

**IOWA 4-H FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

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**IOWA 4-H FOUNDATION
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Iowa 4-H Foundation
Ames, Iowa

We have audited the accompanying financial statements of Iowa 4-H Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Iowa 4-H Foundation

Opinion

In our opinion, the 2021 financial statements referred to above present fairly, in all material respects, the financial position of Iowa 4-H Foundation as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The 2020 financial statements of Iowa 4-H Foundation were audited by other auditors whose report dated October 12, 2020, expressed an unmodified opinion on those statements.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Cedar Rapids, Iowa
October 15, 2021

**IOWA 4-H FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020**

| | 2021 | 2020 |
|--------------------------------------|---------------|---------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 991,950 | \$ 956,440 |
| Contributions Receivable | 32,948 | 3,472 |
| Prepaid Expenses and Other Assets | 44,990 | 37,248 |
| Total Current Assets | 1,069,888 | 997,160 |
| PROPERTY AND EQUIPMENT | | |
| Equipment | 14,120 | 44,904 |
| Accumulated Depreciation | (14,120) | (44,904) |
| Property and Equipment, Net | - | - |
| OTHER ASSETS | | |
| Investments | 15,774,142 | 12,888,297 |
| Contributions Receivable - Long-Term | 12,625 | 29,518 |
| Total Long-Term Assets | 15,786,767 | 12,917,815 |
| Total Assets | \$ 16,856,655 | \$ 13,914,975 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 7,992 | \$ 2,354 |
| Scholarships and Grants Payable | 231,733 | - |
| Accrued Wages | 4,089 | 4,266 |
| Deferred Revenue | 20,000 | 20,000 |
| Note Payable | 53,502 | 53,500 |
| Total Current Liabilities | 317,316 | 80,120 |
| LONG-TERM LIABILITIES | | |
| Deferred Revenue | 55,000 | 60,000 |
| Total Liabilities | 372,316 | 140,120 |
| NET ASSETS | | |
| Without Donor Restrictions: | | |
| Undesignated | 1,463,854 | 1,909,594 |
| Board Designated | 5,834,939 | 4,507,579 |
| Total Without Donor Restrictions | 7,298,793 | 6,417,173 |
| With Donor Restrictions: | | |
| Total Net Assets | 9,185,546 | 7,357,682 |
| Total Net Assets | 16,484,339 | 13,774,855 |
| Total Liabilities and Net Assets | \$ 16,856,655 | \$ 13,914,975 |

See accompanying Notes to Financial Statements.

**IOWA 4-H FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

| | 2021 | | |
|---|-------------------------------|----------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| PUBLIC SUPPORT AND REVENUE | | | |
| Public Support: | | | |
| Contributions | \$ 251,440 | \$ 685,863 | \$ 937,303 |
| Grants | 70,500 | 28,000 | 98,500 |
| In-Kind Contributions | 44,102 | 300 | 44,402 |
| Special Events, Net | 135,088 | 2,000 | 137,088 |
| Total Public Support | <u>501,130</u> | <u>716,163</u> | <u>1,217,293</u> |
| Revenue: | | | |
| Farm Operations | 21,579 | 31,428 | 53,007 |
| Gift Fee | 11,835 | - | 11,835 |
| Miscellaneous | 12,990 | 2,567 | 15,557 |
| Investment Income, Net | 356,276 | 127,369 | 483,645 |
| Unrealized Gain on Investments | 632,558 | 1,636,650 | 2,269,208 |
| Total Revenue | <u>1,536,368</u> | <u>2,514,177</u> | <u>4,050,545</u> |
| Net Assets Released from Restrictions: | | | |
| Expiration of Time Restrictions | 18,002 | (18,002) | - |
| Satisfaction of Program Restrictions | 582,782 | (582,782) | - |
| Donor Imposed Restrictions | (100,893) | 100,893 | - |
| Total Net Assets Released from Restrictions | <u>499,891</u> | <u>(499,891)</u> | <u>-</u> |
| Total Public Support, Revenue, and Net Assets Released from Restrictions | 2,036,259 | 2,014,286 | 4,050,545 |
| EXPENSES | | | |
| Program Services: | | | |
| County Support | 313,877 | - | 313,877 |
| State 4-H Programs | 297,079 | - | 297,079 |
| Individual Member Support | 172,517 | - | 172,517 |
| Total Program Services | <u>783,473</u> | <u>-</u> | <u>783,473</u> |
| Supporting Activities: | | | |
| Management and General | 187,591 | - | 187,591 |
| Fundraising | 171,422 | - | 171,422 |
| Total Supporting Activities | <u>359,013</u> | <u>-</u> | <u>359,013</u> |
| Total Expenses | <u>1,142,486</u> | <u>-</u> | <u>1,142,486</u> |
| CHANGE IN NET ASSETS | 893,773 | 2,014,286 | 2,908,059 |
| Net Assets - Beginning of Year - As Restated | <u>6,405,020</u> | <u>7,171,260</u> | <u>13,576,280</u> |
| NET ASSETS - END OF YEAR | <u>\$ 7,298,793</u> | <u>\$ 9,185,546</u> | <u>\$ 16,484,339</u> |

See accompanying Notes to Financial Statements.

**IOWA 4-H FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

| | 2020 | | |
|---|-------------------------------|----------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| PUBLIC SUPPORT AND REVENUE | | | |
| Public Support: | | | |
| Contributions | \$ 231,534 | \$ 675,016 | \$ 906,550 |
| Grants | 12,000 | 23,000 | 35,000 |
| In-Kind Contributions | 28,992 | 250 | 29,242 |
| Special Events, Net | 129,582 | 17,086 | 146,668 |
| Total Public Support | <u>402,108</u> | <u>715,352</u> | <u>1,117,460</u> |
| Revenue: | | | |
| Farm Operations | 19,406 | 31,862 | 51,268 |
| Gift Fee | 13,966 | - | 13,966 |
| Registrations | 61,352 | - | 61,352 |
| Miscellaneous | 6,286 | 40 | 6,326 |
| Investment Income, Net | 235,682 | (12,714) | 222,968 |
| Unrealized (Loss) on Investments | (431,035) | (196,266) | (627,301) |
| Gain on Sale of Assets | 1,908,801 | - | 1,908,801 |
| Total Revenue | <u>2,216,566</u> | <u>538,274</u> | <u>2,754,840</u> |
| Net Assets Released from Restrictions: | | | |
| Expiration of Time Restrictions | (14,067) | 14,067 | - |
| Satisfaction of Program Restrictions | 698,480 | (698,480) | - |
| Donor Imposed Restrictions | (14,000) | 14,000 | - |
| Total Net Assets Released from Restrictions | <u>670,413</u> | <u>(670,413)</u> | <u>-</u> |
| Total Public Support, Revenue, and Net Assets Released from Restrictions | 2,886,979 | (132,139) | 2,754,840 |
| EXPENSES | | | |
| Program Services: | | | |
| Clover Woods | 187,055 | - | 187,055 |
| County Support | 273,998 | - | 273,998 |
| State 4-H Programs | 234,996 | - | 234,996 |
| Individual Member Support | 191,871 | - | 191,871 |
| Total Program Services | <u>887,920</u> | <u>-</u> | <u>887,920</u> |
| Supporting Activities: | | | |
| Management and General | 188,600 | - | 188,600 |
| Fundraising | 149,873 | - | 149,873 |
| Total Supporting Activities | <u>338,473</u> | <u>-</u> | <u>338,473</u> |
| Total Expenses | <u>1,226,393</u> | <u>-</u> | <u>1,226,393</u> |
| CHANGE IN NET ASSETS | 1,660,586 | (132,139) | 1,528,447 |
| Net Assets - Beginning of Year | <u>4,756,587</u> | <u>7,489,821</u> | <u>12,246,408</u> |
| NET ASSETS - END OF YEAR | <u>\$ 6,417,173</u> | <u>\$ 7,357,682</u> | <u>\$ 13,774,855</u> |

See accompanying Notes to Financial Statements.

**IOWA 4-H FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021**

| | Program Services | | | | Management and General | Fundraising | Total Expenses |
|--|-------------------|-----------------------|------------------------------|-------------------|---------------------------|-------------------|---------------------|
| | County Support | State 4-H Programs | Individual Member Support | Total | | | |
| EXPENSES | | | | | | | |
| Salaries and Benefits | \$ 23,906 | \$ 22,631 | \$ 13,144 | \$ 59,681 | \$ 119,150 | \$ 114,083 | \$ 292,913 |
| Program Expenses | 185,826 | 266,294 | 30,207 | 482,327 | - | - | 482,327 |
| Financial Aid Program | 69,365 | - | 120,400 | 189,765 | - | - | 189,765 |
| Professional Audit Fees | - | - | - | - | 36,500 | - | 36,500 |
| Other Professional Services | - | - | - | - | 10,659 | - | 10,659 |
| Marketing | - | 96 | - | 96 | 64 | 3,177 | 3,337 |
| Newsletter | 3,149 | 2,981 | 1,732 | 7,862 | 570 | 6,153 | 14,584 |
| Office | 2,839 | 2,688 | 1,561 | 7,088 | 14,152 | 13,550 | 34,791 |
| Rent | 743 | 703 | 408 | 1,854 | 3,702 | 3,545 | 9,102 |
| Travel | - | - | - | - | 10 | 41 | 51 |
| Insurance | 535 | 507 | 294 | 1,336 | 1,903 | 1,674 | 4,913 |
| Foundation Service Fees | - | - | 1,288 | 1,288 | - | 1,334 | 2,622 |
| Program Development Fee Assistance | 26,355 | - | 3,070 | 29,425 | - | - | 29,425 |
| Area/local Programs | - | - | 220 | 220 | - | - | 220 |
| Bad Contribution Expense | - | 350 | - | 350 | 100 | 320 | 770 |
| Board Expenses | 110 | 104 | 60 | 274 | 258 | 191 | 724 |
| Credit Card/Bank Fees | 1,049 | 379 | 133 | 1,561 | - | 1,528 | 3,089 |
| Donor Expenses | - | 346 | - | 346 | - | 25,826 | 26,171 |
| Miscellaneous | - | - | - | - | 523 | - | 525 |
| Special Event | - | - | 60 | 60 | - | 54,333 | 54,393 |
| Total Functional Expenses | <u>313,877</u> | <u>297,079</u> | <u>172,577</u> | <u>783,533</u> | <u>187,591</u> | <u>225,755</u> | <u>1,196,881</u> |
| Less: Expenses Netted Against Revenues on the Statements of Activities: | | | | | | | |
| Special Events | - | - | 60 | 60 | - | 54,333 | 54,393 |
| Total Expenses Included in the Expense Section of the Statements of Activities | <u>\$ 313,877</u> | <u>\$ 297,079</u> | <u>\$ 172,517</u> | <u>\$ 783,473</u> | <u>\$ 187,591</u> | <u>\$ 171,422</u> | <u>\$ 1,142,486</u> |

See accompanying Notes to Financial Statements.

**IOWA 4-H FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020**

| | Program Services | | | | Total | Management and General | Fundraising | Total Expenses |
|--|-------------------|-------------------|-----------------------|------------------------------|-------------------|---------------------------|-------------------|--------------------|
| | Clover Woods | County Support | State 4-H Programs | Individual Member Support | | | | |
| EXPENSES | | | | | | | | |
| Salaries and Benefits | \$ 12,288 | \$ 18,000 | \$ 15,449 | \$ 12,604 | \$ 58,341 | \$ 123,139 | \$ 98,891 | \$ 280,371 |
| Program Expenses | 974 | 172,158 | 209,773 | 53,254 | 436,159 | - | - | 436,159 |
| Financial Aid Program | - | 72,405 | 490 | 116,000 | 188,895 | - | - | 188,895 |
| Camp Program | 122,755 | - | - | - | 122,755 | - | - | 122,755 |
| Professional Audit Fees | - | - | - | - | - | 36,000 | - | 36,000 |
| Legal | - | - | - | - | - | 180 | - | 180 |
| Other Professional Services | - | - | - | - | - | 10,073 | - | 10,073 |
| Marketing | - | 328 | 232 | - | 560 | 415 | 3,292 | 4,267 |
| Newsletter | 1,050 | 1,538 | 1,320 | 1,077 | 4,985 | 539 | 4,176 | 9,700 |
| Office | 1,152 | 1,688 | 1,449 | 1,182 | 5,471 | 11,548 | 9,274 | 26,293 |
| Rent | 405 | 594 | 510 | 415 | 1,924 | 4,061 | 3,262 | 9,247 |
| Travel | - | 238 | 471 | - | 709 | 8 | 1,242 | 1,959 |
| Depreciation | 30,714 | - | - | - | 30,714 | - | - | 30,714 |
| Insurance | 303 | 444 | 381 | 312 | 1,440 | 2,089 | 1,554 | 5,083 |
| Campsite | 16,750 | - | - | - | 16,750 | - | - | 16,750 |
| Foundation Service Fees | - | 791 | 2,538 | 1,088 | 4,417 | - | 1,194 | 5,611 |
| Program Development Fee Assistance | - | 5,375 | - | 2,075 | 7,450 | - | - | 7,450 |
| Area/local Programs | - | - | - | 1,177 | 1,177 | - | - | 1,177 |
| Bad Contribution Expense | - | - | 1,050 | 2,500 | 3,550 | 110 | 630 | 4,290 |
| Board Expenses | 103 | 151 | 130 | 106 | 490 | 438 | 275 | 1,203 |
| Credit Card/Bank Fees | 18 | 288 | 210 | 81 | 597 | - | 817 | 1,414 |
| Donor Expenses | 543 | - | 993 | - | 1,536 | - | 25,266 | 26,802 |
| Miscellaneous | - | - | - | - | - | - | - | - |
| Special Event | - | - | 182 | - | 182 | - | 35,677 | 35,859 |
| Total Functional Expenses | <u>187,055</u> | <u>273,998</u> | <u>235,178</u> | <u>191,871</u> | <u>888,102</u> | <u>188,600</u> | <u>185,550</u> | <u>1,262,252</u> |
| Less: Expenses Netted Against Revenues on the Statements of Activities: | | | | | | | | |
| Special Events | - | - | 182 | - | 182 | - | 35,677 | 35,859 |
| Total Expenses Included in the Expense Section of the Statements of Activities | <u>\$ 187,055</u> | <u>\$ 273,998</u> | <u>\$ 234,996</u> | <u>\$ 191,871</u> | <u>\$ 887,920</u> | <u>\$ 188,600</u> | <u>\$ 149,873</u> | <u>\$1,226,393</u> |

See accompanying Notes to Financial Statements.

**IOWA 4-H FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020**

| | 2021 | 2020 |
|---|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 2,908,059 | \$ 1,528,447 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: | | |
| Depreciation | - | 30,714 |
| Unrealized (Gain) Loss on Investments | (2,269,208) | 627,301 |
| Realized Gain on Investments | (280,127) | (222,969) |
| Gain on Sale of Property and Equipment | - | (1,908,801) |
| PPP Loan Forgiveness | (53,500) | - |
| (Increase) Decrease in Assets: | | |
| Contributions Receivable | (12,583) | 25,279 |
| Grant Receivable | - | 35,000 |
| Prepaid Expenses and Other Assets | (7,742) | 16,920 |
| Increase (Decrease) in Liabilities: | | |
| Accounts Payable | 5,638 | (3,187) |
| Scholarships and Grants Payable | 33,158 | - |
| Accrued Wages | (176) | 101 |
| Deferred Revenue | (5,000) | (5,000) |
| Net Cash Provided by Operating Activities | 318,519 | 123,805 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of Investments | (744,823) | (3,374,795) |
| Proceeds from Sales of Property and Equipment | - | 3,310,845 |
| Proceeds from Sales of Investments | 408,312 | 373,414 |
| Net Cash Provided (Used) by Investing Activities | (336,511) | 309,464 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from PPP Loan | 53,502 | 53,500 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 35,510 | 486,769 |
| Cash and Cash Equivalents - Beginning of Year | 956,440 | 469,671 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 991,950 | \$ 956,440 |

See accompanying Notes to Financial Statements.

**IOWA 4-H FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Background

Iowa 4-H Foundation (Foundation) is a nonprofit organization incorporated in June 1949. The Foundation's mission is to provide financial resources for youth development through 4-H.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

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 – Resources over which the board of trustees has discretionary control. Designated amounts represent amounts which the board has set aside for Endowments.

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.

Description of Programs

The Foundation operates the following programs:

Clover Woods Camp & Retreat Center

Clover Woods Camp & Retreat Center – the Iowa 4-H Foundation was created in 1949 with the original purpose to collect donations for and support a state 4-H camp, formerly the Iowa 4-H Center. The camp was re-named Clover Woods Camp & Retreat Center (Clover Woods) in 2017. The Foundation owned the camp property and facilities and contracted with United Camps Conferences and Retreats to manage the rental of the facility. The Foundation maintained and improved the camp's facilities: five villages that can house over 300 young people, ropes course, climbing tower, zip line, archery and shooting range, a swimming pool, and tornado shelter. Foundation support allowed 4-H youth and outside groups to use the camp for outdoor activities and programs, accessing hiking trails, a pond, and outdoor adventures on 1,000 acres along the Des Moines River. The camp property was sold in December 2019.

**IOWA 4-H FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Programs (Continued)

County Support

4-H programs exist in every Iowa county, and the Foundation raises money to enhance these local programs. County support, including provision of County Endowments, assists with funding for club programs, provides grants for 4-H community service projects, and contributes funding for out-of-county and out-of-state experiences.

State 4-H Programs

Funding for state-wide 4-H Program Priority areas including STEM, Leadership & Civic Engagement, Healthy Living and Communications & the Arts provide leadership and educational opportunities for 4-H'ers across Iowa.

Individual Member Support

The Foundation provides more than 110 college scholarships on the state level, and also solicits support for special 4-H project awards and annual recognition trips like National 4-H Conference and National 4-H Congress. Additionally, donors help underwrite the participation fees for individual 4-H members, insuring no child is turned away from a 4-H club experience because of the cost.

Cash and Cash Equivalents

The Foundation considers all highly liquid debt securities with an initial maturity of three months or less to be cash equivalents. At times, the balance may exceed federally insured amounts.

Investments

Investments are reported at their fair values in the statement of financial position. Investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less management and custodial fees.

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 accounting principles generally accepted in the United States of America. 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.

**IOWA 4-H FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

The Foundation invests in a variety of investment vehicles, including mutual funds/exchange traded funds, domestic and international equities, U.S. government securities, corporate and municipal bonds, money market funds, certificates of deposit, and bank checking and savings accounts.

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.

Property and Equipment

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2021 and 2020.

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.

Support and Revenue

Contributions and grants are recognized when cash, securities, other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions depending on the nature of the donor restrictions or time restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**IOWA 4-H FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and Revenue (Continued)

Contributions of donated goods are recorded at their 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. Contributed office space is recorded at fair market value of similar office space in the area for the fiscal year.

Special event revenue is equal to the fair value of direct benefits to donors, and contribution revenue for the difference. The contribution portion is recognized at a point in time when received and the direct benefits to donor's portion is recognized as events occur. Special event revenue received during the current period in exchange for services that will occur in the next fiscal period is deferred until that time.

Advertising Costs

Advertising costs are expensed as incurred and approximated \$3,337 and \$4,267 during the years ended June 30, 2021 and 2020, respectively.

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 square footage and time and effort.

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 at June 30, 2021 and 2020.

**IOWA 4-H FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Accounting Principles

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Foundation's financial statements reflect the adoption of ASC 606 guidance beginning in 2019. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact the Foundation's reported historical revenue.

In August 2018, FASB issued Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820)*. This ASU was issued to improve the effectiveness of disclosures related to fair value measurements in the notes to financial statements. This adoption had no impact on the Foundation's financial position.

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.

The Foundation adopted the requirements of the new guidance as of July 1, 2020, utilizing the modified retrospective method of transition. As a result, the Foundation recorded a cumulative adjustment to net assets as of July 1, 2020, to reflect the effect of the new guidance. The comparative financial information presented has not been restated and continues to be reported under the accounting standards in effect for those periods. Adoption of the new guidance has resulted to changes in the Foundation's accounting policies for contributions made and received.

**IOWA 4-H FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Accounting Principles (Continued)

The impact of adopting the new guidance was an increase in 2021 expenses of \$33,158.

The modified retrospective method of transition requires the Foundation to disclose the effect of applying the new guidance on each item included in the 2021 financial statements. Following are the line items from the financial statements as of June 30, 2021, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the balances reported under the new guidance:

| | <u>Would Have Been Reported</u> | <u>Adjustments</u> | <u>As Reported</u> |
|---------------------------------|-------------------------------------|--------------------|--------------------|
| Liabilities: | | | |
| Scholarships and Grants Payable | \$ - | \$ 231,733 | \$ 231,733 |
| Net Assets: | | | |
| Without Donor Restrictions | 7,328,948 | (30,155) | 7,298,793 |
| With Donor Restrictions | 9,353,966 | (168,420) | 9,185,546 |
| Expenses: | | | |
| Program Expenses | 449,169 | 33,158 | 482,327 |
| Cash Flows: | | | |
| Change in Net Assets | 2,941,217 | (33,158) | 2,908,059 |
| Grants Payable | - | 33,158 | 33,158 |

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

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, certificates of deposit, and equity securities. Based on historical experience, only contributions and pledge receivables due within one year are considered available for use in meeting annual operating needs. As of June 30, 2021 and 2020, the following financial assets are available to meet annual operating needs for the years then ended:

**IOWA 4-H FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

| | 2021 | 2020 |
|--|---------------------|---------------------|
| Cash and Cash Equivalents | \$ 991,950 | \$ 956,440 |
| Contributions Receivable | 32,948 | 3,472 |
| Investments | <u>15,774,142</u> | <u>12,888,297</u> |
| Total Financial Assets | 16,799,040 | 13,848,209 |
| | | |
| Donor-Restricted Endowment | (8,438,467) | (6,522,576) |
| Donor-Restricted Investment | (283,375) | (1,857,128) |
| Time Restricted | - | (18,002) |
| Purpose Restricted | (463,704) | (533,729) |
| Board Designated | <u>(5,834,939)</u> | <u>(4,507,579)</u> |
| Total Amounts Not Available for Use Within One Year | <u>(15,020,485)</u> | <u>(13,439,014)</u> |
| | | |
| Net Financial Assets | <u>\$ 1,778,555</u> | <u>\$ 409,195</u> |

NOTE 3 INVESTMENTS

The composition of investments is as follows at June 30:

| | 2021 | 2020 |
|------------------------------------|----------------------|----------------------|
| Money Market | \$ 77,676 | \$ 8,164 |
| Mutual Funds and Equity Securities | 4,439,984 | 8,485,375 |
| Interest in Assets Held by Others | 9,756,761 | - |
| Real Estate | 1,499,721 | 1,857,128 |
| Private Equity | - | 2,537,630 |
| Total Investments | <u>\$ 15,774,142</u> | <u>\$ 12,888,297</u> |

The composition of investment return from all funds is as follows for years ended June 30:

| | 2021 | 2020 |
|---------------------------------------|---------------------|---------------------|
| Interest and Dividends | \$ 334,377 | \$ 112,767 |
| Investment Fees | (130,859) | (100,490) |
| Realized Gain | <u>280,127</u> | <u>210,692</u> |
| Investment Income, Net | 483,645 | 222,969 |
| Unrealized Gain (Loss) on Investments | <u>2,269,208</u> | <u>(627,301)</u> |
| Total Investment Returns | <u>\$ 2,752,853</u> | <u>\$ (404,332)</u> |

**IOWA 4-H FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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.

**IOWA 4-H FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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 Equity Securities – Valued at the net asset value of shares held by the Foundation.

Interests in Assets Held by Others – The Foundation holds funds at the Iowa State University Foundation and the Community Foundation of Greater Des Moines. The interest in these assets is valued at the Foundation’s estimated pro rata share of each investment pool. The unobservable inputs are the underlying assets at each foundation and follow their investment policies.

Real Estate and Other – Measured at appraised values and other information for similar property.

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:

| | 2021 | | | Total |
|------------------------------------|---------------------|-------------|----------------------|----------------------|
| | Level 1 | Level 2 | Level 3 | |
| Mutual Funds and Equity Securities | \$ 4,439,984 | \$ - | \$ - | \$ 4,439,984 |
| Interest in Assets Held by Others | - | - | 9,756,761 | 9,756,761 |
| Real Estate | - | - | 1,499,721 | 1,499,721 |
| Total Investments | <u>\$ 4,439,984</u> | <u>\$ -</u> | <u>\$ 11,256,482</u> | <u>\$ 15,696,466</u> |

| | 2020 | | | Total |
|------------------------------------|---------------------|-------------|---------------------|----------------------|
| | Level 1 | Level 2 | Level 3 | |
| Mutual Funds and Equity Securities | \$ 8,485,375 | \$ - | \$ - | \$ 8,485,375 |
| Interest in Assets Held by Others | - | - | 2,537,630 | 2,537,630 |
| Real Estate | - | - | 1,857,128 | 1,857,128 |
| Total Investments | <u>\$ 8,485,375</u> | <u>\$ -</u> | <u>\$ 4,394,758</u> | <u>\$ 12,880,133</u> |

**IOWA 4-H FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 4 FAIR VALUE MEASUREMENT (CONTINUED)

The following is a reconciliation of the beginning and ending balances of the assets measured at fair value on a recurring basis using significant unobservable (Level 3) inputs for the years ended June 30:

| | <u>2021</u> | <u>2020</u> |
|---|----------------------|---------------------|
| Interest in Assets Held by Others - Beginning of Year | \$ 2,537,630 | \$ 2,465,617 |
| Transfer from Level 1 | 4,952,509 | - |
| Purchases | 557,405 | - |
| Sales | (128,185) | - |
| Unrealized Gain | 1,837,402 | 72,013 |
| Interest in Assets Held by Others - End of Year | <u>9,756,761</u> | <u>2,537,630</u> |
| Real Estate - Beginning of Year | 1,857,128 | 2,726,617 |
| Unrealized Gain (Loss) | (357,407) | 44,926 |
| Sale of Land | - | (914,415) |
| Real Estate - End of Year | <u>1,499,721</u> | <u>1,857,128</u> |
| Total Level 3 Assets | <u>\$ 11,256,482</u> | <u>\$ 4,394,758</u> |

The following table details Level 3 holdings the years ended June 30:

| | <u>Fair Value</u> | | Principal Valuation Technique | Unobservable Inputs |
|-----------------------------------|-------------------|--------------|-------------------------------------|----------------------------------|
| | <u>2021</u> | <u>2020</u> | | |
| Interest in Assets Held by Others | \$ 9,756,761 | \$ 2,537,630 | Net Asset Value | Value of Underlying Assets |
| Real Estate | \$ 1,499,721 | \$ 1,857,128 | Appraised Value | Value of Underlying Assets |

NOTE 5 ENDOWMENTS

The Foundation's endowment consists of over one hundred ninety individual funds established for a variety of purposes. The Foundation's endowment consists of donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**IOWA 4-H FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 5 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The board of the Foundation has interpreted the Iowa Uniform Act – Institutional Funds Management Act (IUA-IFMA) 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. Consequently, the Foundation classifies net assets with donor restrictions as:

- The original value of gifts donated to the permanent endowment, and
- The original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation's board.

In accordance with IUA-IFMA, 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 purpose of the Foundation and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Foundation.
7. The investment policies of the Foundation.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that seek to achieve a total return equal to or in excess of the Foundation's spending policy, anticipated inflation, investment management fees, and administrative costs while recognizing both the short-term need of the Foundation for annual support for the Iowa 4-H Program and the long-term need for maintenance and growth of the funds. The objectives of the funds has been established in conjunction with a comprehensive review of the current and projected financial requirements. The Foundation seeks to maximize its financial returns within prudent levels of risk while also meeting the following investment objectives:

1. Fulfill fiduciary responsibilities to donors by demonstrating good stewardship of the funds.
2. Maximize long-term capital appreciation within reasonable and prudent levels of risk in an attempt to maintain the purchasing power of the current assets and all future contributions by producing positive real rate of return of the Fund assets.
3. Maintain an appropriate asset allocation based upon a total return spending policy of up to 5% of a twelve-quarter rolling average of the market value of the total investments.
4. Monitor and control the ongoing costs of administering the Fund and managing the investments.

**IOWA 4-H FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 5 ENDOWMENTS (CONTINUED)

Return Objectives and Risk Parameters (Continued)

The target investment objective is a long-term rate of return on assets 3% greater than the anticipated rate of inflation measured by the Consumer Price Index (CPI). The target rate of return for the Fund has been based upon the assumption that future real returns will approximate the long-term rates of return experiences for each asset class.

Spending Policy

The Foundation makes distributions of earnings from scholarship endowments retained in perpetuity each year. A 4% minimum and 5.5% maximum of the average market value of the endowment balance retained in perpetuity as a guideline, which is calculated from June 30 ending balances over the prior three fiscal years.

Strategies Employed for Achieving Objectives

The Foundation relies on a total return strategy, which includes both income, capital gains (losses), and changes in market value, net of fees, and expenses. The Foundation targets a diversified asset allocation using value, growth, active, and passive asset classes.

The objective of the fund managers is long-term appreciation of the fund's assets and consistency of total portfolio performance. The performance of the portfolio is reviewed operations committee at least annually.

Endowment net asset composition by type of fund as of June 30, 2021:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|-----------------|---------------------------------------|------------------------------------|-------------------|
| Endowment Funds | <u>\$ 5,834,939</u> | <u>\$ 8,438,467</u> | <u>14,273,406</u> |

Changes in endowment net assets for the year ended June 30, 2021:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|----------------------|
| Endowment Net Assets - | | | |
| Beginning of Year | \$ 4,507,579 | \$ 6,522,576 | \$ 11,030,155 |
| Contributions | 100 | 494,678 | 494,778 |
| Investment Income, Net | 366,116 | 212,861 | 578,977 |
| Net Appreciation | 886,653 | 1,636,650 | 2,523,303 |
| Reclass | 75,491 | (75,491) | - |
| Amounts Appropriated for Expenditures | <u>(1,000)</u> | <u>(352,807)</u> | <u>(353,807)</u> |
| Endowment Net Assets - End of Year | <u>\$ 5,834,939</u> | <u>\$ 8,438,467</u> | <u>\$ 14,273,406</u> |

**IOWA 4-H FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 5 ENDOWMENTS (CONTINUED)

Strategies Employed for Achieving Objectives (Continued)

Endowment net asset composition by type of fund as of June 30, 2020:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|-----------------|-------------------------------|----------------------------|-------------------|
| Endowment Funds | <u>\$ 4,507,579</u> | <u>\$ 6,522,576</u> | <u>11,030,155</u> |

Changes in net assets for the year ended June 30, 2020:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|----------------------|
| Endowment Net Assets - | | | |
| Beginning of Year | \$ 868,280 | \$ 6,695,350 | \$ 7,563,630 |
| Contributions | 3,000,100 | 374,595 | 3,374,695 |
| Investment Income, Net | 137,922 | 75,130 | 213,052 |
| Net Appreciation (Depreciation) | 414,406 | (196,266) | 218,140 |
| Reclass | 86,871 | (86,871) | - |
| Amounts Appropriated for Expenditures | <u>-</u> | <u>(339,362)</u> | <u>(339,362)</u> |
| Endowment Net Assets - End of Year | <u>\$ 4,507,579</u> | <u>\$ 6,522,576</u> | <u>\$ 11,030,155</u> |

Funds with Deficiencies

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or IUA-IFMA requires the Foundation to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature would be reported in net assets with donor restrictions. At June 30, 2021 and 2020, no funds had deficiencies.

NOTE 6 NOTE PAYABLE

In April 2020, the Foundation received a loan from a local bank in the amount of \$53,500 to fund payroll through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months with a deferral for the first six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). In November 2020, the loan was forgiven and recorded in grants.

In March 2021, the Foundation received a second PPP Loan in the amount of \$53,502. Subsequent to year-end, the second PPP Loan was forgiven in full.

**IOWA 4-H FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30:

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| County Endowments | \$ 5,770,163 | \$ 4,479,847 |
| Scholarships | 1,630,104 | 1,214,735 |
| 4-H Programming | 857,217 | 1,240,582 |
| Camp Programming | 537,732 | 404,516 |
| Time Restricted | - | 18,002 |
| Recognition | 390,330 | - |
| Total Net Assets With Donor Restrictions | <u>\$ 9,185,546</u> | <u>\$ 7,357,682</u> |

NOTE 8 IN-KIND CONTRIBUTIONS

Iowa State University provided free use of approximately 890 square feet of office space which has been valued at \$9,101 and \$9,247 for the years ended June 30, 2021 and 2020, respectively.

NOTE 9 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 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.

NOTE 10 SUBSEQUENT EVENTS

Management evaluated subsequent events through October 15, 2021, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2021, but prior to October 15, 2021 that provided additional evidence about conditions that existed at June 30, 2021, have been recognized in the financial statements for the year ended June 30, 2021. Events or transactions that provided evidence about conditions that did not exist at June 30, 2021 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, 2021.

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