

**Keokuk Area Community Foundation**

**Financial Statements**

**December 31, 2021**

## **C o n t e n t s**

	<b>Page</b>
<b>Independent Accountant's Review Report</b>	1
<b>Financial Statements</b>	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 15



401 South Roosevelt Avenue - Suite 2A, PO Box 547, Burlington, IA 52601 / 319 752 6348 / fax: 319 752 8644 / info@cpaapc.com

## **Independent Accountant's Review Report**

Board of Directors  
Keokuk Area Community Foundation  
Keokuk, Iowa

We have reviewed the accompanying financial statements of Keokuk Area Community Foundation (Foundation) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Foundation management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*CPA Associates PC*

June 28, 2022

**Keokuk Area Community Foundation**  
**Statement of Financial Position**  
**December 31, 2021**

---

**Assets**

Cash and cash equivalents	\$ 284,840
Greater Cedar Rapids Community Foundation deposit	6,049,581
Investments	13,503,285
Unconditional promises to give	<u>107,922</u>
	<u>\$ 19,945,628</u>

**Liabilities and Net Assets**

**Liabilities**

Accrued expenses	\$ 15,555
Funds held for others	<u>2,035,270</u>
	<u>2,050,825</u>

**Net assets**

Without donor restrictions	
Operating	46,687
Quasi-endowed	<u>721,443</u>
Total net assets without donor restrictions	768,130
With donor restrictions	<u>17,126,673</u>
Total net assets	<u>17,894,803</u>
	<u>\$ 19,945,628</u>

See accompanying notes and independent accountant's review report.

**Keokuk Area Community Foundation**  
**Statement of Activities**  
**Year Ended December 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues and Other Support</b>			
Contributions	\$ 6,538	\$ 1,003,300	\$ 1,009,838
Investment return, net of investment advisory expense of \$83,812	1,731	938,046	939,777
Investment return from Greater Cedar Rapids Community Foundation deposit, net of investment advisory expense of \$5,461	86,733	501,523	588,256
Gain on forgiveness of Paycheck Protection Program loan	12,100	-	12,100
Administrative fees	<u>4,571</u>	<u>-</u>	<u>4,571</u>
	111,673	2,442,869	2,554,542
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>726,092</u>	<u>(726,092)</u>	<u>-</u>
Total revenues and other support	<u>837,765</u>	<u>1,716,777</u>	<u>2,554,542</u>
<b>Expenses</b>			
Program services	638,675	-	638,675
Supporting activities	133,802	-	133,802
Fundraising activities	<u>30,306</u>	<u>-</u>	<u>30,306</u>
Total expenses	<u>802,783</u>	<u>-</u>	<u>802,783</u>
Change in net assets	34,982	1,716,777	1,751,759
<b>Net assets, beginning of year</b>	<u>733,148</u>	<u>15,409,896</u>	<u>16,143,044</u>
<b>Net assets, end of year</b>	<u>\$ 768,130</u>	<u>\$ 17,126,673</u>	<u>\$ 17,894,803</u>

See accompanying notes and independent accountant's review report.

**Keokuk Area Community Foundation  
Statement of Functional Expenses  
Year Ended December 31, 2021**

	<u>Program Services</u>	<u>Supporting Activities</u>	<u>Fundraising Activities</u>	<u>Total</u>
Grants and scholarships awarded	\$ 588,979	\$ -	\$ -	\$ 588,979
External administrative fees	12,923	27,547	-	40,470
Insurance	-	8,559	-	8,559
Office expense	3,735	17,242	5,181	26,158
Payroll taxes	1,296	3,760	1,426	6,482
Professional fees	-	38,950	-	38,950
Promotion expense	357	1,678	1,624	3,659
Wages	31,385	35,957	21,855	89,197
Travel	-	109	220	329
	<u>\$ 638,675</u>	<u>\$ 133,802</u>	<u>\$ 30,306</u>	<u>\$ 802,783</u>

See accompanying notes and independent accountant's review report.

**Keokuk Area Community Foundation  
Statement of Cash Flows  
Year Ended December 31, 2021**

<b>Cash Flows From Operating Activities</b>	
Change in net assets	\$ 1,751,759
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Donated securities	(75,600)
Realized gain on investments	(794,379)
Unrealized gain on investments	(71,412)
Gain on forgiveness of Paycheck Protection Program loan	(12,100)
Contributions restricted by donor for temporary endowment	(610,088)
(Increase) decrease in:	
Greater Cedar Rapids Community Foundation deposit	(662,500)
Unconditional promises to give	(81,169)
Increase (decrease) in:	
Accrued expenses	8,986
Funds held for others	<u>27,760</u>
Net cash used by operating activities	<u>(518,743)</u>
<b>Cash Flows From Investing Activities</b>	
Purchases of investments	(5,302,304)
Proceeds from the sale of investments	<u>5,210,232</u>
Net cash used by investing activities	<u>(92,072)</u>
<b>Cash Flows From Financing Activities</b>	
Proceeds from contributions restricted by donor for temporary endowment	<u>610,088</u>
Net cash provided by financing activities	<u>610,088</u>
Net decrease in cash and cash equivalents	(727)
Cash and cash equivalents, beginning of year	<u>285,567</u>
Cash and cash equivalents, end of year	<u>\$ 284,840</u>
<b>Supplemental Schedule of Noncash Activities</b>	
Donated securities	\$ 75,600

See accompanying notes and independent accountant's review report.

**Keokuk Area Community Foundation**  
**Notes to Financial Statements**

---

**Note 1. Statement of Purpose and Nature of Business**

Keokuk Area Community Foundation (Foundation), an Iowa nonprofit corporation, was created in October 2004 as a community foundation for the purpose of receiving gifts and bequests to provide support for charitable enterprises in the Tri-State Area (Iowa, Missouri, and Illinois). The Foundation provides grants to various organizations in the Tri-State Area to help foster and promote public, charitable, scientific, literary, and educational activities. The Foundation has approved affiliation agreements with the Community Foundation of Des Moines County (CFDMC) and the North Lee County Foundation (NLCF).

**Note 2. Summary of Significant Accounting Policies**

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

Use of 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 and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates which are particularly susceptible to change in a short period of time relate to the allowance for uncollectible promises to give and valuation of level 3 fair value investments. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. As of December 31, 2021, the Foundation had cash and cash equivalents of \$18,594 and \$204,868 that is held for others and restricted, respectively.

Community Foundation Deposit

Based on Financial Accounting Standards Board's Accounting Standards Codification (Professional Standards), the Foundation has recorded a deposit for the total assets that have been transferred to the Greater Cedar Rapids Community Foundation (GCRCF), since the Foundation was both the resource provider and beneficiary. At December 31, 2021, the Community Foundation deposit is recorded at fair value based on the underlying value of the investment pool managed by GCRCF. The change in the deposit consists of the Foundation's share of investment income, unrealized gains and losses, and investment advisory fees, and is shown as an increase in net assets without donor restrictions or net assets with donor restrictions based on the underlying fund designations. Annually, the Foundation's board of directors, or donors for donor-advised funds, have the authority to request distributions of 4.5% of the average fund balance. For the year ended December 31, 2021, the Foundation received distributions of \$101,380 from this deposit at GCRCF.

**Keokuk Area Community Foundation**  
**Notes to Financial Statements**

---

**Note 2. Summary of Significant Accounting Policies** (continued)

Investment Valuation and Income Recognition

The Foundation's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. See Note 5 for discussion of fair value measurement.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net investment return includes the Foundation's gains and losses on investments bought and sold as well as held during the year.

Conditional Promises to Give

Conditional promises to give, where the donor has placed a condition on the gift that the ultimate transfer of the assets or promise to give is contingent on a future and uncertain event, are not recorded as contributions until the condition is met. The Foundation has received notice of donors' intention to gift through estates totaling \$950,000 as of December 31, 2021.

Unconditional Promises to Give

Unconditional promises to give are recognized as revenue in the period received. The Foundation uses the allowance method to determine uncollectible promises to give. The allowance is based on management's analysis of specific promises made. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Funds Held for Others

The Foundation acts as an agent for certain unrelated charitable organizations. As of December 31, 2021, the total amount of the funds held on behalf of these organizations has been reflected on the Statement of Financial Position as follows:

Cash and cash equivalents	\$ 18,594
GCRCF deposit	804,872
Investments	<u>1,211,804</u>
	<u>\$ 2,035,270</u>

These funds do not have an impact on the Statement of Activities, and all activities on the Statement of Cash Flows are within the operating section.

Income Tax Status

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Code of Iowa. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and qualifies for the fifty percent (50%) charitable contributions deduction of individual donors. The Foundation has open tax years for the three years prior to December 31, 2021.

**Keokuk Area Community Foundation**  
**Notes to Financial Statements**

---

**Note 2. Summary of Significant Accounting Policies (continued)**

Revenue Recognition

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

Support that is restricted by the donor is reported as an increase in net assets with 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 reported in the Statement of Activities as net assets released from restrictions.

The Foundation follows the Financial Accounting Standards Board's Topic 470, Debt, in accounting for its Paycheck Protection Program (PPP) loan. The loan is accounted for as a financial liability and interest is accrued at the specific rate of 1.00%. The proceeds from the loan remaining as a liability until either (1) the loan is, part or wholly, forgiven and the Foundation has been legally released or (2) the Foundation pays off the loan to the creditor. Once the loan is (in part or wholly) forgiven and legal release is received, the Foundation will reduce the liability by the amount of forgiveness and record a gain on extinguishment.

Expense Allocation

Directly identifiable expenses are charged to program services and supporting activities. Expenses related to more than one function are charged to program services and activities services based on management's estimated time allocation. Supporting activities expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

Concentration of Credit Risk

The Foundation invests in various investment securities through six brokerage accounts and the Greater Cedar Rapids Community Foundation. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the Statement of Financial Position. In addition, the Foundation maintains deposits in excess of federally-insured limits and in uninsured money market accounts. These amounts vary on a daily basis.

Subsequent Events

The Foundation performed an evaluation of subsequent events through June 28, 2022, which is the date the financial statements were available to be issued. Subsequent to year end, the Foundation liquidated its deposit with GCRCF and invested the proceeds in three brokerage accounts.

**Keokuk Area Community Foundation**  
**Notes to Financial Statements**

**Note 3. Unconditional Promises to Give**

The Foundation is currently conducting a fundraising campaign to generate funds to support the Foundation's annual grant program for community nonprofit organizations. As of December 31, 2021, promises to give of \$206,767 are included in net assets with donor restrictions.

As of December 31, 2021, unconditional promises to give consist of amounts due as follows:

<u>Years Ending December 31,</u>	
2022	\$ 135,702
2023	20,016
2024	19,016
2025	16,016
2026	<u>16,017</u>
Total promises to give	206,767
Less allowance for uncollectible promises	(93,789)
Less discount to present value	<u>(5,056)</u>
	<u>\$ 107,922</u>

The Foundation uses the allowance method to determine uncollectible promises to give. The allowance is based on management's analysis of specific promises made.

Promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 3.25%.

**Note 4. Investments**

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

The following schedule summarizes the investment return and its classification in the Statement of Activities for the year ended December 31, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Dividends and interest	\$ 1,731	\$ 156,067	\$ 157,798
Realized gains (losses)	-	794,379	794,379
Unrealized gains (losses)	-	71,412	71,412
Investment advisory expenses	<u>-</u>	<u>(83,812)</u>	<u>(83,812)</u>
	<u>\$ 1,731</u>	<u>\$ 938,046</u>	<u>\$ 939,777</u>

The following schedule summarizes the investment return and its classification in the Statement of Activities for Greater Cedar Rapids Community Foundation for the year ended December 31, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Dividends and interest	\$ 22,048	\$ 135,629	\$ 157,677
Realized gains (losses)	549	3,296	3,845
Unrealized gains (losses)	64,955	367,240	432,195
Investment advisory expenses	<u>(819)</u>	<u>(4,642)</u>	<u>(5,461)</u>
	<u>\$ 86,733</u>	<u>\$ 501,523</u>	<u>\$ 588,256</u>

**Keokuk Area Community Foundation**  
**Notes to Financial Statements**

---

**Note 5. Fair Value Measurement**

Financial Accounting Standards Board's Accounting Standards Codification (Professional Standards) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under Professional Standards are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets and liabilities in active markets
- quoted prices for identical or similar assets and liabilities in inactive markets
- inputs other than quoted prices that are observable for the asset or liability
- inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value:

*Cash and cash equivalents and mutual funds:*

Valued at the net asset value (NAV) of shares held by the Foundation at year end

*Common stocks:*

Valued at the closing price reported on the active or inactive market on which the individual securities are traded

*Debt instruments:*

Value is based on over-the-counter pricing for investments that are not in an active market with daily trades or a pricing matrix

*Structured investments:*

Value is based on the value, volatility and dividend yield, as applicable, of the underlying index and the securities comprising the underlying index, interest and yield rates, time remaining to maturity, geopolitical conditions and economic, financial, political and regulatory or judicial events and the issuer's internal credit ratings or credit spreads

*Greater Cedar Rapids Community Foundation deposit:*

Valued at the underlying prorated fair value of the investment pool managed by GCRCF

**Keokuk Area Community Foundation**  
**Notes to Financial Statements**

**Note 5. Fair Value Measurement (continued)**

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation's financial assets at fair value as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Greater Cedar Rapids Community Foundation deposit	\$ <u>-</u>	\$ <u>6,049,581</u>	\$ <u>-</u>	\$ <u>6,049,581</u>
Investments				
Cash and cash equivalents	617,538	-	-	617,538
Mutual funds				
Fixed income	1,686,927	-	-	1,686,927
International fixed income	60,601	-	-	60,601
International equity	481,180	-	-	481,180
Growth	2,361,734	-	-	2,361,734
Value	585,600	-	-	585,600
Blend	1,744,208	-	-	1,744,208
Real estate	558,228	-	-	558,228
Other	178,537	-	-	178,537
Debt instruments				
US treasury securities	-	77,278	-	77,278
Common stocks				
Communication services	390,078	-	-	390,078
Consumer discretionary	382,685	-	-	382,685
Consumer staples	3,272	-	-	3,272
Financials	33,634	-	-	33,634
Health care	429,915	-	-	429,915
Information technology	1,475,447	-	-	1,475,447
Industrials	161,299	-	-	161,299
Real estate	4,279	-	-	4,279
Utilities	9,756	-	-	9,756
Other	529,276	-	-	529,276
Structured investments	<u>-</u>	<u>-</u>	<u>1,731,813</u>	<u>1,731,813</u>
Total investments	<u>11,694,194</u>	<u>77,278</u>	<u>1,731,813</u>	<u>13,503,285</u>
Total financial assets	<u>\$11,694,194</u>	<u>\$ 6,126,859</u>	<u>\$ 1,731,813</u>	<u>\$19,552,866</u>

**Keokuk Area Community Foundation**  
**Notes to Financial Statements**

---

**Note 5. Fair Value Measurement (continued)**

The table below presents a reconciliation for structured investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3).

	<u>Structured Investments</u>
Balance, December 31, 2020	\$ 1,704,745
Purchases	50,000
Unrealized gains (losses)	<u>(22,932)</u>
Balance, December 31, 2021	<u>\$ 1,731,813</u>

**Note 6. Net Assets with Donor Restrictions**

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

<u>Subject to expenditure for specified purpose:</u>	
Family donor advised funds	\$ 303,628
Other Foundation donor advised funds	244,907
Other CFDMC donor advised funds	400
Other NLCF donor advised funds	<u>39,250</u>
	<u>588,185</u>
<u>Subject to organization spending policy and appropriation:</u>	
Foundation agency friends funds	123,316
Foundation designated funds	857,921
Foundation endowed donor advised funds	1,616,741
Foundation grant funds	383,513
Other Foundation endowment funds	1,533,811
CFDMC agency friends funds	97,697
CFDMC designated funds	677,976
CFDMC endowed donor advised funds	619,896
CFDMC field of interest funds	562,376
Other CFDMC endowment funds	28,154
Matteson scholarship funds	5,407,820
NLCF agency friends funds	214,823
NLCF designated funds	3,136,613
NLCF endowed donor advised funds	681,054
NLCF grant funds	<u>596,777</u>
	<u>16,538,488</u>
Total net assets with donor restrictions	<u>\$ 17,126,673</u>

**Keokuk Area Community Foundation**  
**Notes to Financial Statements**

---

**Note 6. Net Assets with Donor Restrictions (continued)**

Net assets were released from donor restriction by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Purpose restrictions accomplished	
Grants	\$ 584,662
Grant administration fees	77,574
Transfer to Foundation for grants and fees	2,253
CFDMC fund fees	8,067
NLCF fund fees	<u>53,536</u>
	<u>\$ 726,092</u>

**Note 7. Long-term Debt**

The Foundation entered into a \$12,100 loan with Connection Bank through the United States of America Small Business Administration (SBA) economic stimulus program. The loan requires the Foundation to expend the proceeds on payroll and other eligible costs and allows for the Foundation to apply for forgiveness after the twenty-four week cover period. The loan is due in monthly installments with a one percent interest rate, if not forgiven by the SBA. The Foundation had applied for full forgiveness of the loan and received complete forgiveness from the SBA in July 2021. The Foundation must retain all records relating to the loan for six years from the date of forgiveness and must permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request.

**Note 8. Endowment**

The Foundation's endowment consists of approximately 136 funds established for a variety of grants. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by Professional Standards, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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. The donor-restricted endowment funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- duration and preservation of the various funds
- purposes of the donor-restricted endowment funds

**Keokuk Area Community Foundation**  
**Notes to Financial Statements**

**Note 8. Endowment** (continued)

- general economic conditions
- actual net investment income earned in prior years
- the Foundation's investment policies
- donor advice

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide funding to grants supported by its endowment funds while also maintaining the purchasing power of endowment assets. Accordingly, the investment process seeks to achieve a total rate of return of 7%. The endowment assets are invested up to 58% in equity funds with the balance invested in fixed income, alternative investments, real assets, and cash equivalents.

As of December 31, 2021, the endowment net asset composition by type of fund is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board designated endowment funds	\$ 721,443	\$ -	\$ 721,443
Donor restricted endowment funds	<u>-</u>	<u>16,538,488</u>	<u>16,538,488</u>
Endowment net assets, end of year	<u>\$ 721,443</u>	<u>\$ 16,538,488</u>	<u>\$ 17,259,931</u>

For the year ended December 31, 2021, changes in the endowment net assets are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 708,953	\$ 14,965,582	\$ 15,674,535
Investment return	-	1,015,176	1,015,176
Investment return from GCRCF	87,552	506,165	593,717
Investment management fees	(819)	(88,427)	(89,246)
Contributions and unrestricted funds endowed	-	610,088	610,088
Appropriation of endowment assets for expenditure	<u>(74,243)</u>	<u>(470,096)</u>	<u>(544,339)</u>
Endowment net assets, end of year	<u>\$ 721,443</u>	<u>\$ 16,538,488</u>	<u>\$ 17,259,931</u>

**Keokuk Area Community Foundation**  
**Notes to Financial Statements**

---

**Note 9. Availability and Liquidity**

The following represents the Foundation's financial assets at December 31, 2021:

Financial assets at year end:	
Cash and cash equivalents	\$ 284,840
GCRCF deposit	6,049,581
Investments	13,503,285
Unconditional promises to give	<u>107,922</u>
Total financial assets	<u>19,945,628</u>
Less amounts not available to be used within one year:	
Funds held for others	2,035,270
Net assets with donor restrictions	17,126,673
Quasi-endowment established by the Board	<u>721,443</u>
	<u>19,883,386</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 62,242</u>

The Foundation is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. The Foundation has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$50,000. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Foundation invests cash in excess of daily requirements in various short-term investments. Although the Foundation does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available if necessary.