</u>	<u>301,341</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	663,078	213,488
CASH AND CASH EQUIVALENTS		
Beginning	<u>899,308</u>	<u>685,820</u>
Ending	<u>\$1,562,386</u>	<u>\$ 899,308</u>

See Notes to Financial Statements.

Iowa Western Community College Foundation
NOTES TO FINANCIAL STATEMENTS

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Iowa Western Community College Foundation (a component unit of Iowa Western Community College) (the Foundation) is an Iowa nonprofit corporation organized to facilitate the advancement and support of Iowa Western Community College (IWCC or the College).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

Financial statement presentation follows the recommendations of the Not-for-Profit Entities Topic of the *FASB Accounting Standards Codification*. The Foundation is required to report information regarding its financial position and changes in net assets according to two classes of net assets:

Net assets without donor restrictions are those assets which are not restricted by donor-imposed stipulations and represent the portion of expendable assets available for support of operations.

Net assets with donor restrictions represent contributions or other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations. As donor-imposed stipulations expire, net assets with donor restrictions are reclassified as net assets without donor restrictions.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for taxes has been made in the accounts. The Foundation is required to pay income taxes on any net income of activities unrelated to its exempt purpose.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability, or asset, for an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has evaluated its material tax positions and determined there are no uncertain positions taken or expected to be taken that would require recognition of a liability, or asset, or disclosure in the financial statements. Management has not identified any uncertainty in income tax positions that would jeopardize the Foundation's status as a tax-exempt entity. The Foundation's income tax returns are subject to review and examination by tax authorities. However, there are currently no reviews or examinations for any tax periods in progress. The tax returns for years prior to the fiscal year ended June 30, 2016 are no longer open to examination by tax authorities.

Contributions

Contributions received are recorded as support without donor restrictions or support with donor restrictions depending upon the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

**Iowa Western Community College Foundation
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their fair values at the date of donation.

In a prior year, the Foundation received a donation of artwork valued at \$30,562, which was depreciated over a useful life of 5 years. During the year ended June 30, 2018, the Foundation received an additional donation of art work in the amount of \$2,800, which was depreciated over one year. As of June 30, 2019 and 2018, \$33,362 and \$30,562, respectively, had been depreciated.

Revenue and Cost Recognition

All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Income earned on funds which have been consolidated for investment purposes has been prorated to the various net asset groups. If restricted, income earned on funds invested is accounted for in the appropriate net asset group.

Awards, grants, administrative costs and fund raising costs are charged to expense as incurred.

Scholarships are charged to expense in the period they are used to pay student costs and recorded as liabilities in the period they are awarded.

Allocation of Functional Expenses

Expenses have been allocated to program or supporting services based on determinations made by management.

Cash and Cash Equivalents

The Foundation considers all highly liquid instruments to be cash equivalents. Money market funds and certificates of deposit held in brokerage accounts are classified as investments.

Contributions Receivable

Contributions receivable (unconditional promises to give) are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Intentions to give to the Foundation which are not legally enforceable are recorded as contribution revenue in the statements of activities when collected.

At June 30, 2019 and 2018, all contributions receivable were considered collectible, therefore, an allowance for uncollectible amounts was not recorded.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values at fair value in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. The Foundation carries its land held for investment at the fair market value as of the date the land was donated to the Foundation.

Iowa Western Community College Foundation
NOTES TO FINANCIAL STATEMENTS

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Endowments

The Foundation's endowments consist of funds established for a variety of purposes, but are primarily to provide a long term source of income for scholarships. The Foundation has interpreted the 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 donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as donor-restricted net assets held in perpetuity (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as donor-restricted net assets held in perpetuity is classified as a term endowment until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence prescribed by UPMIFA. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund; (2) the purposes of the Foundation and the donor-restricted endowment fund; (3) general economic conditions; (4) the expected total return from income and appreciation of investments; (5) other resources of the Foundation; and (6) the investment policies of the Foundation.

Reclassifications

Certain amounts have been reclassified in the 2018 financial statements in order to conform with the 2019 presentation, with no effect on the change in net assets.

Change in Accounting Principle

Financial Accounting Standards Board Accounting Standards Update 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities* was implemented by the Foundation during the year ended June 30, 2019. The standard changed financial reporting requirements for not-for-profit entities. The new standard modified net asset reporting requirements, increased reporting and disclosure of nonprofit organizations' functional expenses and liquidity, and required presentation of investment fees with investment return, net rather than with expenses. Certain amounts have been reclassified in the June 30, 2018 consolidated financial statements in order to conform with the new standard with no change in total net assets previously reported.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This ASU requires organizations that lease assets to recognize the rights and obligations created by those leases on the statements of financial position. For non-public entities, like the Foundation, this ASU is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The Foundation is currently evaluating the effect this ASU will have on its financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. This ASU supersedes nearly all existing revenue recognition guidance under accounting principles generally accepted in the United States of America and requires revenue to be recognized when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. Additionally, qualitative and quantitative disclosures are required about customer contracts, significant judgments, and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The effective date of this ASU was deferred by the issuance of ASU No. 2015-14, *Revenue from Contracts with Customers: Deferral of the Effective Date*, in August 2015. For non-public entities, like the Foundation, this ASU is effective for annual reporting periods beginning after December 15, 2018, with early adoption permitted. The Foundation is currently evaluating the effect this ASU will have on its financial statements.

**Iowa Western Community College Foundation
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 CONTRIBUTIONS AND OTHER RECEIVABLES

Contributions and other receivables are from various funding campaigns. The amounts are collectible as follows:

<u>Year ending June 30</u>	
2020	\$2,794,814
2021	35,000
2022	<u>115,000</u>
Total contributions and other receivables	<u>\$2,944,814</u>

NOTE 3 INVESTMENTS

Investments consist of the following:

	<u>June 30, 2019</u>			<u>June 30, 2018</u>		
	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized gain (loss)</u>	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized gain (loss)</u>
Money market funds	\$ 119,675	\$ 119,675	\$ -	\$ 20,081	\$ 20,081	\$ -
Government obligation bonds	95,351	101,804	6,453	347,022	353,467	6,445
Certificates of deposit	549,865	551,080	1,215	599,865	596,138	(3,727)
Exchange-traded funds	9,171,582	11,581,565	2,409,983	8,143,303	10,146,483	2,003,180
Mutual funds	<u>5,222,976</u>	<u>4,378,183</u>	<u>(844,793)</u>	<u>3,611,503</u>	<u>3,520,126</u>	<u>(91,377)</u>
Totals	<u>\$15,159,449</u>	<u>\$16,732,307</u>	<u>\$1,572,858</u>	<u>\$12,721,774</u>	<u>\$14,636,295</u>	<u>\$1,914,521</u>

Investment return, net is as follows:

	<u>2019</u>	<u>2018</u>
Interest and dividend income	\$ 463,445	\$ 328,619
Change in net unrealized gains	(341,663)	(364,584)
Realized gains	713,456	1,102,606
Investment fees	<u>(58,162)</u>	<u>(56,973)</u>
Total investment return, net	<u>\$ 777,076</u>	<u>\$1,009,668</u>

Fair Value of Investments

The Foundation follows the Fair Value Measurements and Disclosures Topic of the *FASB Accounting Standards Codification*, which establishes a framework for measuring fair value and expands disclosures about fair value measurement. Fair value is defined 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. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are generally available indirect information, such as quoted prices for identical or similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active. Level 3 inputs are the most subjective, are generally based on the management's own assumptions on how knowledgeable parties would price assets or liabilities, and are developed using the best information available in the circumstances. The Foundation had no Level 2 or Level 3 investments at June 30, 2019 and 2018.

**Iowa Western Community College Foundation
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 INVESTMENTS (continued)

Fair Value of Investments (continued)

Following is a description of the valuation methodologies used for the Foundation's investments measured at fair value. There have been no changes in the methodologies used at June 30, 2019 and 2018.

The fair value of money market funds, government obligation bonds, certificates of deposit, exchange-traded funds, and mutual funds is based on unadjusted quoted prices in active markets for identical assets or liabilities.

There were no transfers between levels during the years ended June 30, 2019 and 2018.

The following schedules provide information regarding the fair value hierarchy of the Foundation's investments at June 30, 2019 and 2018:

<u>Description</u>	<u>June 30, 2019</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 119,675	\$ —	\$ —	\$ 119,675
Government obligation bonds	101,804	—	—	101,804
Certificates of deposit	551,080	—	—	551,080
Exchange-traded funds				
Intermediate government	2,173,184	—	—	2,173,184
Long-term capital appreciation	555,672	—	—	555,672
Large blend	1,081,089	—	—	1,081,089
Large-cap growth	794,320	—	—	794,320
Small growth	603,815	—	—	603,815
Mid-cap value	1,922,977	—	—	1,922,977
Large value	287,168	—	—	287,168
Inflation protected bond	353,861	—	—	353,861
Foreign large blend	1,232,435	—	—	1,232,435
Foreign large value	1,394,431	—	—	1,394,431
Corporate bond	309,164	—	—	309,164
Ultrashort-term bond	873,449	—	—	873,449
Total exchange-traded funds	<u>11,581,565</u>	<u>—</u>	<u>—</u>	<u>11,581,565</u>
Mutual funds				
Emerging markets bond	540,794	—	—	540,794
Diversified emerging markets	916,287	—	—	916,287
Foreign large blend	535,774	—	—	535,774
World allocation	590,448	—	—	590,448
Allocation equity	603,676	—	—	603,676
Small blend	421,675	—	—	421,675
Multialternative	769,529	—	—	769,529
Total mutual funds	<u>4,378,183</u>	<u>—</u>	<u>—</u>	<u>4,378,183</u>
Total investments at fair value	<u>\$16,732,307</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$16,732,307</u>

Iowa Western Community College Foundation
NOTES TO FINANCIAL STATEMENTS

NOTE 3 INVESTMENTS (continued)

Fair Value of Investments (continued)

<u>Description</u>	<u>June 30, 2018</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Money market funds	\$ 20,081	\$ —	\$ —	\$ 20,081
Government obligation bonds	353,467	—	—	353,467
Certificates of deposit	596,138	—	—	596,138
Exchange-traded funds				
Intermediate government	1,094,335	—	—	1,094,335
Long-term capital appreciation	660,007	—	—	660,007
Large blend	894,594	—	—	894,594
Large-cap growth	923,690	—	—	923,690
Small growth	692,474	—	—	692,474
Mid-cap value	1,606,838	—	—	1,606,838
Large value	195,136	—	—	195,136
Inflation protected bond	198,764	—	—	198,764
Foreign large blend	1,000,564	—	—	1,000,564
Foreign large value	1,181,996	—	—	1,181,996
Corporate bond	348,269	—	—	348,269
Ultrashort-term bond	1,349,816	—	—	1,349,816
Total exchange-traded funds	<u>10,146,483</u>	<u>—</u>	<u>—</u>	<u>10,146,483</u>
Mutual funds				
Emerging markets bond	466,476	—	—	466,476
Diversified emerging markets	726,705	—	—	726,705
Foreign large blend	524,858	—	—	524,858
World allocation	529,959	—	—	529,959
Allocation equity	167,016	—	—	167,016
Small blend	43,488	—	—	43,488
Multialternative	1,061,624	—	—	1,061,624
Total mutual funds	<u>3,520,126</u>	<u>—</u>	<u>—</u>	<u>3,520,126</u>
Total investments at fair value	<u>\$14,636,295</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$14,636,295</u>

**Iowa Western Community College Foundation
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 ENDOWMENTS

Endowment net asset composition by type of fund as of June 30, 2019 and 2018 is as follows:

	<u>With donor restrictions</u>	
	<u>2019</u>	<u>2018</u>
Donor-restricted endowments		
Original donor-restricted gift amounts required to be held in perpetuity	\$ 3,223,206	\$ 3,166,974
Term endowments	<u>14,083,002</u>	<u>12,355,004</u>
Total endowments	<u>\$17,306,208</u>	<u>\$15,521,978</u>

A summary of the changes in the endowment net assets was as follows for the years ended June 30, 2019 and 2018:

	<u>Year ended June 30, 2019</u>			<u>Year ended June 30, 2018</u>		
	<u>Term</u>	<u>Held in</u>	<u>Total</u>	<u>Term</u>	<u>Held in</u>	<u>Total</u>
	<u>endowments</u>	<u>perpetuity</u>		<u>endowments</u>	<u>perpetuity</u>	
Balance at beginning of year	\$12,355,004	\$3,166,974	\$15,521,978	\$10,985,062	\$3,003,186	\$13,988,248
Investment return, net	709,058	-	709,058	953,043	-	953,043
Contributions	2,464,019	56,232	2,520,251	1,837,203	163,788	2,000,991
Appropriated for expenditure	<u>(1,445,079)</u>	<u>-</u>	<u>(1,445,079)</u>	<u>(1,420,304)</u>	<u>-</u>	<u>(1,420,304)</u>
Balance at end of year	<u>\$14,083,002</u>	<u>\$3,223,206</u>	<u>\$17,306,208</u>	<u>\$12,355,004</u>	<u>\$3,166,974</u>	<u>\$15,521,978</u>

NOTE 5 NET INVESTMENT IN CAPITAL LEASES

The Foundation leases one mini-bus and two larger buses to the College, which are accounted for as direct financing leases. The three leases expire on September 30, 2019, May 31, 2022, and November 30, 2027. The College made annual payments to the Foundation under these lease agreements that totaled \$103,990 and \$96,439 during the years ended June 30, 2019 and 2018, respectively.

Components of the Foundation's net investment in capital leases are as follows:

	<u>June 30</u>	
	<u>2019</u>	<u>2018</u>
Minimum lease payments	\$ 681,091	\$ 819,246
Unearned interest revenue	<u>126,155</u>	<u>160,320</u>
Net investment in capital leases	<u>\$ 554,936</u>	<u>\$ 658,926</u>

**Iowa Western Community College Foundation
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 NET INVESTMENT IN CAPITAL LEASES (continued)

Minimum lease payments to be received for years ending after June 30, 2019 are as follows:

Year ending June 30,	<u>Lease receivable</u>	<u>Unearned interest revenue</u>	<u>Net investment in leases</u>
2020	\$ 105,761	\$ 28,747	\$ 77,014
2021	97,605	24,649	72,956
2022	95,353	20,406	74,947
2023	70,590	16,809	53,781
2024	70,590	13,775	56,815
Thereafter	<u>241,192</u>	<u>21,769</u>	<u>219,423</u>
Totals	<u>\$ 681,091</u>	<u>\$ 126,155</u>	<u>\$ 554,936</u>

NOTE 6 IN-KIND CONTRIBUTIONS

Foundation salaries and other operating expenses are paid by the College on behalf of the Foundation. In management's estimate, the value of such expenses were approximately \$385,000 and \$318,000 for the years ended June 30, 2019 and 2018, respectively. The expenses do not meet the criteria of the Not-for-Profit Entities Topic of the *FASB Accounting Standards Codification* for recording in-kind contributions and therefore have not been reflected in the financial statements.

NOTE 7 RESTRICTIONS ON NET ASSETS

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

	<u>2019</u>	<u>2018</u>
IWCC	\$ 2,114,707	\$ 2,057,806
Scholarships	14,864,504	13,004,127
Capital Campaign	1,000,000	2,599,908
Equipment	13,436	11,551
Memorial	8,018	7,929
Other	-	1,371
Endowments held in perpetuity	<u>3,223,206</u>	<u>3,166,974</u>
Totals	<u>\$21,223,871</u>	<u>\$20,849,666</u>

Net assets that were released from donor restrictions by incurring expenditures satisfying the restricted purposes are as follows:

	<u>Year ended June 30</u>	
	<u>2019</u>	<u>2018</u>
IWCC	\$ 600,175	\$2,244,865
Scholarships	3,743,621	3,557,716
Capital Campaign	2,104,518	-
Other	<u>1,371</u>	<u>-</u>
Totals	<u>\$6,449,685</u>	<u>\$5,802,581</u>

**Iowa Western Community College Foundation
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 RESTRICTIONS ON NET ASSETS (continued)

Endowments held in perpetuity consist of long-term investments, which are restricted by the donors. The restrictions require that the resources be maintained permanently, but permits use of the income derived from the assets. Endowments held in perpetuity at June 30, 2019 and 2018 are available for scholarship purposes.

NOTE 8 DEPOSITS HELD FOR OTHERS

The Foundation manages funds for numerous clubs, organizations and scholarships for the College. These funds are included in cash and cash equivalents, and investments. As these clubs, organizations, and scholarships relate to the College, these deposits held for others represent related party activities. The Foundation recorded assets and related liabilities as deposits held for others of \$581,866 and \$490,525 as of June 30, 2019 and 2018, respectively.

NOTE 9 RELATED PARTIES

The Foundation has a liability to the College in the amount of \$419,204 and \$382,913 at June 30, 2019 and 2018, respectively, related to amounts the Foundation has an obligation to pay the College for scholarships. The Foundation has a liability to the College in the amount of \$2,104,518 and \$-0- at June 30, 2019 and 2018, respectively, related to amounts due to the College for the fitness center project. The Foundation has a receivable from the College in the amount of \$334,852 and \$333,332 at June 30, 2019 and 2018, respectively, related to various amounts due from the College.

The Foundation has a receivable from the College related to costs incurred on the turf project with Lewis Central High School net of unearned interest revenue. The amount of the net receivable was \$138,715 and \$179,696 at June 30, 2019 and 2018, respectively. The College reimburses the Foundation for this net receivable by making monthly payments of principal and interest in the amount of \$4,219. Total principal and interest paid by the College during the year ended June 30, 2019 was \$40,981 and \$9,651, respectively. Total principal and interest paid by the College during the year ended June 30, 2018 was \$38,604 and \$12,028, respectively. The balance of this net receivable at June 30, 2019 and 2018 is as follows:

	2019	2018
Minimum scheduled payments	\$ 151,897	\$ 202,528
Unearned interest revenue	13,182	22,833
Net receivable	\$ 138,715	\$ 179,696

Minimum scheduled payments to be received for years ending after June 30, 2019 are as follows:

	Scheduled payments receivable	Unearned interest revenue	Net receivable
Year ending June 30,			
2020	\$ 50,632	\$ 7,128	\$ 43,504
2021	50,632	4,449	46,183
2022	50,633	1,605	49,028
Totals	\$ 151,897	\$ 13,182	\$ 138,715

**Iowa Western Community College Foundation
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 LAND HELD FOR INVESTMENT AND LAND HELD FOR SALE

During the year ended June 30, 2008, the Foundation received a donation of land with fair value of \$10,748,430. There are no restrictions on the use of the land.

During the year ended June 30, 2018, the sale of a portion of the land held for investment (10 acres of the total 105 acres) was approved by the Board of Directors. The sales price per the purchase agreement for these 10 acres of \$350,000 was less than the Foundation's cost basis in the 10 acres of \$1,023,660. Therefore, an impairment loss on the land held for sale in the amount of \$673,660 was recorded for the fiscal year ended June 30, 2018, and was included on the 2018 statement of activities as impairment loss on land held for sale. The carrying value of this 10 acres at June 30, 2018 was \$350,000 and was reported as land held for sale in the statements of financial position. In December 2018, the sale of this property was completed. The balance of the land held for sale at June 30, 2019 was \$-0-.

During the year ended June 30, 2019, an additional 0.27 acres of land held for investment was sold for \$10,000, resulting in a loss on sale of land held for investment of \$17,639 during 2019. The balance of the land held for investment at June 30, 2019 and 2018 was \$9,697,131 and \$9,724,770, respectively.

NOTE 11 LIQUIDITY

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

	2019	2018
Cash and cash equivalents, excluding donor restricted amounts	\$ 988,485	\$ 13,625
Contributions and other receivables	270,343	100,706
Due from Iowa Western Community College	474,387	513,028
Totals	\$1,733,215	\$ 627,359

The Foundation's endowments consist of donor-restricted funds held for specific purposes or held in perpetuity and, therefore, are not available for general expenditure. As part of the Foundation's liquidity management, it has practiced ensuring enough cash on hand for any expenditures paid out.

NOTE 12 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through December 10, 2019, the date which the financial statements were available to be issued. There were no subsequent events required to be accrued or disclosed.