

**Des Moines Area Community
College Foundation
Ankeny, Iowa**

FINANCIAL REPORT

June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Des Moines Area Community College Foundation
Ankeny, Iowa

Opinion

We have audited the accompanying financial statements of Des Moines Area Community College Foundation (the Foundation) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, 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 changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Denman CPA LLP
Denman CPA LLP

West Des Moines, Iowa
September 26, 2024

**Des Moines Area Community College Foundation
STATEMENTS OF FINANCIAL POSITION**

	June 30	
	2024	2023
ASSETS		
Cash and cash equivalents	\$ 2,514,650	\$ 2,624,158
Investments at fair value	22,730,170	20,312,373
Accrued interest and other receivables	398,216	58,101
Contributions receivable	1,442,499	990,145
Prepaid expenses	<u>1,250</u>	<u>250</u>
Total assets	<u>\$27,132,996</u>	<u>\$23,985,027</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses Des Moines Area Community College	<u>\$ 1,428,403</u>	<u>\$ 1,133,938</u>
Net assets		
Net assets without donor restrictions	<u>1,898,976</u>	<u>1,622,889</u>
Net assets with donor restrictions		
Time and purpose restrictions	16,783,458	14,351,966
Held in perpetuity	<u>7,022,159</u>	<u>6,876,234</u>
Total net assets with donor restrictions	<u>23,805,617</u>	<u>21,228,200</u>
Total net assets	<u>25,704,593</u>	<u>22,851,089</u>
Total liabilities and net assets	<u>\$27,132,996</u>	<u>\$23,985,027</u>

See Notes to Financial Statements.

**Des Moines Area Community College Foundation
STATEMENTS OF ACTIVITIES**

	<u>Year ended June 30, 2024</u>			<u>Year ended June 30, 2023</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE						
Contributions	\$ 296,972	\$ 4,394,528	\$ 4,691,500	\$ 702,119	\$ 3,042,936	\$ 3,745,055
Investment income	155,795	2,341,817	2,497,612	134,714	1,985,922	2,120,636
Net assets released from restrictions						
Satisfaction of donor restrictions, net	<u>4,158,928</u>	<u>(4,158,928)</u>	<u>—</u>	<u>3,543,485</u>	<u>(3,543,485)</u>	<u>—</u>
Total support and revenue	<u>4,611,695</u>	<u>2,577,417</u>	<u>7,189,112</u>	<u>4,380,318</u>	<u>1,485,373</u>	<u>5,865,691</u>
EXPENSES						
Scholarships and awards	1,810,386	—	1,810,386	1,814,485	—	1,814,485
Grants to Des Moines Area Community College	<u>2,270,386</u>	<u>—</u>	<u>2,270,386</u>	<u>2,180,723</u>	<u>—</u>	<u>2,180,723</u>
Total program services	<u>4,080,772</u>	<u>—</u>	<u>4,080,772</u>	<u>3,995,208</u>	<u>—</u>	<u>3,995,208</u>
Miscellaneous	25,153	—	25,153	—	—	—
Professional fees	6,500	—	6,500	4,000	—	4,000
Conferences and events	216,276	—	216,276	149,942	—	149,942
Office expense	6,906	—	6,906	6,626	—	6,626
Total management and general	<u>254,835</u>	<u>—</u>	<u>254,835</u>	<u>160,568</u>	<u>—</u>	<u>160,568</u>
Total expenses	<u>4,335,607</u>	<u>—</u>	<u>4,335,607</u>	<u>4,155,776</u>	<u>—</u>	<u>4,155,776</u>
CHANGE IN NET ASSETS	276,088	2,577,417	2,853,505	224,542	1,485,373	1,709,915
BEGINNING NET ASSETS	<u>1,622,888</u>	<u>21,228,200</u>	<u>22,851,088</u>	<u>1,398,347</u>	<u>19,742,827</u>	<u>21,141,174</u>
ENDING NET ASSETS	<u>\$1,898,976</u>	<u>\$23,805,617</u>	<u>\$25,704,593</u>	<u>\$1,622,889</u>	<u>\$21,228,200</u>	<u>\$22,851,089</u>

See Notes to Financial Statements.

**Des Moines Area Community College Foundation
STATEMENTS OF CASH FLOWS**

	Year ended June 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$2,853,505	\$1,709,915
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Realized (gains) losses	200,770	(10,084)
Change in net unrealized (gains) losses	(1,733,946)	(1,106,842)
Changes in assets and liabilities		
Accrued interest and other receivables	(386,326)	(45,448)
Contributions receivable	(452,354)	(512,692)
Prepaid expenses	(1,000)	57,114
Accounts payable and accrued expenses	294,465	697,578
Net cash provided by operating activities	775,114	789,541
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	731,697	469,967
Purchase of investments	(1,616,319)	(1,738,537)
Net cash (used in) investing activities	(884,622)	(1,268,570)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(109,508)	(479,029)
CASH AND CASH EQUIVALENTS		
Beginning	2,624,158	3,103,187
Ending	\$2,514,650	\$2,624,158
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Donated marketable securities recorded at fair value	\$ 119,247	\$ 36,135

See Notes to Financial Statements.

Des Moines Area Community College Foundation
NOTES TO FINANCIAL STATEMENTS

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Des Moines Area Community College Foundation (the Foundation) is a nonprofit corporation organized under the laws of the State of Iowa for the purpose of establishing loan and scholarship funds which will assist needy students at Des Moines Area Community College (the College) to obtain higher education and to secure instructional and capital support for the College.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

Financial statement presentation follows the recommendations of the Not-for-Profit Entities Topic of the *FASB Accounting Standards Codification*. Under the Topic, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions are those assets that have no donor-imposed stipulations and represent the portion of expendable assets available for support of the Foundation's operations. The Foundation's governing board may earmark portions of its net assets without donor restrictions as board-designated for various purposes.

Net assets with donor restrictions represent contributions or other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations. As donor-imposed stipulations expire, net assets with donor restrictions are reclassified as net assets without donor restrictions.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Foundation follows the accounting for uncertainty in income tax as required by the Income Taxes Topic of the *FASB Accounting Standards Codification*. The Foundation has evaluated its material tax positions and determined no income tax effects with respect to the financial statements. The Foundation is no longer subject to U.S. federal or state income tax examinations by tax authorities for the years before 2020. The Foundation has not been notified of any impending examinations by authorities, and no examinations are in process.

Contributions

Contributions received are recorded as with or without donor-restricted support depending upon the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support 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 statements of activities as net assets released from restrictions.

Des Moines Area Community College Foundation
NOTES TO FINANCIAL STATEMENTS

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

Revenue and Cost Recognition

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Contributions are recognized when received.

Income earned on funds which have been consolidated for investment purposes has been prorated to the various net asset groups. If restricted, income earned on funds invested is accounted for in the appropriate net asset group. Investment income is recognized at the end of each month.

Scholarships, awards, grants, administrative costs and fundraising costs are charged to expense as incurred.

Allocation of Functional Expenses

Expenses have been allocated to program or supporting services based on determinations made by management. Expenses have been summarized on a functional basis in the statements of activities.

Cash and Cash Equivalents and Concentration of Credit Risk

For purposes of reporting cash flows, the Foundation considers highly liquid savings bonds and all certificates of deposit, regardless of maturity, to be cash equivalents. Money market funds held in brokerage accounts are classified as investments.

The Foundation places its cash in creditworthy institutions. However, cash levels may exceed the Federal Deposit Insurance Corporation insured levels from time to time.

Contributions Receivable

Contributions receivable (unconditional promises to give) are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Intentions to give to the Foundation which are not legally enforceable are recorded as contribution revenue in the statements of activities when collected.

At June 30, 2024 and 2023, all contributions receivable were considered collectible.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values at fair value in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

**Des Moines Area Community College Foundation
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 DONATED EQUIPMENT, INVESTMENTS, SUPPLIES, SERVICES AND FACILITIES

Various donors have contributed various items through the Foundation with the College as titleholder. As the Foundation does not hold the title to these items, these contributions have not been recorded as assets on the financial statements.

Donated marketable securities are recorded as contributions at their estimated fair values at the date of donation.

Several volunteers have given a significant amount of their time to the Foundation's administrative and fundraising campaigns. Additionally, the Foundation occupies, without charge, certain premises located in College buildings. However, no amounts have been reflected in the statements for such donated services and premises since no objective basis is available to measure their value.

NOTE 3 INVESTMENTS

Investments consist of the following at June 30, 2024 and 2023:

	<u>June 30, 2024</u>			<u>June 30, 2023</u>		
	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized appreciation</u>	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized appreciation</u>
Money market funds	\$ 409,592	\$ 409,592	\$ –	\$ 1,259,865	\$ 1,259,865	\$ –
Mutual funds	<u>17,816,984</u>	<u>22,320,578</u>	<u>4,503,594</u>	<u>16,410,687</u>	<u>19,052,508</u>	<u>2,641,821</u>
Totals	<u>\$18,226,576</u>	<u>\$22,730,170</u>	<u>\$4,503,594</u>	<u>\$17,670,552</u>	<u>\$20,312,373</u>	<u>\$2,641,821</u>

	<u>Year ended June 30</u>	
	<u>2024</u>	<u>2023</u>
Investment income is summarized as follows:		
Interest and dividend income	\$ 964,436	\$1,003,710
Realized gains (losses)	(200,770)	10,084
Change in net unrealized gains	<u>1,733,946</u>	<u>1,106,842</u>
Totals	<u>\$2,497,612</u>	<u>\$2,120,636</u>

NOTE 4 FAIR VALUE MEASUREMENTS

The Foundation follows the Fair Value Measurements and Disclosures Topic of the *FASB Accounting Standards Codification*, which establishes a framework for measuring fair value and expands disclosures about fair value measurement. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are generally available indirect information, such as quoted prices for identical or similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active. Level 3 inputs are the most subjective, are generally based on management's own assumptions on how knowledgeable parties would price assets or liabilities and are developed using the best information available in the circumstances.

The investments listed below have quoted prices in active markets and are Level 1 inputs.

**Des Moines Area Community College Foundation
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 FAIR VALUE MEASUREMENTS (continued)

The Foundation's investments are reported at fair value in the accompanying statements of financial position:

	June 30	
	2024	2023
Money market funds	\$ 409,592	\$ 1,259,865
Mutual funds	<u>22,320,578</u>	<u>19,052,508</u>
Total investments at fair value	<u>\$22,730,170</u>	<u>\$20,312,373</u>

NOTE 5 CONTRIBUTIONS RECEIVABLE

The future collections of contributions receivable as of June 30, 2024 and 2023 are as follows:

Year ending June 30	June 30, 2024			June 30, 2023		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
2024	\$ —	\$ —	\$ —	\$ —	147,172	147,172
2025	105,000	335,439	440,439	—	140,913	140,913
2026	—	202,060	202,060	—	102,060	102,060
2027	—	200,000	200,000	—	100,000	100,000
2028	—	200,000	200,000	—	100,000	100,000
Thereafter	<u>—</u>	<u>400,000</u>	<u>400,000</u>	<u>—</u>	<u>400,000</u>	<u>400,000</u>
Total	<u>\$ 105,000</u>	<u>\$ 1,337,499</u>	<u>\$ 1,442,499</u>	<u>\$ —</u>	<u>\$ 990,145</u>	<u>\$ 990,145</u>

Contributions receivable are primarily from other foundations, the College, businesses and individuals from the state of Iowa.

NOTE 6 RELATED PARTY TRANSACTIONS

Most of the contributions received by the Foundation are transferred to the College as scholarships or awards for qualifying students, or transferred to the College to fund capital building projects.

	Year ended June 30	
	2024	2023
Scholarships or awards to qualifying students	<u>\$1,810,386</u>	<u>\$1,814,485</u>

Grants of \$2,270,386 and \$2,180,723 were transferred to the College during the years ended June 30, 2024 and 2023, respectively.

In addition, donated services from the College of \$378,094 and \$356,069 were not recognized in the financial statements for the years ended June 30, 2024 and 2023, respectively, as they did not meet the criteria for recognition under the Not-for-Profit Entities Revenue Recognition Topic of the *FASB Accounting Standards Codification*.

The amounts due to the College of \$1,428,403 and \$1,133,938 at June 30, 2024 and 2023, respectively, represent contributions received and receivable that will be transferred to the College, and Foundation expenses to be reimbursed to the College.

**Des Moines Area Community College Foundation
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 ENDOWMENTS

The Foundation's endowments consist of funds established for a variety of purposes, but are primarily to provide a long-term source of income for scholarships. The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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. As a result of this interpretation, the Foundation classifies as endowments held in perpetuity (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as endowment held in perpetuity is classified as special purpose, scholarship or loan until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence prescribed by UPMIFA. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund; (2) the purposes of the Foundation and the donor-restricted endowment fund; (3) general economic conditions; (4) the expected total return from income and appreciation of investments; (5) other resources of the Foundation; and (6) the investment policies of the Foundation.

Endowment net asset composition by type of fund as of June 30, 2024 and 2023 is as follows:

	With donor restrictions	
	2024	2023
Donor-restricted endowment funds		
Original donor-restricted gift amounts required to be held in perpetuity	\$ 7,022,159	\$ 6,876,234
Term endowments	3,939,779	3,166,731
Total endowment funds	\$10,961,938	\$10,042,965

The change in endowment net assets was as follows for the years ended June 30, 2024 and 2023:

	June 30	
	2024	2023
Balance at beginning of year	\$ 10,042,965	\$ 9,238,334
Investment return		
Investment income	441,759	447,805
Net appreciation	703,873	511,216
Total investment return	1,145,632	959,021
Contributions	145,925	215,209
Expenditures	(372,584)	(369,599)
Balance at end of year	\$10,961,938	\$10,042,965

**Des Moines Area Community College Foundation
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions were for the following purposes:

	June 30	
	2024	2023
Endowments held in perpetuity	\$ 7,022,159	\$ 6,876,234
Special purpose	4,116,131	3,702,763
Scholarship	<u>12,667,327</u>	<u>10,649,203</u>
Totals	<u>\$23,805,617</u>	<u>\$21,228,200</u>

Net assets that were released from donor restrictions by incurring expenditures satisfying the restricted purposes are as follows:

	Year ended June 30	
	2024	2023
Special purpose	\$2,860,955	\$2,595,667
Scholarships	<u>1,297,973</u>	<u>947,818</u>
Totals	<u>\$4,158,928</u>	<u>\$3,543,485</u>

NOTE 9 LIQUIDITY

The Foundation's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

	2024	2023
Cash and cash equivalents	<u>\$2,514,650</u>	<u>\$2,624,158</u>

The Foundation's endowment consists of donor-restricted and board-designated funds for specific purposes and, therefore, are not available for general expenditure. As part of the Foundation's liquidity management, it has practiced ensuring enough cash on hand for any expenditures paid out. For the most part, the Foundation can control the amount of expenditures based on the amount of funds available for disbursement and limits expenditures to such.

NOTE 10 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through September 26, 2024, the date which the financial statements were available to be issued. There were no subsequent events required to be accrued or disclosed.