

SOUTH CENTRAL IOWA COMMUNITY FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023



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**SOUTH CENTRAL IOWA COMMUNITY FOUNDATION
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INDEPENDENT AUDITORS' REPORT

Board of Directors
South Central Iowa Community Foundation
Chariton, Iowa

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of South Central Iowa Community Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024 and 2023, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



CliftonLarsonAllen LLP

Cedar Rapids, Iowa
January 20, 2025

SOUTH CENTRAL IOWA COMMUNITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and Cash Equivalents	\$ 211,235	\$ 288,485
Certificates of Deposit	242,041	254,840
Investments	14,937,777	13,473,638
Property and Equipment, Net	<u>102,064</u>	<u>105,731</u>
Total Assets	<u><u>\$ 15,493,117</u></u>	<u><u>\$ 14,122,694</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 1,986	\$ 1,470
NET ASSETS		
Without Donor Restrictions:		
Undesignated	541,951	635,586
Board-Designated Building Fund	11,403	12,000
Board-Designated Endowment	<u>14,937,777</u>	<u>13,473,638</u>
Total Net Assets Without Donor Restrictions	<u>15,491,131</u>	<u>14,121,224</u>
Total Liabilities and Net Assets	<u><u>\$ 15,493,117</u></u>	<u><u>\$ 14,122,694</u></u>

See accompanying Notes to Financial Statements.

SOUTH CENTRAL IOWA COMMUNITY FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
REVENUE AND SUPPORT		
Contributions	\$ 348,890	\$ 78,811
Investment Income, Net	342,594	285,727
Net Unrealized/Realized Gain	<u>1,363,835</u>	<u>883,902</u>
Total Revenue and Support	2,055,319	1,248,440
EXPENSES		
Program Services	495,539	362,883
Support Services:		
Management and General	175,742	183,808
Fundraising	<u>14,131</u>	<u>13,567</u>
Total Supporting Services	<u>189,873</u>	<u>197,375</u>
Total Expenses	<u>685,412</u>	<u>560,258</u>
CHANGE IN NET ASSETS	1,369,907	688,182
Net Assets - Beginning of Year	<u>14,121,224</u>	<u>13,433,042</u>
NET ASSETS - END OF YEAR	<u><u>\$ 15,491,131</u></u>	<u><u>\$ 14,121,224</u></u>

See accompanying Notes to Financial Statements.

**SOUTH CENTRAL IOWA COMMUNITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024**

	Program Services	Management and General	Fundraising	Total
Grants Paid Out	\$ 495,539	\$ -	\$ -	\$ 495,539
Personnel Costs	-	93,422	10,380	103,802
Legal and Professional	-	57,165	-	57,165
Office Expenses	-	15,242	-	15,242
Travel and Meetings	-	2,502	-	2,502
Other Expenses	-	3,744	3,751	7,495
Depreciation Expense	-	3,667	-	3,667
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses by Function	<u><u>\$ 495,539</u></u>	<u><u>\$ 175,742</u></u>	<u><u>\$ 14,131</u></u>	<u><u>\$ 685,412</u></u>

See accompanying Notes to Financial Statements.

**SOUTH CENTRAL IOWA COMMUNITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

	Program Services	Management and General	Fundraising	Total
Grants Paid Out	\$ 362,883	\$ -	\$ -	\$ 362,883
Personnel Costs	-	101,085	11,232	112,317
Legal and Professional	-	56,099	-	56,099
Office Expenses	-	14,199	-	14,199
Travel and Meetings	-	3,549	-	3,549
Other Expenses	-	5,159	2,335	7,494
Depreciation Expense	-	3,717	-	3,717
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses by Function	<u>\$ 362,883</u>	<u>\$ 183,808</u>	<u>\$ 13,567</u>	<u>\$ 560,258</u>

See accompanying Notes to Financial Statements.

SOUTH CENTRAL IOWA COMMUNITY FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,369,907	\$ 688,182
Adjustments to Reconcile Change in Net Assets to Net		
Cash Provided (Used) by Operating Activities:		
Depreciation Expense	3,667	3,717
Net Realized and Unrealized (Gain) Loss on Investments	(1,363,835)	(883,902)
Change in Assets and Liabilities:		
Accounts Payable and Accrued Expenses	516	350
Net Cash Provided (Used) by Operating Activities	<u>10,255</u>	<u>(191,653)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(479,215)	(1,375,264)
Proceeds from Sale of Investments	378,911	1,440,663
Purchase of Certificates of Deposit	(225,000)	(235,000)
Reinvested Interest	(10,348)	(4,819)
Maturity of Certificates of Deposit	248,147	-
Net Cash Used by Investing Activities	<u>(87,505)</u>	<u>(174,420)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(77,250)	(366,073)
Cash and Cash Equivalents - Beginning of Year	<u>288,485</u>	<u>654,558</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 211,235</u></u>	<u><u>\$ 288,485</u></u>

See accompanying Notes to Financial Statements.

SOUTH CENTRAL IOWA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Background

South Central Iowa Community Foundation (the Foundation) is an Iowa nonprofit corporation located in Chariton, Iowa. Its purpose is to benefit the residents of South Central Iowa or such other community of the state of Iowa as made by the terms of any gift, grant, devise, or bequest have been designated as the particular locality to be benefited. To accomplish these purposes, the Foundation shall actively seek out and acquire from any source, bequest, or other trust any cash or property of any type, develop and manage a growing endowment, engage in any community projects and program deemed important by the board of directors, and provide assistance and disburse principal and income in the form of grants, gifts, and contributions to nonprofit organizations.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The Foundation presents its financial statements in accordance with financial accounting standards for external reporting by nonprofit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions. The Foundation reports substantially all of its net assets as without donor restrictions due to the Foundation having variance power. When a donor explicitly grants variance power, the Foundation has the right to redirect funds to another beneficiary without the approval of the donor, or other party, if distributions for the restricted purpose become unnecessary, undesirable, impracticable, or inconstant with the charitable needs of the community. As a result of the ability to remove any restriction, all contributions not classified as with donor restrictions are classified as without donor restrictions for financial statement purposes.

Net Assets Without Donor Restrictions – Resources over which the board of directors has discretionary control. Designated amounts represent amounts which the board has set aside for a particular purpose.

Net Assets With Donor Restrictions – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Foundation or passage of time.

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building project, permanent endowment, or other long-term purposes are excluded from this definition.

**SOUTH CENTRAL IOWA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Certificates of Deposit

Certificates of deposit are carried at cost plus accrued interest. Investment income is reported in the statement of activities as revenue.

Investments

A substantial portion of the valuations included in the financial statements are provided to the Foundation by third parties and are not calculated by the Foundation. These third parties follow U.S. GAAP. In accordance with these principles, investments are carried at fair value based on quoted market prices or are recorded at approximate fair value based on financial models of hypothetical transactions. Some valuations may also be determined and approved by the managers or valuation committees of the funds in which the Foundation invests. The fair value assigned to a particular security by the fund does not necessarily reflect the amount that would be realized. In addition, in light of the judgment involved in fair value decisions, there can be no assurance that a fair value assigned to a particular security by the fund is accurate.

The Foundation's investment funds consist of numerous funds established for a variety of purposes. These funds are considered unrestricted as they were made subject to the Foundation's bylaws which give the Foundation's board of directors variance power over spending the funds which includes the ability to spend principal.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Donated investments are typically sold however they may be held depending on the purpose of the fund, nature of the asset, and the preference of the donor.

The objectives of the investment program of the Foundation are to 1) preserve the assets of the Foundation, 2) strive for total returns that meet, or exceed, inflation plus spending for operations and grants, and 3) provide flexibility to match investment strategies of our donors with their risk tolerance and long-term objective.

Spending Policy

Most of the Foundation's funds distribute grants each year. The charitable disbursement rate, or spending rate, determines the amount available for distribution annually. The Foundation's maximum allowable spending rate shall be no more than 5% of the previous three-year average of the portfolio's market value. The full amount does not necessarily need to be spent within the year and can continue to remain in the account for long-term growth. It is also the policy of the Foundation that no appropriation of earnings will be made from any fund within the endowment with a balance of less than \$5,000 at the time of annual review.

SOUTH CENTRAL IOWA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted that the Foundation is not impacted by the state of Iowa's Uniform Prudent Management of Institutional Funds Act, since the Foundation's bylaws provide for variance power including spending from principal.

Scholarships and Grants Payable

Unconditional scholarships and grants are recognized as expenses in the period when approved at their fair values. Scholarships and grants subject to conditions are recorded when the conditions are substantially met.

Revenue and Support

The Foundation recognizes contributions when cash, securities, or other assets: an unconditional promise to give; or a notification of a beneficial interest is received. Bequests are recognized as a contribution at the time the will is declared valid, provided that the bequest is unconditional. Conditional promises to give, that is, those with measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

The Foundation carries its receivables less an allowance for doubtful promises. Pledges, bequests, and other promises to give that are to be received after more than a year have been discounted to reflect the present value of the future cash flows.

Gifts of cash and other assets that are received under trust agreements or unconditional promises to give to be received in subsequent periods are recorded as net assets with donor restrictions. These net assets are released to net assets without donor restrictions when the trust agreement terminates as the promises are collected.

Contributions of donated items are recorded at fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Administrative fees are assessed to funds based upon board approved percentage of fund balances, levels of donations or expenses.

Functional Allocation of Expense

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

SOUTH CENTRAL IOWA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax-Exempt Status

The Foundation is exempt from federal income tax as a Foundation, as described in Section 501(c)(3) of the Internal Revenue Code and a similar section of Iowa income tax law, which provides income tax exemption for corporations organized and operated exclusively for religious, charitable, or educational purposes. The Internal Revenue Service determination is that the Foundation is other than a private foundation.

The Foundation files information returns in the U.S. federal jurisdiction. The Foundation follows the accounting standard to evaluate uncertain tax positions and has determined that it was not required to record a liability related to uncertain tax positions.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Foundation regularly monitors liquidity required to meet its operating needs and other commitments while also striving to maximize the return on investment of its funds not required for annual operations. The Foundation has a number of sources of liquidity at its disposal, including cash and cash equivalents, and equity securities. Based on historical experience, only contributions and pledge receivables due with one year are considered available for use in meeting annual operating needs. As of June 30, the following financial assets are available to meet annual operating needs:

	2024	2023
Cash and Cash Equivalents	\$ 211,235	\$ 288,485
Certificates of Deposit	141,253	254,840
Investments	14,937,777	13,473,638
Total Financial Assets	15,290,265	14,016,963
Less: Board Designated Endowment Funds	(14,937,777)	(13,473,638)
Total	<u>\$ 352,488</u>	<u>\$ 543,325</u>

NOTE 3 INVESTMENTS

The composition of investments is as follows at June 30:

	2024	2023
Mutual Funds and Exchange Traded Funds	\$ 14,822,677	\$ 13,384,471
Money Market Funds	115,100	89,167
Total	<u>\$ 14,937,777</u>	<u>\$ 13,473,638</u>

SOUTH CENTRAL IOWA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4 FAIR VALUE MEASUREMENT

The Foundation follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. It describes three levels of inputs that may be used to measure fair value:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Foundation has the ability to access (examples include actively traded equity and fixed income securities, mutual funds or commingled pools containing securities that are actively traded and priced daily).

Level 2 – Financial assets and liabilities that are not actively traded or model inputs whose values are based on quoted prices in markets that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities that because of the size of the position, no active price is quoted (examples include small pieces of corporate or asset backed bonds for which an active market may not be quoted simply because of the position size, but larger positions of the same assets are regularly quoted and traded); and
- pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability (examples include certain mortgage and asset backed related securities or derivatives).
- 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.

SOUTH CENTRAL IOWA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4 FAIR VALUE MEASUREMENT (CONTINUED)

The following is a description of the valuation methodologies used for assets measured at fair value.

Mutual Funds and Exchange Traded Funds – Valued at the closing price reported on the active or observable market on which the individual securities are traded. In less active markets or if prices are not current, the valuation is based on quoted prices for identical or similar assets.

The preceding methods 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 assets at fair value as of June 30:

2024				
	Level 1	Level 2	Level 3	Total
Mutual Funds/Exchange-Traded Funds:				
Equity	\$ 9,343,308	\$ -	\$ -	\$ 9,343,308
Fixed Income	5,479,369	-	-	5,479,369
Total	<u>\$ 14,822,677</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,822,677</u>
2023				
	Level 1	Level 2	Level 3	Total
Mutual Funds/Exchange-Traded Funds:				
Equity	\$ 8,268,311	\$ -	\$ -	\$ 8,268,311
Fixed Income	5,116,160	-	-	5,116,160
Total	<u>\$ 13,384,471</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,384,471</u>

NOTE 5 NET INVESTMENT INCOME

Net investment income consists of the following for the years ended June 30:

	2024	2023
Interest and Dividends	\$ 381,820	\$ 322,267
Fees	(39,226)	(36,540)
Total	<u>\$ 342,594</u>	<u>\$ 285,727</u>

SOUTH CENTRAL IOWA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2024	2023
Land and Improvements	\$ 11,765	\$ 11,765
Buildings and Improvements	106,757	106,757
Furniture and Fixtures	5,869	6,637
Total	124,391	125,159
Less: Accumulated Depreciation and Amortization	(22,327)	(19,428)
Total Property and Equipment	<u>\$ 102,064</u>	<u>\$ 105,731</u>

NOTE 7 ADMINISTRATIVE FEES

The Foundation charges each established fund an equitable share of the Foundation's expenses in accordance with its current administrative fee schedule. For the years ended June 30, 2024 and 2023, administrative fees charged within the Foundation totaled \$177,205 and \$166,939, respectively.

NOTE 8 ENDOWMENTS

The Foundation's endowment consists of over 150 individual funds established for a variety of purposes. Its endowment includes both donor restricted funds and funds designated by the board of directors. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are subject to the board's right to modify the terms of donor agreements and subsequently are classified and reported without restrictions in the financial statements.

SOUTH CENTRAL IOWA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 8 ENDOWMENTS (CONTINUED)

Absent explicit donor stipulations to the contrary, the Foundation has interpreted the state of Iowa's Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the original gift as of the gift date of the donor restricted endowment funds. As a result of this interpretation, the Foundation retains in perpetuity and classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations of the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation was added to the fund. The remaining portions of the donor restricted endowment funds that are not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard 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:

- The duration and preservation of various funds
- The purposes of the donor restricted endowment funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The Foundation's investment policies

Investment Return Objectives, Risk Parameters and Strategies

The Foundation has adopted investment and spending policies, approved by the board of directors, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long term. Accordingly, the investment process seeks to achieve an after cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities. The Foundation expects its endowment assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

Spending Policy

The Foundation has a spending policy of appropriating for distribution each year 4% of its endowment fund's three year moving average of quarterly market values. This spending policy establishes the resources available for grant budgets only. Resources for operating budgets are provided from administrative fees and such other revenues not restricted or otherwise designated by the board. It is also the policy of the Foundation that no appropriation of earnings will be made from any fund within the endowment with a balance of less than \$5,000 at the time of annual review.

SOUTH CENTRAL IOWA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 8 ENDOWMENTS (CONTINUED)

From time to time, certain donor restricted funds within the endowment may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). At June 30, 2024 and 2023, there are no underwater endowment funds within the Foundation's donor restricted net assets.

Endowment net asset composition by type of fund as of June 30:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted Endowment Funds	\$ -	\$ -	\$ -
Board Designated Endowment Funds	14,937,777	-	14,937,777
Total Endowment Assets	<u>\$ 14,937,777</u>	<u>\$ -</u>	<u>\$ 14,937,777</u>

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted Endowment Funds	\$ -	\$ -	\$ -
Board Designated Endowment Funds	13,473,638	-	13,473,638
Total Endowment Assets	<u>\$ 13,473,638</u>	<u>\$ -</u>	<u>\$ 13,473,638</u>

Changes in endowment net assets for the years ended June 30:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets - Beginning of Year	\$ 13,473,638	\$ -	\$ 13,473,638
Contributions	404,000	-	404,000
Investment Income, Net	356,189	-	356,189
Net Appreciation (Depreciation)	1,363,835	-	1,363,835
Appropriated for Expenditure	(659,885)	-	(659,885)
Net Assets - End of Year	<u>\$ 14,937,777</u>	<u>\$ -</u>	<u>\$ 14,937,777</u>

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets - Beginning of Year	\$ 12,655,135	\$ -	\$ 12,655,135
Contributions	71,070	-	71,070
Investment Income, Net	314,403	-	314,403
Net Appreciation (Depreciation)	883,902	-	883,902
Appropriated for Expenditure	(450,872)	-	(450,872)
Net Assets - End of Year	<u>\$ 13,473,638</u>	<u>\$ -</u>	<u>\$ 13,473,638</u>

SOUTH CENTRAL IOWA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 9 CONCENTRATIONS

Cash Balances

The Foundation maintains its cash and cash equivalent accounts in a variety of banks and credit unions. Total cash and cash equivalent balances at these financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at June 30, 2024 and 2023. At times such balances may be in excess of the FDIC limit, however, management does not believe the Foundation is exposed to any significant credit risk.

Credit

The Foundation is supported primarily through contributions from individuals, businesses, and agencies. For the year ended June 30, 2024, the Foundation received the source, and amount of funds and the approximate percentage of total contributions from these sources are as follows:

Source	2024	
	Contribution	Percentage
Donor A	\$ 102,968	20%
Donor B	100,000	19%

NOTE 10 SUBSEQUENT EVENTS

Management evaluated subsequent events through January 20, 2025, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2024, but prior to January 20, 2025 that provided additional evidence about conditions that existed at June 30, 2024, have been recognized in the financial statements for the year ended June 30, 2024. Events or transactions that provided evidence about conditions that did not exist at June 30, 2024, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended June 30, 2024.



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