

Keokuk Area Community Foundation

Financial Statements

December 31, 2022

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Menke & Company
CERTIFIED PUBLIC ACCOUNTANTS

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, 2022, 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.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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.

Menke & Company
Certified Public Accountants
Professional Corporation
West Point, Iowa
September 20, 2023

Keokuk Area Community Foundation
Statement of Financial Position
December 31, 2022

Assets

Cash and cash equivalents	\$ 466,633
Investments	16,173,407
Unconditional promises to give	<u>1,930</u>
Total assets	<u>\$ 16,641,970</u>

Liabilities and Net Assets

Liabilities

Accrued expenses	\$ 36,024
Funds held for others	<u>1,827,225</u>
Total liabilities	<u>1,863,249</u>

Net assets

Without donor restrictions	
Operating	72,802
Quasi-endowed	<u>601,136</u>
Total net assets without donor restrictions	673,938
With donor restrictions	<u>14,104,783</u>
Total net assets	<u>14,778,721</u>
Total liabilities and net assets	<u>\$ 16,641,970</u>

See accompanying notes and independent accountant's review report.

Keokuk Area Community Foundation
Statement of Activities
Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Other Support			
Contributions	\$ 384	\$ 1,735,352	\$ 1,735,736
Investment return, net of investment advisory expense of \$94,794	(73,733)	(3,789,468)	(3,863,201)
Donated services	23,737	-	23,737
Administrative fees	(220)	-	(220)
	<u>(49,832)</u>	<u>(2,054,116)</u>	<u>(2,103,948)</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>967,774</u>	<u>(967,774)</u>	<u>-</u>
Total revenues and other support	<u>917,942</u>	<u>(3,021,890)</u>	<u>(2,103,948)</u>
Expenses			
Program services	812,680	-	812,680
Supporting activities	158,165	-	158,165
Fundraising activities	41,289	-	41,289
Total expenses	<u>1,012,134</u>	<u>-</u>	<u>1,012,134</u>
Change in net assets	(94,192)	(3,021,890)	(3,116,082)
Net assets, beginning of year	<u>768,130</u>	<u>17,126,673</u>	<u>17,894,803</u>
Net assets, end of year	<u>\$ 673,938</u>	<u>\$ 14,104,783</u>	<u>\$ 14,778,721</u>

See accompanying notes and independent accountant's review report.

**Keokuk Area Community Foundation
Statement of Functional Expenses
Year Ended December 31, 2022**

	<u>Program Services</u>	<u>Supporting Activities</u>	<u>Fundraising Activities</u>	<u>Total</u>
Grants and scholarships awarded	\$ 760,402	\$ -	\$ -	\$ 760,402
External administrative fees	7,051	25,344	-	32,395
Insurance	-	11,397	-	11,397
Office expense	6,138	24,760	7,572	38,470
Payroll taxes	1,737	5,036	1,910	8,683
Professional fees	-	45,662	-	45,662
Promotion expense	237	3,035	1,028	4,300
Wages	37,115	42,621	29,500	109,236
Travel	-	310	629	939
Miscellaneous	-	-	650	650
	<u>\$ 812,680</u>	<u>\$ 158,165</u>	<u>\$ 41,289</u>	<u>\$ 1,012,134</u>

See accompanying notes and independent accountant's review report.

**Keokuk Area Community Foundation
Statement of Cash Flows
Year Ended December 31, 2022**

Cash Flows From Operating Activities	
Change in net assets	\$ (3,116,082)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Donated securities	(23,518)
Realized loss on investments	146,093
Unrealized loss on investments	3,857,792
Contributions restricted by donor for temporary endowment	(1,233,165)
(Increase) decrease in:	
Greater Cedar Rapids Community Foundation deposit	6,049,581
Unconditional promises to give	105,992
Increase (decrease) in:	
Accrued expenses	20,469
Funds held for others	<u>(11,862)</u>
Net cash provided by operating activities	<u>5,795,300</u>
Cash Flows From Investing Activities	
Purchases of investments	(20,482,104)
Proceeds from the sale of investments	<u>13,635,432</u>
Net cash used by investing activities	<u>(6,846,672)</u>
Cash Flows From Financing Activities	
Proceeds from contributions restricted by donor for temporary endowment	<u>1,233,165</u>
Net cash provided by financing activities	<u>1,233,165</u>
Net increase in cash and cash equivalents	181,793
Cash and cash equivalents, beginning of year	<u>284,840</u>
Cash and cash equivalents, end of year	<u>\$ 466,633</u>
Supplemental Schedule of Noncash Activities	
Donated securities	\$ 23,518

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, 2022, the Foundation had cash and cash equivalents of \$6,732 and \$343,455 that is held for others and restricted, respectively.

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.

Keokuk Area Community Foundation
Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (continued)

Net Assets

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

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled or both.

Donated Services

The value of donated services are described in Note 9 to the financial statements. Services provided include program management and recordkeeping.

Investment Pools

The Foundation maintains investment accounts for its donor-restricted and board-designated endowments. Pooling endowment funds for investment purposes has many benefits including, but not limited to, spreading the total risk for each endowment fund and making the risk equal for all funds invested in the investment accounts, enhancing the investment performance relative to that of an individual fund; and reducing management fees. The investment return from securities in the investment accounts is allocated annually to the individual endowments based on the relationship of the fair value of each endowment to the total fair value of the investment accounts.

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, 2022.

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.

Keokuk Area Community Foundation
Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (continued)

Funds Held for Others

The Foundation acts as an agent for certain unrelated charitable organizations. As of December 31, 2022, 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	\$ 6,732
Investments	<u>1,820,493</u>
	<u>\$ 1,827,225</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, 2022.

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.

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. 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.

Keokuk Area Community Foundation
Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncement

In September 2020, the Financial Accounting Standards Board (FASB) issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Combined Nonfinancial Assets*. The ASU requires not-for-profits to disclose a disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets. The ASU has been applied retrospectively to the year presented.

Subsequent Events

The Foundation performed an evaluation of subsequent events through September 20, 2023, which is the date the financial statements were available to be issued. There are no subsequent events that require disclosure or recognition in the financial statements as of December 31, 2022.

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, 2022, promises to give of \$91,081 are included in net assets with donor restrictions.

As of December 31, 2022, unconditional promises to give consist of amounts due as follows:

<u>Years Ending December 31,</u>	
2023	\$ 20,016
2024	20,016
2025	19,016
2026	16,016
2027	<u>16,017</u>
Total promises to give	91,081
Less allowance for uncollectible promises	(89,081)
Less discount to present value	<u>(70)</u>
	<u>\$ 1,930</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 7.50%.

Keokuk Area Community Foundation
Notes to Financial Statements

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, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest	\$ 16,872	\$ 218,605	\$ 235,477
Realized gains (losses)	(2,286)	(143,807)	(146,093)
Unrealized gains (losses)	(84,900)	(3,772,891)	(3,857,791)
Investment advisory expenses	<u>(3,419)</u>	<u>(91,375)</u>	<u>(94,794)</u>
	<u>\$ (73,733)</u>	<u>\$ (3,789,468)</u>	<u>\$ (3,863,201)</u>

At December 31, 2022, investments in debt securities mature as follows:

	Maturity				Total
	Within 1 Year	1 to 5 Years	6 to 10 Years	After 10 Years	
US government agency obligations	\$ -	\$ 29,694	\$ 17,024	\$ 10,253	\$ 56,971
Corporate bonds	<u>420,802</u>	<u>118,885</u>	<u>48,708</u>	<u>-</u>	<u>588,395</u>
	<u>\$ 420,802</u>	<u>\$ 148,579</u>	<u>\$ 65,732</u>	<u>\$ 10,253</u>	<u>\$ 645,366</u>

Actual maturities may differ from contractual maturities as certain bonds may be prepaid at the option of the borrower.

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

Keokuk Area Community Foundation
Notes to Financial Statements

Note 5. Fair Value Measurement (continued)

- 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

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.

Keokuk Area Community Foundation
Notes to Financial Statements

Note 5. Fair Value Measurement (continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's financial assets at fair value as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Cash and cash equivalents	\$ 708,442	\$ -	\$ -	\$ 708,442
Mutual funds				
Fixed income	2,704,465	-	-	2,704,465
International fixed income	136,083	-	-	136,083
International equity	599,230	-	-	599,230
Growth	2,666,963	-	-	2,666,963
Value	1,322,460	-	-	1,322,460
Blend	2,486,401	-	-	2,486,401
Real estate	537,484	-	-	537,484
Other	566,474	-	-	566,474
Debt instruments				
US treasury securities	-	56,971	-	56,971
Corporate bonds	-	588,395	-	588,395
Common stocks				
Communication services	153,855	-	-	153,855
Consumer discretionary	437,976	-	-	437,976
Energy	46,224	-	-	46,224
Financials	153,932	-	-	153,932
Health care	301,505	-	-	301,505
Information technology	956,225	-	-	956,225
Industrials	221,518	-	-	221,518
Real estate	3,364	-	-	3,364
Utilities	9,495	-	-	9,495
Other	129,207	-	-	129,207
Structured investments	<u>-</u>	<u>-</u>	<u>1,386,738</u>	<u>1,386,738</u>
Total investments	<u>14,141,303</u>	<u>645,366</u>	<u>1,386,738</u>	<u>16,173,407</u>
Total financial assets	<u>\$14,141,303</u>	<u>\$ 645,366</u>	<u>\$ 1,386,738</u>	<u>\$16,173,407</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, 2021	\$ 1,731,813
Unrealized gains (losses)	<u>(345,075)</u>
Balance, December 31, 2022	<u>\$ 1,386,738</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	\$ 331,115
Other Foundation donor advised funds	242,467
Other CFDMC donor advised funds	2,500
Other NLCF donor advised funds	<u>124,707</u>
	<u>700,789</u>
<u>Subject to organization spending policy and appropriation:</u>	
Foundation agency friends funds	130,440
Foundation designated funds	716,411
Foundation endowed donor advised funds	1,980,969
Foundation grant funds	322,203
Other Foundation endowment funds	1,377,091
CFDMC agency friends funds	85,951
CFDMC designated funds	631,904
CFDMC endowed donor advised funds	507,105
CFDMC field of interest funds	563,267
Other CFDMC endowment funds	22,518
Matteson scholarship funds	3,251,383
NLCF agency friends funds	157,629
NLCF designated funds	2,398,751
NLCF endowed donor advised funds	811,132
NLCF grant funds	<u>447,240</u>
	<u>13,403,994</u>
Total net assets with donor restrictions	<u>\$ 14,104,783</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	\$ 748,701
Grant administration fees	83,700
Transfer to Foundation for grants and fees	7,874
CFDMC fund fees	11,143
NLCF fund fees	<u>116,356</u>
	<u>\$ 967,774</u>

Note 7. Endowment

The Foundation's endowment consists of approximately 141 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
- 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.

Keokuk Area Community Foundation
Notes to Financial Statements

Note 7. Endowment (continued)

As of December 31, 2022, 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	\$ 601,136	\$ -	\$ 601,136
Donor restricted endowment funds	<u>-</u>	<u>13,403,994</u>	<u>13,403,994</u>
Endowment net assets, end of year	<u>\$ 601,136</u>	<u>\$ 13,403,994</u>	<u>\$ 14,005,130</u>

For the year ended December 31, 2022, 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	\$ 721,443	\$ 16,538,488	\$ 17,259,931
Investment return	-	(3,144,962)	(3,144,962)
Investment return from GCRCF	(75,688)	(519,709)	(595,397)
Investment management fees	(3,419)	(90,123)	(93,542)
Contributions and unrestricted funds endowed	-	1,233,165	1,233,165
Appropriation of endowment assets for expenditure	<u>(41,200)</u>	<u>(612,865)</u>	<u>(654,065)</u>
Endowment net assets, end of year	<u>\$ 601,136</u>	<u>\$ 13,403,994</u>	<u>\$ 14,005,130</u>

Keokuk Area Community Foundation
Notes to Financial Statements

Note 8. Availability and Liquidity

The following represents the Foundation's financial assets at December 31, 2022:

Financial assets at year end:	
Cash and cash equivalents	\$ 466,633
Investments	16,173,407
Unconditional promises to give	<u>1,930</u>
Total financial assets	<u>16,641,970</u>
Less amounts not available to be used within one year:	
Funds held for others	1,827,225
Net assets with donor restrictions	14,104,783
Quasi-endowment established by the Board	<u>601,136</u>
	<u>16,533,144</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u>108,826</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 \$60,000. 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.

Note 9. Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

During fiscal year 2022, the Foundation received the following donated services:

<u>Program or Supporting Service</u>	
Supporting Service	\$ 23,737

All donated services were utilized by the Foundation's programs and supporting services. There were no donor-imposed restrictions associated with the donated services.