

**Kirkwood Community College Foundation
Cedar Rapids, Iowa**

FINANCIAL REPORT

June 30, 2023 and 2022

C O N T E N T S

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	3-4
FINANCIAL STATEMENTS	
Statements of financial position	5
Statements of activities	6
Statements of functional expenses	7
Statements of cash flows	8
Notes to financial statements	9-17



INDEPENDENT AUDITOR'S REPORT

Audit Committee
Kirkwood Community College Foundation
Cedar Rapids, Iowa

Opinion

We have audited the accompanying financial statements of Kirkwood Community College Foundation, a component unit of Kirkwood Community College, which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kirkwood Community College Foundation as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Kirkwood Community College 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 Kirkwood Community College Foundation's ability to continue as a going concern within one year after the date that the financial statements are 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Kirkwood Community College 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 Kirkwood Community College 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.



DENMAN & COMPANY, LLP

West Des Moines, Iowa
November 3, 2023

**Kirkwood Community College Foundation
STATEMENTS OF FINANCIAL POSITION**

	June 30	
ASSETS	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,083,824	\$ 2,914,359
Pledges receivable, at present value, less allowance for uncollectible pledges	61,500	52,000
Prepaid expenses	47,531	50,194
Total current assets	<u>4,192,855</u>	<u>3,016,553</u>
INVESTMENTS AND LONG-TERM ASSETS		
Pledges receivable, at present value, less allowance for uncollectible pledges	62,000	79,500
Investments	61,064,585	40,075,031
Cash value of life insurance	334,418	311,266
Beneficial interests	17,505	57,992
Total investments and long-term assets	<u>61,478,508</u>	<u>40,523,789</u>
 Total assets	 <u>\$65,671,363</u>	 <u>\$43,540,342</u>
	LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES		
Accounts payable	\$ 2,839	\$ 16,808
Due to Kirkwood Community College	105,032	158,818
Due to KCCF-FM Radio	1,045,173	729,231
Due to other agencies	1,671,562	1,537,091
Current portion of annuities payable	9,900	11,300
Total current liabilities	<u>2,834,506</u>	<u>2,453,249</u>
ANNUITIES PAYABLE , less current portion	<u>31,400</u>	<u>31,200</u>
Total liabilities	<u>2,865,906</u>	<u>2,484,449</u>
NET ASSETS		
Net assets without donor restrictions		
Undesignated	21,308,384	2,308,470
Donor advised for endowment	38,048,464	35,416,967
Board designated for endowment	2,321,316	2,216,331
Board designated, other	909,554	859,881
Total net assets without donor restrictions	<u>62,587,718</u>	<u>40,801,946</u>
Net assets with donor restrictions	<u>217,739</u>	<u>254,244</u>
Total net assets	<u>62,805,457</u>	<u>41,055,893</u>
 Total liabilities and net assets	 <u>\$65,671,363</u>	 <u>\$43,540,342</u>

See Notes to Financial Statements.

**Kirkwood Community College Foundation
STATEMENTS OF ACTIVITIES**

	<u>Year ended June 30, 2023</u>			<u>Year ended June 30, 2022</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 REVENUES						
Contributions, pledges and cash, net	\$ 972,805	\$ 148,011	\$ 1,120,816	\$ 812,580	\$ 254,200	\$ 1,066,780
Nonmonetary contributions	47,137	-	47,137	43,575	-	43,575
Contributions from						
Kirkwood Community College	20,470,310	-	20,470,310	2,499,640	-	2,499,640
Contributions to donor advised for endowment	567,017	-	567,017	1,473,499	-	1,473,499
Investment income (loss), net	4,591,315	(4,087)	4,587,228	(5,533,407)	376,238	(5,157,169)
Actuarial adjustment to annuities payable	(8,724)	-	(8,724)	(1,133)	-	(1,133)
Other, primarily special event fundraisers	40,823	-	40,823	75,978	-	75,978
Net assets released from restrictions	<u>180,429</u>	<u>(180,429)</u>	<u>-</u>	<u>707,247</u>	<u>(707,247)</u>	<u>-</u>
Total support and revenues	<u>26,861,112</u>	<u>(36,505)</u>	<u>26,824,607</u>	<u>77,979</u>	<u>(76,809)</u>	<u>1,170</u>
EXPENSES						
Program services	<u>4,337,006</u>	<u>-</u>	<u>4,337,006</u>	<u>4,160,261</u>	<u>-</u>	<u>4,160,261</u>
Supporting services						
Management and general	410,634	-	410,634	343,343	-	343,343
Fundraising	<u>327,403</u>	<u>-</u>	<u>327,403</u>	<u>311,207</u>	<u>-</u>	<u>311,207</u>
Total supporting services	<u>738,037</u>	<u>-</u>	<u>738,037</u>	<u>654,550</u>	<u>-</u>	<u>654,550</u>
Total expenses	<u>5,075,043</u>	<u>-</u>	<u>5,075,043</u>	<u>4,814,811</u>	<u>-</u>	<u>4,814,811</u>
CHANGE IN NET ASSETS	21,786,069	(36,505)	21,749,564	(4,736,832)	(76,809)	(4,813,641)
NET ASSETS						
Beginning	<u>40,801,649</u>	<u>254,244</u>	<u>41,055,893</u>	<u>45,538,481</u>	<u>331,053</u>	<u>45,869,534</u>
Ending	<u>\$62,587,718</u>	<u>\$ 217,739</u>	<u>\$62,805,457</u>	<u>\$40,801,649</u>	<u>\$ 254,244</u>	<u>\$41,055,893</u>

See Notes to Financial Statements.

**Kirkwood Community College Foundation
STATEMENTS OF FUNCTIONAL EXPENSES**

	<u>Year ended June 30, 2023</u>				<u>Year ended June 30, 2022</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>
Grants and other assistance	\$4,113,878	\$ –	\$ –	\$4,113,878	\$3,969,821	\$ –	\$ –	\$3,969,821
Salaries and wages	167,755	198,203	112,577	478,535	132,992	157,131	97,683	387,806
Employee benefits	42,979	57,119	26,012	126,110	45,186	60,052	29,581	134,819
Professional services	–	17,500	21,703	39,203	–	19,786	23,513	43,299
Advertising and promotion	–	10,709	–	10,709	–	14,870	–	14,870
Office expenses	–	1,516	41,544	43,060	–	1,919	40,526	42,445
Information technology	–	80,820	19,640	100,460	–	51,946	21,380	73,326
Occupancy	12,394	12,394	12,395	37,183	12,262	12,262	12,261	36,785
Travel	–	2,977	2,977	5,954	–	1,377	1,377	2,754
Conferences, conventions, and meetings	–	3,516	642	4,158	–	3,495	1,728	5,223
Other expense	–	25,880	89,913	115,793	–	20,505	83,158	103,663
Total expenses	<u>\$4,337,006</u>	<u>\$ 410,634</u>	<u>\$ 327,403</u>	<u>\$5,075,043</u>	<u>\$4,160,261</u>	<u>\$ 343,343</u>	<u>\$ 311,207</u>	<u>\$4,814,811</u>

See Notes to Financial Statements.

**Kirkwood Community College Foundation
STATEMENTS OF CASH FLOWS**

	Year ended June 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$21,749,564	\$ (4,813,641)
Adjustments to reconcile change in net assets to net cash from operating activities		
Interest, dividends, and capital gains reinvested	(1,421,312)	(1,731,917)
Net (appreciation) depreciation in fair value of investments	(3,531,039)	7,840,185
Actuarial adjustment to annuities payable	8,724	1,133
Change in beneficial interests	4,708	(376,238)
Changes in assets and liabilities		
Pledges receivable	8,000	(16,197)
Prepaid expenses	2,663	366
Accounts payable	(13,969)	(13,884)
Due to related entities	262,156	83,726
Due to other agencies	(11,139)	108,744
Net cash from operating activities	<u>17,058,356</u>	<u>1,082,277</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(20,593,219)	(8,137,504)
Proceeds from sale of investments	4,700,189	6,888,161
Distributions from beneficial interests	37,215	540,000
Proceeds from life insurance	-	-
Change in cash value of life insurance	(23,152)	22,109
Net cash from investing activities	<u>(15,878,967)</u>	<u>(687,234)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on annuities, net	(9,924)	(10,733)
Net cash from financing activities	<u>(9,924)</u>	<u>(10,733)</u>
NET CHANGE IN CASH	1,169,465	384,310
CASH		
Beginning	<u>2,914,359</u>	<u>2,530,049</u>
Ending	<u>\$ 4,083,824</u>	<u>\$ 2,914,359</u>

See Notes to Financial Statements.

Kirkwood Community College Foundation
NOTES TO FINANCIAL STATEMENTS

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Kirkwood Community College Foundation (the Foundation), a component unit of Kirkwood Community College, is a nonprofit organization formed in 1969 for the purpose of maintaining, developing, and extending its facilities and services for the benefit of Kirkwood Community College (the College), a separate entity. The Foundation is organized and operates exclusively for charitable, scientific, and educational purposes to provide broader educational service opportunities to the College's students, staff, faculty, and residents of the geographic area it serves.

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. The Foundation may designate portions of net assets without donor restrictions as board designated for various purposes. The donor agreements used by the Foundation and the Foundations bylaws contain a variance power provision, which results in the Foundation having the unilateral power to override a donor's instruction without approval of the donor.

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.

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, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

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 Foundation's 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. 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, 2020 are no longer open to examination by tax authorities.

Cash and Cash Equivalents

The Foundation excludes money market accounts held for long-term investment in its definition of cash and cash equivalents. At times, the Foundation maintains cash balances that exceed the maximum amount insured by the Federal Deposit Insurance Corporation. Management believes the credit risk related to the uninsured balance is minimal.

Kirkwood Community College Foundation
NOTES TO FINANCIAL STATEMENTS

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

Pledges Receivable and Revenue Recognition

Pledges receivable (unconditional promises to give) are recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give, that is, those contributions with a material performance or other barrier and a right of return, are not recognized as revenue until the donor's conditions are substantially met.

Contributions to be received after one year are discounted at a discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue.

An allowance for uncollectible pledges receivable is provided based on management's judgment, including factors such as prior collection history, type of contribution, and nature of fundraising activity.

Contributions are recorded as without donor restrictions, or with donor restrictions, depending on the existence and/or nature of any donor restrictions. 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.

Contributed Services and Nonmonetary Contributions

Nonmonetary assets, art objects, equipment, and various services contributed to the College through the Foundation for the direct benefit of a College department are recorded at fair value at the date of the contribution and are recorded as in-kind revenue and other program expenses. Fair value is primarily determined based on appraised values from third party appraisers or comparable items. The donors receive recognition from the Foundation for such contributions. These items are transferred to the College upon receipt. The nonmonetary contributions for the years ended June 30, 2023 and 2022 include several small donations with individual market values less than \$11,800 and \$26,300, respectively. Contributed services that enhance nonfinancial assets and that require specialized skills that are provided by individuals with those specialized skills are included in the contributions from the College with a corresponding expense recognized (see Note 6).

Investments

Investments are recorded at fair value, which is the price that would be received to sell the investment in an orderly transaction at the statement of financial position date, in the statements of financial position. Realized and unrealized gains and losses, which are determined by the specific-identification method, are included in investment income (loss), net in the accompanying statements of activities. Interest and dividends are recognized as revenue when earned and are included in investment income (loss), net in the accompanying statements of activities.

Endowed investment assets are pooled on a market value basis, with each individual fund receiving a share of the total pool's investment activity for the month based on the balance of the endowment on the first day of that month.

Beneficial Interests

The Foundation has funds held on its behalf by local community foundations. Because the local community foundations hold variance power over the funds, these investments are not recorded by the Foundation. However, for two of these funds, the investment income (loss), net is not restricted and does belong to the Foundation. Assets of \$17,505 and \$16,690 as of June 30, 2023 and 2022, respectively, were recognized by the Foundation related to these funds. The Foundation is also a 40% beneficiary of a charitable education trust holding primarily land. Assets of \$-0- and \$41,302 as of June 30, 2023 and 2022, respectively, were recognized by the Foundation related to this trust.

**Kirkwood Community College Foundation
NOTES TO FINANCIAL STATEMENTS**

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

Due to Other Agencies

The Foundation acts as an agent for certain unrelated organizations. The total amount of funds held on behalf of these organizations has been reflected in investments as an asset and in due to other agencies as a liability on the statements of financial position.

Annuities Payable

The Foundation has received gifts from various individuals under annuity agreements (life income agreements). Annuities payable to beneficiaries are reportable as a liability at the present value of the estimated future payments to be distributed over the beneficiaries' lives. The Foundation recalculates the present value of these payments through the use of discount rates and Internal Revenue Service (IRS) life expectancy tables. The present value of these payments is included in the financial statements using discount rates ranging from 6.6% to 8.0%. The annuities payable will be paid from investment earnings.

Allocation of Functional Expenses

The Foundation allocates its expenses on a functional basis among its program and supporting activities. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by time spent and effort.

NOTE 2 PLEDGES RECEIVABLE

Pledges receivable consist of the following:

	June 30	
	2023	2022
Endowed pledges	\$ 32,500	\$ 60,000
Nonendowed pledges	77,500	58,500
Agency pledges	<u>25,000</u>	<u>25,000</u>
Gross pledges	135,000	143,500
Less: discount to present value (at rates ranging from 3.6% to 4.2%)	(10,000)	(10,000)
Less: allowance for uncollectible pledges	<u>(1,500)</u>	<u>(2,000)</u>
 Pledges receivable, net	 <u>\$ 123,500</u>	 <u>\$ 131,500</u>
 Amounts due in		
Less than one year	\$ 61,500	\$ 52,000
One to five years	<u>73,500</u>	<u>91,500</u>
 Total	 <u>\$ 135,000</u>	 <u>\$ 143,500</u>

Kirkwood Community College Foundation
NOTES TO FINANCIAL STATEMENTS

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consist of the following:

	June 30	
	2023	2022
Money market funds	\$ 589,674	\$ 212,806
Mutual funds, fixed income	15,942,339	11,195,396
Mutual funds, equity	41,490,158	26,559,875
Private equity fund	2,562,775	1,819,514
Limited partnership fund	479,639	287,440
Total investments	\$61,064,585	\$40,075,031

Investment income (loss), net is as follows:

	2023	2022
Interest and dividends	\$ 1,128,077	\$ 699,286
Net unrealized gains (losses)	3,616,636	(12,603,360)
Net realized gains (losses)	(100,047)	6,477,557
Investment management fees	(76,510)	(73,056)
Change in beneficial interests	(4,087)	376,238
Change in cash surrender value of life insurance, net	23,159	(33,834)
Total investment income (loss), net	\$ 4,587,228	\$ (5,157,169)

Fair Value Measurements

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.

Following is a description of the valuation methodologies used for the Foundation's assets measured at fair value on a recurring basis. There have been no changes in the valuation methodologies used at June 30, 2023 and 2022.

Money market funds and mutual funds – The fair value of money market funds and mutual funds is based on unadjusted quoted prices in active markets for identical securities.

Private equity fund – This fund invests in marketable equity securities that are all exchange traded in the United States of America (USA). The fund can be redeemed at net asset value (NAV) per share based on the fair value of the funds' securities and other assets, less liabilities at the close of business on any day the New York Stock Exchange is open. The fair value of this investment has been estimated using the NAV per share of the investment provided by the fund manager.

Limited partnership fund – This limited partnership is a venture capital fund. The limited partnership is registered with the Securities and Exchange Commission. The fair value of this investment has been estimated using the NAV per share of the investment provided by the fund manager.

Kirkwood Community College Foundation
NOTES TO FINANCIAL STATEMENTS

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

Fair Value Measurements (continued)

Beneficial interest in assets held by community foundation – This beneficial interest is valued at the Foundation’s pro rata share of the community foundation’s investment pool. The unobservable inputs are the underlying assets at the community foundation and follow their investment policy.

Beneficial interest in assets held by educational trust – This beneficial interest is valued at the Foundation’s pro rata share of the trust’s assets. The unobservable inputs are the value of the underlying assets, primarily land.

The following tables provide information regarding the fair value hierarchy of the Foundation’s assets measured at fair value on a recurring basis at June 30, 2023 and 2022:

<u>Description</u>	<u>June 30, 2023</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 589,674	\$ —	\$ —	\$ 589,674
Mutual funds, fixed income				
Intermediate bond	15,942,339	—	—	15,942,339
Mutual funds, equity				
Global growth	8,715,091	—	—	8,715,091
Large blend	16,377,007	—	—	16,377,007
Small-cap value	2,711,075	—	—	2,711,075
International	10,887,792	—	—	10,887,792
World allocation	2,799,193	—	—	2,799,193
Total mutual funds, equity	41,490,158	—	—	41,490,158
Beneficial interest in net assets held by community foundation	—	—	17,505	17,505
Total	<u>\$58,022,171</u>	<u>\$ —</u>	<u>\$ 17,505</u>	58,039,676
Funds measured at net asset value				<u>3,042,414</u>
Total assets measured at fair value				<u>\$61,082,090</u>

<u>Description</u>	<u>June 30, 2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 212,806	\$ —	\$ —	\$ 212,806
Mutual funds, fixed income				
Intermediate government	11,195,396	—	—	11,195,396
Mutual funds, equity				
Global growth	5,446,878	—	—	5,446,878
Large blend	10,231,568	—	—	10,231,568
Mid-cap blend	1,681,180	—	—	1,681,180
International	5,992,427	—	—	5,992,427
World allocation	3,207,822	—	—	3,207,822
Total mutual funds, equity	26,559,875	—	—	26,559,875
Beneficial interest in net assets held by community foundation	—	—	16,690	16,690
Beneficial interest in assets held by educational trust	—	—	41,302	41,302
Total	<u>\$37,968,077</u>	<u>\$ —</u>	<u>\$ 57,992</u>	38,026,069
Funds measured at net asset value				<u>2,106,954</u>
Total assets measured at fair value				<u>\$40,133,023</u>

**Kirkwood Community College Foundation
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

Fair Value Measurements (continued)

There were no transfers between levels during the years ended June 30, 2023 and 2022.

The following table provides additional information about assets measured at fair value on a recurring basis for which the Foundation has utilized Level 3 inputs to determine fair value at June 30, 2023 and 2022:

	June 30	
	2023	2022
Balance, beginning of year	\$ 57,992	\$ 224,752
Distributions	(37,728)	(540,515)
Investment income (loss), net	1,328	(2,483)
Change in beneficial interest	(4,087)	376,238
Balance, end of year	\$ 17,505	\$ 57,992

The following table sets forth additional disclosure of the Foundation's investments whose fair value is estimated using NAV per share (or its equivalent) as of June 30, 2023 and 2022:

	Fair value as of June 30		Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
	2023	2022			
Private equity fund	\$2,562,775	\$1,819,514	None	Daily	Same Day
Limited partnership fund	479,639	287,440	None	Daily	None
Total	\$3,042,414	\$2,106,954			

NOTE 4 ENDOWMENT

The Foundation's endowment is pooled amongst all investments, which are established for a variety of purposes. Its endowment includes only funds designated as endowment by the Board of Directors. The Foundation has a policy within the endowment gift agreements that provides for a variance power. This power gives the Foundation the power to use the funds, if necessary, at their discretion. Because of this, all of the endowment, and the activity within the endowment, is reported as without donor restrictions in the statements of financial position and activities. The state of Iowa, as well as the Foundation, follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA). In accordance with UPMIFA, the Foundation appropriates for expenditure a portion of the endowment for operational purposes, as considered to be prudent, for the purpose for which the endowment was established. The Board of Directors of the Foundation has interpreted UPMIFA as requiring consideration of the following factors, if relevant, in making a determination to appropriate or accumulate donor advised endowment funds:

- (1) the duration and preservation of the fund;
- (2) the purpose of the fund;
- (3) general economic conditions;
- (4) the possible effect of inflation or deflation;
- (5) the expected total return from income and the appreciation of investments;
- (6) other resources of the Foundation; and
- (7) the investment policies of the Foundation.

**Kirkwood Community College Foundation
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 ENDOWMENT (continued)

The Foundation has implemented a spending policy goal of up to 5% of a three-year (12-quarter) rolling average of the market value of each endowment fund. Spendable amounts from endowed funds will be calculated as soon as is practical after March 31 to allow scholarship budgeting for the following academic year. Once the scholarship budget is approved by the Foundation's executive committee, the spendable amount will be considered to be available for scholarship awards through June 30 of the following year.

Endowment net assets are reported with net assets without donor restrictions on the statements of financial position as of June 30, 2023 and 2022 as follows:

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Donor advised for endowment	\$38,048,464	\$35,416,967
Board designated for endowment	<u>2,321,316</u>	<u>2,216,331</u>
Total endowment	<u>\$40,369,780</u>	<u>\$37,633,298</u>

A summary of the changes in the endowment net assets is as follows for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	\$37,633,298	\$42,727,217
Investment income (loss), net	3,801,316	(5,607,889)
Contributions	568,067	1,474,995
Transfers	(2,611)	540,841
Appropriations for expenditures	<u>(1,630,290)</u>	<u>(1,501,866)</u>
Balance at end of year	<u>\$40,369,780</u>	<u>\$37,633,298</u>

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>June 30</u>	
	<u>2023</u>	<u>2022</u>
Scholarships	\$ 123,500	\$ 172,802
Other programs	<u>94,239</u>	<u>81,442</u>
Totals	<u>\$ 217,739</u>	<u>\$ 254,244</u>

Net assets that were released from donor restrictions by incurring expenditures satisfying the purpose and time restrictions totaled \$180,429 and \$707,247 during the years ended June 30, 2023 and 2022, respectively.

**Kirkwood Community College Foundation
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 RELATED PARTY TRANSACTIONS

The Foundation provides services for the benefit of the College. In return, the College has provided the Foundation with certain staff, facilities, and insurance coverage for its operations without charge. Transactions between the Foundation and the College are summarized below as of June 30, 2023 and 2022:

	<u>June 30, 2023</u>		<u>June 30, 2022</u>	
	<u>To Foundation</u>	<u>From Foundation</u>	<u>To Foundation</u>	<u>From Foundation</u>
Contributions	\$19,483,795	\$ –	\$ 1,586,766	\$ –
In-kind, operations	986,515	–	912,874	–
Unrecognized payroll and benefits	116,547	–	97,303	–
Scholarships	–	3,466,103	–	3,340,362
Payments for salaries and benefits	–	618,032	–	534,085
Payments for other services	–	53,146	–	56,418
Payments for other operating support	–	315,337	–	322,371
In-kind, other	–	47,137	–	43,575

The Foundation acts as an agent for KCCCK-FM Radio, a department of the College, by providing tracking of contributions raised by KCCCK-FM Radio and pooled investments, which had a balance of \$1,045,173 and \$729,331 as of June 30, 2023 and 2022, respectively.

Board designated net assets for the Kirkwood Fund (Kirkwood Facilities Foundation) are \$909,554 and \$859,881 as of June 30, 2023 and 2022, respectively.

NOTE 7 EMPLOYEE BENEFIT PLANS

Employees of the Foundation are participants in various employee benefit programs of which the College pays on their behalf. The expense for the defined contribution retirement plan totaled \$46,487 and \$40,107 for the years ended June 30, 2023 and 2022, respectively.

NOTE 8 AMOUNTS HELD ON THE FOUNDATION'S BEHALF

The Foundation receives money from local community foundations for the change in investments designated to the Foundation and held by the local community foundations on their behalf, with variance power. Because the local community foundations hold variance power over the funds, these investments are not recorded by the Foundation; rather, the amount of funds received is recorded as revenue when received. The Foundation received \$62,108 and \$70,544, respectively, from these funds for the years ended June 30, 2023 and 2022. The amount of investments held on the Foundation's behalf as of June 30, 2023 and 2022 was \$1,212,321 and \$1,191,741, respectively.

NOTE 9 RISKS AND UNCERTAINTIES

The investments of the Foundation are exposed to various risks such as interest rate, market risks, and credit risks due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments. It is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

Kirkwood Community College Foundation
NOTES TO FINANCIAL STATEMENTS

NOTE 10 LIQUIDITY

The Foundation regularly monitors the availability of resources required to meet its operating needs and other commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities as well as the conduct of services to support those activities to be general expenditures.

In addition to the financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general operations.

The following table shows the total financial assets held by the Foundation, that is, without donor restrictions limiting their use, within one year of the statement of financial position date to meet general expenditures and future needs of the Foundation:

	June 30	
	2023	2022
Cash	\$ 4,083,824	\$ 2,914,359
Pledges receivable	61,500	52,000
Investments	<u>61,064,585</u>	<u>40,075,031</u>
Subtotal	65,209,909	43,041,390
Less: donor advised for endowment	(38,048,464)	(35,416,967)
Less: amounts held for other agencies	<u>(1,671,562)</u>	<u>(1,537,092)</u>
 Totals	 <u>\$25,489,883</u>	 <u>\$ 6,087,331</u>

NOTE 11 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through November 3, 2023, the date which the financial statements were available to be issued. There were no subsequent events required to be accrued or disclosed.