

KIRKWOOD COMMUNITY COLLEGE FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019



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**KIRKWOOD COMMUNITY COLLEGE FOUNDATION
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YEARS ENDED JUNE 30, 2020 AND 2019**

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INDEPENDENT AUDITORS' REPORT

Audit Committee
Kirkwood Community College Foundation
Cedar Rapids, Iowa

We have audited the accompanying financial statements of Kirkwood Community College Foundation (the Foundation), a component unit of Kirkwood Community College, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Audit Committee
Kirkwood Community College Foundation

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2020 and 2019, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Cedar Rapids, Iowa
October 15, 2020

**KIRKWOOD COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 2,529,444	\$ 2,225,391
Pledges, at Net Present Value, Less Allowance for Doubtful Pledges	46,150	51,533
Prepaid Expenses	51,336	45,353
Total Current Assets	2,626,930	2,322,277
INVESTMENTS AND LONG-TERM ASSETS		
Pledges, at Net Present Value, Less Allowance for Doubtful Pledges	28,200	70,750
Investments	32,811,665	32,458,308
Cash Value of Life Insurance	350,615	330,607
Beneficial Interests	394,481	387,974
Total Investments and Long-Term Assets	33,584,961	33,247,639
Total Assets	\$ 36,211,891	\$ 35,569,916
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 19,821	\$ 14,875
Due to Kirkwood Community College	163,209	54,993
Due to KCCCK-Radio	591,478	525,979
Due to Other Agencies	1,231,415	1,150,556
Current Portion of Annuities Payable	11,300	11,900
Total Current Liabilities	2,017,223	1,758,303
ANNUITIES PAYABLE, LESS CURRENT PORTION ABOVE	41,500	43,100
Total Liabilities	2,058,723	1,801,403
NET ASSETS		
Without Donor Restrictions		
Undesignated	1,720,949	1,601,907
Other Board-Designated	450,332	-
Board-Designated for Endowment	2,075,322	2,118,823
Donor-Advised for Endowment	29,387,494	29,487,183
Total Without Donor Restriction	33,634,097	33,207,913
With Donor Restrictions	519,071	560,600
Total Net Assets	34,153,168	33,768,513
Total Liabilities and Net Assets	\$ 36,211,891	\$ 35,569,916

See accompanying Notes to Financial Statements.

**KIRKWOOD COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES						
Contributions, Pledges and Cash, Net	\$ 877,135	\$ 61,606	\$ 938,741	\$ 751,719	\$ 55,300	\$ 807,019
Contributions, In-Kind	48,279	-	48,279	47,069	-	47,069
Contributions from Kirkwood Community College	2,390,521	-	2,390,521	2,081,075	-	2,081,075
Contributions to Donor Advised for Endowment	347,785	-	347,785	400,167	-	400,167
Investment Income, Net	759,733	7,204	766,937	969,119	-	969,119
Actuarial Adjustment to Annuities Payable	(9,135)	-	(9,135)	(8,652)	-	(8,652)
Other, Primarily Special Event Fundraisers	10,213	-	10,213	17,105	-	17,105
Net Assets Released from Restrictions:						
Satisfaction of Purpose and Time Restrictions	110,339	(110,339)	-	439,995	(439,995)	-
Total Support and Revenues	<u>4,534,870</u>	<u>(41,529)</u>	<u>4,493,341</u>	<u>4,697,597</u>	<u>(384,695)</u>	<u>4,312,902</u>
EXPENSES						
Program Services	3,448,944	-	3,448,944	4,378,070	-	4,378,070
Supporting Activities:						
General and Administrative	383,981	-	383,981	303,525	-	303,525
Fundraising	275,761	-	275,761	323,325	-	323,325
Total Supporting Activities	<u>659,742</u>	<u>-</u>	<u>659,742</u>	<u>626,850</u>	<u>-</u>	<u>626,850</u>
Total Expenses	<u>4,108,686</u>	<u>-</u>	<u>4,108,686</u>	<u>5,004,920</u>	<u>-</u>	<u>5,004,920</u>
CHANGE IN NET ASSETS	426,184	(41,529)	384,655	(307,323)	(384,695)	(692,018)
Net Assets - Beginning of Year	<u>33,207,913</u>	<u>560,600</u>	<u>33,768,513</u>	<u>33,515,236</u>	<u>945,295</u>	<u>34,460,531</u>
NET ASSETS - END OF YEAR	<u>\$ 33,634,097</u>	<u>\$ 519,071</u>	<u>\$ 34,153,168</u>	<u>\$ 33,207,913</u>	<u>\$ 560,600</u>	<u>\$ 33,768,513</u>

See accompanying Notes to Financial Statements.

**KIRKWOOD COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020				2019			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Grants and Other Assistance	\$ 3,242,843	\$ -	\$ -	\$ 3,242,843	\$ 4,177,318	\$ -	\$ -	\$ 4,177,318
Salaries and Wages	146,186	172,720	125,207	444,113	140,489	154,394	121,259	416,142
Employee Benefits	49,327	65,554	39,508	154,389	46,577	56,238	35,340	138,155
Professional Services	-	20,050	11,920	31,970	-	19,800	39,225	59,025
Advertising and Promotion	-	26,339	-	26,339	-	28,857	-	28,857
Office Expenses	-	1,671	21,450	23,121	-	2,121	28,937	31,058
Information Technology	-	40,778	10,556	51,334	-	4,770	6,446	11,216
Occupancy	10,588	10,588	10,588	31,764	13,686	13,685	13,686	41,057
Travel	-	4,546	4,546	9,092	-	4,276	4,277	8,553
Conferences, Conventions, and Meetings	-	3,105	5,045	8,150	-	3,029	8,173	11,202
Other	-	38,630	46,941	85,571	-	16,355	65,982	82,337
Total Expenses by Function	<u>\$ 3,448,944</u>	<u>\$ 383,981</u>	<u>\$ 275,761</u>	<u>\$ 4,108,686</u>	<u>\$ 4,378,070</u>	<u>\$ 303,525</u>	<u>\$ 323,325</u>	<u>\$ 5,004,920</u>

See accompanying Notes to Financial Statements.

**KIRKWOOD COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 384,655	\$ (692,018)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Net Appreciation in Fair Value of Investments	(167,293)	(422,224)
Actuarial Adjustment to Annuities Payable	9,135	8,652
Change in Beneficial Interests	(27,810)	23,645
Changes in Assets and Liabilities:		
Pledge Receivable	47,933	435,207
Prepaid Expenses	(5,983)	(45,353)
Accounts Payable	4,946	1,203
Due to Related Entities	173,715	33,073
Due to Others	80,859	710,152
Net Cash Provided by Operating Activities	500,157	52,337
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	6,571,111	6,876,686
Purchases of Investments	(6,757,175)	(6,419,503)
Distributions from Beneficial Interests	21,303	726
Cash Value of Life Insurance	(20,008)	(19,601)
Net Cash Provided (Used) by Investing Activities	(184,769)	438,308
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Annuities, Net	(11,335)	(11,752)
NET INCREASE IN CASH	304,053	478,893
Cash - Beginning of Year	2,225,391	1,746,498
CASH - END OF YEAR	\$ 2,529,444	\$ 2,225,391

See accompanying Notes to Financial Statements.

KIRKWOOD COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Kirkwood Community College Foundation (the Foundation) 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. The Foundation is considered a discretely presented component unit of the College and, therefore, included in the College's government-wide financial statements.

Significant Accounting Policies

Basis of Presentation – The Foundation classifies its net assets for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions. As such, the financial statements are presented on the basis of net assets without donor restrictions and net assets with donor restrictions. 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 Foundation's 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.

Accounting 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 disclosure of contingent assets and liabilities at the date of the financial statements and the 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.

Cash – The Foundation excludes money market accounts held for long-term investment in its definition of cash and cash equivalents.

Promises to Give (Pledges Receivable) – Unconditional promises to give are recognized in the period the promises are made. Conditional promises to give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fundraising activity. Pledges written off totaled \$-0- and \$2,649 for the years ended June 30, 2020 and 2019, respectively.

KIRKWOOD COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

Significant Accounting Policies (Continued)

Contributions – Contributions are recognized as revenues in the period received or unconditionally promised, whichever is earlier. They are recorded as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed Services and In-Kind 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 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 in-kind contributions for the years ended June 30, 2020 and 2019 include several small donations with individual market values no greater than \$28,500 and \$26,700, respectively. Contributed services that enhance nonfinancial assets and that require specialized skills and are provided by individuals with those specialized skills are included in the contributions from the College and a corresponding expense (see Note 6).

Investments – Investments are recorded at fair value, the price that would be received to sell the investment in an orderly transaction at the statement of financial position date, except for money markets which are recorded at cost.

Realized and unrealized gains and losses on investment transactions, which are determined by the specific-identification method, are included in investment income. Interest and dividends are recognized as revenue when earned.

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 – Board-designated endowment funds are held by local community foundations. The transactions are deemed reciprocal and, therefore, the values of the funds are recognized as assets. The Foundation is also a 40% beneficiary of a charitable education trust holding land primarily.

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 a liability on the statement of financial position.

KIRKWOOD COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

Significant Accounting Policies (Continued)

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.

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.

Tax Exempt Status – The IRS has recognized the Foundation as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation follows the accounting guidance for accounting for uncertainty in income taxes. The Foundation is subject to federal and state income taxes to the extent it has unrelated business income. In accordance with the guidance for uncertainty in income taxes, management has evaluated their material tax positions and determined there are no income tax effects with respect to its financial statements.

Adoption of Accounting Principle

In June 2018, FASB issued Accounting Standards (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

Our financial statements reflect the early adoption of ASC 606 guidance beginning in 2019. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2018-08 did not significantly impact the Foundation's reported historical revenue. The ASU has been applied retrospectively to all periods presented.

Subsequent Events

Management has evaluated subsequent events through October 15, 2020, the date the financial statements were available for issuance. Through this date, there were no subsequent events requiring disclosure.

KIRKWOOD COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 LIQUIDITY AND AVAILABILITY

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.

As of June 30, 2020 and 2019, 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:

	2020	2019
Cash	\$ 1,491,189	\$ 1,681,011
Receivables	74,350	122,283
Investments	31,581,382	31,326,152
Total	33,146,921	33,129,446
Less: Donor-Advised for Endowment	(29,387,494)	(29,487,183)
Total	\$ 3,759,427	\$ 3,642,263

NOTE 3 PLEDGES AS OF JUNE 30 CONSIST OF THE FOLLOWING PLEDGES

Pledges as of June 30 consist of the following:

	2020	2019
Endowed Pledges	\$ 11,000	\$ 22,333
Nonendowed Pledges	69,750	112,950
Gross Pledges	80,750	135,283
Less: Discount to Present Value*	(6,000)	(12,000)
Less: Allowance for Uncollectible Pledges	(400)	(1,000)
Net Pledges	\$ 74,350	\$ 122,283
Amounts Due in:		
Less than One Year	\$ 46,150	\$ 51,533
One to Five Years	34,600	83,750
Total	\$ 80,750	\$ 135,283

* Discount to adjust to present value of future cash flows using a discount rate 2.1%.

**KIRKWOOD COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 4 FAIR VALUE MEASUREMENTS AND INVESTMENTS

Investments as of June 30 are as follows:

	<u>2020</u>	<u>2019</u>
Fixed Income, Mutual Funds	\$ 9,468,592	\$ 9,560,888
Equity, Mutual Funds	23,343,073	22,897,420
Total	<u>\$ 32,811,665</u>	<u>\$ 32,458,308</u>

The *Fair Value Measurements and Disclosures Topic* of the FASB Accounting Standards Codification defines fair value, establishes a framework for measuring fair value, and requires disclosure of fair value measurements. The fair value hierarchy set forth in the topic is as follows:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Foundation has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a reporting entity’s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below:

Investments: Investments that have a fair value based on quoted market prices in an active market for identical securities are classified as Level 1.

Beneficial Interest in Assets Held by Community Foundation: 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: Valued at the Foundation’s pro rata share of the trust’s assets. The unobservable inputs are the value of the land.

There have been no changes in valuation methodologies during the years ended June 30, 2020 and 2019.

KIRKWOOD COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 4 FAIR VALUE MEASUREMENTS AND INVESTMENTS (CONTINUED)

The following tables summarize assets measured at fair value on a recurring basis, by level classification, as of June 30:

	2020				Total
	Level1	Level 2	Level 3	Investments Measured at NAV	
Investments:					
Equities:					
Large Cap	\$ 7,256,123	\$ -	\$ -	\$ -	\$ 7,256,123
Large Cap Global	5,318,241	-	-	-	5,318,241
Mid Cap	1,344,824	-	-	-	1,344,824
Small Cap	-	-	-	1,724,464	1,724,464
International	6,179,505	-	-	-	6,179,505
Real Assets	1,519,916	-	-	-	1,519,916
Fixed Income:					
Intermediate Term	9,468,592	-	-	-	9,468,592
Total	<u>31,087,201</u>	<u>-</u>	<u>-</u>	<u>1,724,464</u>	<u>32,811,665</u>
Beneficial Interest in Assets					
Held by Community Foundation	-	-	16,710	-	16,710
Beneficial Interest in Assets					
Held by Educational Trust	-	-	377,771	-	377,771
Total Assets	<u>\$ 31,087,201</u>	<u>\$ -</u>	<u>\$ 394,481</u>	<u>\$ 1,724,464</u>	<u>\$ 33,206,146</u>
	2019				
	Level 1	Level 2	Level 3	Investments Measured at NAV	Total
Investments:					
Equities:					
Large Cap	\$ 6,930,881	\$ -	\$ -	\$ -	\$ 6,930,881
Large Cap Global	5,300,277	-	-	-	5,300,277
Mid Cap	1,506,905	-	-	-	1,506,905
Small Cap	-	-	-	1,638,360	1,638,360
International	5,931,925	-	-	-	5,931,925
Real Assets	1,589,072	-	-	-	1,589,072
Fixed Income:					
Intermediate Term	9,560,888	-	-	-	9,560,888
Total	<u>30,819,948</u>	<u>-</u>	<u>-</u>	<u>1,638,360</u>	<u>32,458,308</u>
Beneficial Interest in Assets					
Held by Community Foundation	-	-	17,407	-	17,407
Beneficial Interest in Assets					
Held by Educational Trust	-	-	370,567	-	370,567
Total Assets	<u>\$ 30,819,948</u>	<u>\$ -</u>	<u>\$ 387,974</u>	<u>\$ 1,638,360</u>	<u>\$ 32,846,282</u>

KIRKWOOD COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 4 FAIR VALUE MEASUREMENTS AND INVESTMENTS (CONTINUED)

There were no transfers between Levels 1 and 2 of the fair value hierarchy during the years ended June 30, 2020 and 2019.

The following table presents additional information about assets as of June 30 measured at fair value on a recurring basis for which the Foundation has utilized Level 3 inputs to determine fair value:

	2020	2019
Balance - Beginning of Year	\$ 387,974	\$ 412,345
Distributions	(21,303)	(24,599)
Change in Beneficial Interests	27,810	228
Balance - End of Year	<u>\$ 394,481</u>	<u>\$ 387,974</u>

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, 2020 and 2019:

	Fair Value		Unfunded	Redemption	Redemption
	2020	2019	Commitment	Frequency	Notice Period
Private Equity Fund, U.S.					
Small Cap Equity Fund (a)	<u>\$ 1,724,464</u>	<u>\$ 1,638,360</u>	<u>\$ -</u>	Daily	Same Day

(a) This fund invests in marketable equity securities that are all exchange traded in the United States of America (USA). These funds can be redeemed at NAV per share based on the fair value of the fund's 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 on the investments provided by the fund manager.

The investments of the Foundation are exposed to various risk such as interest rate, market and credit 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 reasonable possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

Investment income for the years ended June 30 is summarized as follows:

	2020	2019
Interest and Dividends	\$ 637,783	\$ 612,936
Investment Management Fees	(71,079)	(69,725)
Net Realized Gains	526,888	1,142,128
Net Unrealized Gains	(359,595)	(719,904)
Change in Beneficial Interests	28,004	(498)
Change in Cash Surrender Value of Life Insurance, Net	4,936	4,182
Total	<u>\$ 766,937</u>	<u>\$ 969,119</u>

**KIRKWOOD COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 5 NATURE AND AMOUNT OF NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of June 30:

	2020	2019
Scholarships	\$ 452,121	\$ 505,850
Other Programs	66,950	54,750
Total	\$ 519,071	\$ 560,600

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 College is summarized below as of June 30:

	2020		2019	
	To Foundation	From Foundation	To Foundation	From Foundation
Contributions	\$ 1,030,557	\$ -	\$ 1,162,757	\$ -
Distributions, Other	-	564,867	-	623,585
Scholarships	-	2,936,569	-	3,068,527
In-Kind, Operations	925,753	-	918,952	-
In-Kind, Other	-	48,279	-	47,094
Unrecognized Payroll and Benefits	74,722	-	63,501	-

The Foundation acts as an agent for KCKK-FM Radio, a department of the College, by providing tracking of contributions raised by KCKK-Radio and pooled investments, which had a balance of \$591,478 and \$525,979 as of June 30, 2020 and 2019, respectively.

The Foundation also received \$434,211 from the Kirkwood Facilities Foundation as of June 30, 2020, board designated for the Kirkwood Fund. Board designated net assets for the Kirkwood Fund are \$450,332 as of June 30, 2020

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 \$45,862 and \$43,018 for the years ended June 30, 2020 and 2019, respectively.

**KIRKWOOD COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 8 ENDOWMENTS

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 endowments are reported as unrestricted in the statements of activities and financial position. Interpretation of relevant law: The board of directors of the Foundation interprets Uniform Prudent Management of Institutional Funds Act (UPMIFA) to require consideration of the following factors, if relevant, in making a determination to appropriate or accumulate donor-advised endowment funds:

- The duration and preservation of the endowment fund
- The purpose of the institutional and the endowment fund
- General economic conditions
- The possible effect of inflation or deflation
- The expected total return from income and the appreciation of investments
- The investment policy of the institution
- Other resources of the institution

The state of Iowa, as well as the Foundation, follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA) regarding the Foundation's ability to spend the net appreciation in the value of donor-advised endowments funds. UPMIFA authorizes institutions to appropriate for expenditure income as well as the net appreciation, realized and unrealized, in the fair value of the assets of the endowment fund over the historic dollar value of the fund, as is prudent.

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.

Changes in endowment, not total, net assets for the years ended June 30 is as follows:

	<u>2020</u>	<u>2019</u>
Endowment Net Assets - Beginning of Year	\$ 31,606,006	\$ 31,693,192
Investment Return:		
Interest Income	623,395	597,396
Net Appreciation	163,635	414,079
Total Investment Return	<u>787,030</u>	<u>1,011,475</u>
Contributions	364,118	743,400
Appropriations for Expenditures	<u>(1,294,338)</u>	<u>(1,842,061)</u>
Endowment Net Assets - End of Year	<u><u>\$ 31,462,816</u></u>	<u><u>\$ 31,606,006</u></u>

**KIRKWOOD COMMUNITY COLLEGE FOUNDATION
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NOTE 9 DISCLOSURES ABOUT CERTAIN CONCENTRATIONS

Cash Balances

The Foundation maintains cash balances that exceed the maximum amount insured by the Federal Deposit Insurance Corporation. At June 30, 2020, the Foundation had \$2,234,655 of cash deposited in one bank. Management believes the credit risk related to the uninsured balance is minimal.

NOTE 10 AMOUNTS HELD ON THEIR 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 \$45,629 and \$42,484, respectively, from these funds for the years ended June 30, 2020 and 2019. The amount of investments held on the Foundation's behalf as of June 30, 2020 and 2019 was \$1,548,235 and \$1,446,311, respectively.

NOTE 11 RISKS AND UNCERTAINTIES

In early March, 2020, the COVID-19 virus was declared a global pandemic. In order to contain the spread of the virus, a government mandate suspended most of the Foundation's business operations. The United States and global markets also experienced significant volatility resulting from uncertainty caused by the world-wide pandemic. The Foundation cannot predict the length or severity of the pandemic, or the extent to which the disruption may interrupt operations. Management is closely monitoring the situation and has taken action to mitigate known vulnerabilities. No adjustments have been made to these financial statements as a result of this uncertainty.

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