

Community Foundation of Greater Des Moines

Consolidated Financial Statements
December 31, 2015

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Independent Auditor's Report

RSM US LLP

To the Board of Directors
Community Foundation of Greater Des Moines
Des Moines, Iowa

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Community Foundation of Greater Des Moines which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended and the related notes to the financial statements (collectively, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require 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 auditor's 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Foundation of Greater Des Moines as of December 31, 2015 and 2014, 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.

RSM US LLP

Des Moines, Iowa
September 14, 2016

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Community Foundation of Greater Des Moines

**Consolidated Statements of Financial Position
December 31, 2015 and 2014**

	2015	2014
Assets		
Cash and cash equivalents	\$ 10,774,841	\$ 8,672,732
Investments:		
Money market funds	20,213,826	22,128,398
Debt securities	47,093,061	35,744,964
Equity securities	154,946,284	140,377,749
Promissory notes	5,614,396	5,614,396
Other investments	91,139,734	97,968,556
Total investments	319,007,301	301,834,063
Pledges receivable	590,005	514,485
Prepaid and other assets	5,085,630	3,918,836
Property and equipment:		
Land	300,000	300,000
Building	569,150	569,150
Furniture and fixtures	224,430	220,598
	1,093,580	1,089,748
Less accumulated depreciation	382,886	347,580
	710,694	742,168
	\$ 336,168,471	\$ 315,682,284
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 131,791	\$ 168,779
Grants payable	550,000	100,000
Annuity payable	398,663	204,886
Unearned revenue	2,092,104	802,336
Agency funds	119,080,944	107,684,834
Total liabilities	122,253,502	108,960,835
Commitments		
Net assets:		
Unrestricted net assets	213,575,131	206,627,964
Temporarily restricted net assets	339,838	93,485
Total net assets	213,914,969	206,721,449
	\$ 336,168,471	\$ 315,682,284

See notes to consolidated financial statements.

Community Foundation of Greater Des Moines

**Consolidated Statement of Activities
Year Ended December 31, 2015**

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Contributions	\$ 33,712,231	\$ 341,167	\$ 34,053,398
Investment income	5,028,877	-	5,028,877
Net realized gain on investments	5,084,814	-	5,084,814
Net unrealized loss on investments	(11,030,524)	-	(11,030,524)
Special event revenue	7,513,368	-	7,513,368
Miscellaneous income	163,657	-	163,657
Net assets released from restriction	94,814	(94,814)	-
Total support and revenue	40,567,237	246,353	40,813,590
Expenses:			
Grants and program expenses	23,697,906	-	23,697,906
Special event grants	1,360,809	-	1,360,809
Special event expense	6,163,241	-	6,163,241
Management and general	2,386,083	-	2,386,083
Depreciation	35,306	-	35,306
Total expenses	33,643,345	-	33,643,345
Increase in net assets before income taxes	6,923,892	246,353	7,170,245
Income tax (benefit), net	(23,275)	-	(23,275)
Increase in net assets	6,947,167	246,353	7,193,520
Net assets at beginning of year	206,627,964	93,485	206,721,449
Net assets at end of year	\$ 213,575,131	\$ 339,838	\$ 213,914,969

See notes to consolidated financial statements.

Community Foundation of Greater Des Moines

**Consolidated Statement of Activities
Year Ended December 31, 2014**

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Contributions	\$ 34,862,354	\$ -	\$ 34,862,354
Investment income	4,685,349	-	4,685,349
Net realized gain on investments	4,103,327	-	4,103,327
Net unrealized gain on investments	1,145,688	-	1,145,688
Special event revenue	6,982,412	-	6,982,412
Miscellaneous income	107,999	-	107,999
Net assets released from restriction	195,011	(195,011)	-
Total support and revenue	52,082,140	(195,011)	51,887,129
Expenses:			
Grants and program expenses	23,689,590	-	23,689,590
Special event grants	1,336,111	-	1,336,111
Special event expense	5,647,107	-	5,647,107
Management and general	2,170,366	-	2,170,366
Depreciation	35,674	-	35,674
Total expenses	32,878,848	-	32,878,848
Increase (decrease) in net assets before income taxes	19,203,292	(195,011)	19,008,281
Income tax (benefit), net	(32,873)	-	(32,873)
Increase (decrease) in net assets	19,236,165	(195,011)	19,041,154
Net assets at beginning of year	187,391,799	288,496	187,680,295
Net assets at end of year	\$ 206,627,964	\$ 93,485	\$ 206,721,449

See notes to consolidated financial statements.

Community Foundation of Greater Des Moines

**Consolidated Statements of Cash Flows
Years Ended December 31, 2015 and 2014**

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 7,193,520	\$ 19,041,154
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Donated investments	(17,490,347)	(28,285,816)
Donated property	(308,000)	(460,000)
Net unrealized and realized (gain) loss on investments	5,945,710	(5,249,015)
Net realized loss on sale and impairment of property held for sale	383,050	-
Depreciation	35,306	35,674
Changes in assets and liabilities:		
Pledges receivable	(75,520)	511,512
Prepaid and other assets	(1,241,844)	(186,739)
Accounts payable, accrued expenses and grants payable	413,012	(65,410)
Annuity payable	193,777	84,596
Agency funds	11,396,110	17,420,388
Unearned revenue	1,289,768	281,662
Net cash provided by operating activities	7,734,542	3,128,006
Cash flows from investing activities:		
Purchases of investments	(19,570,500)	(45,933,619)
Proceeds from sale and maturity of investments	13,941,899	43,371,162
Purchases of property and equipment	(3,832)	(21,736)
Net cash used in investing activities	(5,632,433)	(2,584,193)
Net increase in cash and cash equivalents	2,102,109	543,813
Cash and cash equivalents:		
Beginning	8,672,732	8,128,919
Ending	\$ 10,774,841	\$ 8,672,732
Supplemental disclosure of cash flow information:		
Income taxes, net	\$ (23,275)	\$ (32,873)

See notes to consolidated financial statements.

Community Foundation of Greater Des Moines

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Operations: Community Foundation of Greater Des Moines (the Foundation) was organized to receive gifts and bequests from private and public organizations and to make contributions to projects benefiting the Greater Des Moines community.

In 2005, the Foundation established a supporting organization, GDMCF Charitable Trust (the Trust), to help enhance fulfilling of the mission of the Foundation. The trustee is elected by, and serves at the pleasure of, the Foundation's board of directors.

In 2005, the Foundation established a wholly owned subsidiary, GDMCF Properties, LLC (Properties) to accommodate gifts of real estate. The entity was funded in 2008. Properties is a disregarded entity for tax purposes.

In 2006, the Foundation established a supporting business entity, GDMCF Golf Charity, LLC (the Classic), to accommodate acting as the hosting charity for the Principal Charity Classic golf event, which occurs annually in May or June. As sole member of the Classic, the Foundation appoints the Board of Managers. Revenues and expenses of the Classic are identified as special event in the accompanying financial statements. Activity related to the Classic event to occur subsequent to the balance sheet date is classified as unearned revenue and prepaid expenses. Special event expense included the following during the years ended December 31, 2015 and 2014:

	2015	2014
Principal Charity Classic:		
Program	\$ 3,972,651	\$ 3,572,909
Management and general	1,028,784	1,033,710
Cost of direct benefit to donors	692,879	628,230
Fundraising	468,927	412,258
Total special event expense	<u>\$ 6,163,241</u>	<u>\$ 5,647,107</u>

In 2014, the Foundation established a wholly owned subsidiary, Keep Iowa Growing, LLC (Keep Iowa Growing) to accommodate gifts of farmland. The entity was funded in 2014. Keep Iowa Growing is a disregarded entity for tax purposes.

Significant accounting policies:

Principles of consolidation: The consolidated financial statements include the accounts of the Foundation, the Trust, the Classic, Properties, and Keep Iowa Growing. All material intercompany balances and transactions are eliminated in consolidation.

Community Foundation of Greater Des Moines

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Basis of presentation: The financial statements of the Foundation have been prepared on the accrual basis and follow the accounting guidance for contributions received and contributions made and financial statements of not-for-profit organizations. Under these standards, the Foundation is required to report information regarding its consolidated financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions received are reported as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. The standards also provide that if the governing body of an organization has the right to remove a donor restriction, the contributions should be classified as unrestricted net assets. The Foundation receives contributions from donors with advice regarding distribution of the assets and the earnings therefrom. The Foundation attempts to meet the desires expressed by the donors at the time of the contribution; however, under the gifting agreements the Foundation reserves the right to modify any restrictions or conditions on the distribution of funds for any specified charitable purpose if, in the sole judgment of the Foundation's board of directors, such restrictions or conditions become unnecessary, undesirable, impractical, or inconsistent with the charitable needs of the community.

Revenue recognition: Revenues are reported as increases in unrestricted net assets. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on date of contribution based primarily on publicly available information. Contributions received with donor-imposed restrictions (including those for acquisition of long-lived assets) that are met within the same year as received are reported as unrestricted revenues. Special event revenue of the Classic is recognized when the event occurs. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets, unless their use is restricted by donor stipulation or by law. Expenses are reported as decreases in unrestricted net assets. The Foundation incurs an insignificant amount of fundraising expenses during the year that are reported as a component of management and general expenses. The fundraising expenses are related to the education of the public and encouragement of local philanthropy.

Use of estimates: The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: The Foundation considers all unrestricted cash and all highly liquid investments with an original maturity date of 90 days or less, other than money market funds, to be cash and cash equivalents.

Concentration of risk: The Foundation maintains cash in bank deposit accounts which, at times, exceed federally insured limits. The Foundation has not experienced any loss in such accounts.

Pledges receivable: Pledges receivable due after one year are discounted at a risk-free rate and are presented as temporarily restricted net assets in the consolidated financial statements. Amortization of discounts are recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Community Foundation of Greater Des Moines

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Unconditional promises to give as of December 31, 2015 and 2014, are summarized as follows:

	2015	2014
Unconditional promises expected to be collected in:		
Less than one year	\$ 250,167	\$ 421,000
One to five years	381,167	95,000
	<u>631,334</u>	<u>516,000</u>
Less unamortized discount (interest rates 0.36% to 1.31%) on pledges receivable	41,329	1,515
Net pledges receivable	<u>\$ 590,005</u>	<u>\$ 514,485</u>

Investments: Investment income, realized gains and losses and unrealized appreciation or depreciation on investments is reported as increases or decreases in net assets. Investments include the following:

Money market funds, debt securities, and equity securities are investments in publicly traded securities and are recorded at fair value based on quoted market prices at the reporting date.

Promissory notes receivable are carried at the amount of unpaid principal, which approximates fair value. The notes receivable bear interest at 7 percent through December 2029 when all interest and principal will be paid.

Other investments consist of fund of funds, hedge funds, investments in private equities, and other nonreadily marketable investments. The Foundation establishes their value primarily using the practical expedient, based on information gathered from the investees, including audited financial statements and other reports provided by the investees. The practical expedient allows for the use of net asset value (NAV), either as reported by the investee fund or as adjusted by the Foundation based on various factors, to be used to determine fair value, under certain conditions.

The fair value of the investment is based on a combination of audited financial statements of the investees and monthly or quarterly statements received from the investees. These investments would have significant redemption and other restrictions that would limit the Funds' ability to redeem out of the fund at report date NAV.

Property and equipment: The Foundation capitalizes assets with estimated useful lives greater than one year at the cost to acquire that asset. Depreciation of building, furniture and fixtures is provided over the estimated useful lives of the assets on the straight-line basis (building—39 years, and furniture and fixtures—3-10 years).

Unearned revenue: Unearned revenue consists of money received in advance from sponsoring organizations for the Foundation's activities with the Classic event, which occurs annually in May or June. After completion of the event, this revenue will be considered earned by the Foundation.

Agency funds: The Foundation acts as a fiscal agent for other not-for-profit organizations that wish to establish an investment fund at the Foundation with its own funds and specifies itself as the beneficiary of that fund. These funds are included in the investments in the statement of financial position. The Foundation refers to such funds as agency funds and accounts for the transfer of such assets as a liability. For financial reporting purposes, distributions from agency funds in the amount of \$4,091,308 and \$6,017,128 and contributions to agency funds in the amount of \$15,910,466 and \$15,316,429 are not included in the reported grants and contributions of the Foundation for the year ended December 31, 2015 and 2014, respectively.

Community Foundation of Greater Des Moines

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Income taxes: The Foundation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code, and is generally exempt for federal income tax purposes on related income pursuant to Section 501(a) of the Internal Revenue Code. Certain investments of the Foundation are subject to the unrelated business income tax regulations, and occasionally will require the Foundation to pay tax on this unrelated business income.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases (as it relates to the assets generating unrelated business income). Deferred tax assets and liabilities if any, are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets, if any, consists of net operating loss carryforward that expires in 20 years related to unrelated business income generated from alternative investments.

The Foundation follows the accounting guidance for *Accounting for Uncertainty in Income Taxes*. In accordance with the guidance for uncertainty in income taxes, management has evaluated their material tax positions and determined that there are no income tax effects with respect to its financial statements. The Foundation has not been notified of any impending examination and no examinations are currently in process.

Fair value of financial instruments: Financial instruments include cash and cash equivalents, investments, pledges receivable, accounts payable, accrued expenses, grants payable, annuities payable and agency funds.

The following methods and assumptions were used to estimate the fair value of each class of the Foundation's financial instruments, other than investments, which are described above and in Note 2, at December 31, 2015 and 2014:

Cash and cash equivalents, pledges receivable, accounts payable, accrued expenses, and grants payable: The carrying amounts approximate fair value because of the short maturity of these instruments.

Annuity payable: The fair value is determined as the present value of expected future cash flows discounted at the interest rate actuarially determined for charitable gift annuities based on various assumptions. Annuity payable is reported at fair value on the statement of financial position.

Agency funds: The fair value approximates the fair value of the assets held by the Foundation on behalf of the agencies, which primarily consist of investments.

Fair value measurements: The Foundation estimates fair value using the guidance established by *Fair Value Measurements*, which defines fair value 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 in its principal market, or in the absence of a principal market the most advantageous market for the investment or liability. The Foundation accounts for its investments at fair value. In accordance with the guidance, the Foundation has categorized its investments, based on the priority of the inputs to the valuation technique which give the highest priority to quoted prices in active markets and the lowest priority to unobservable inputs, into a three-level fair value hierarchy. These levels are:

Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets that the Foundation has the ability to access as of the measurement date.

Community Foundation of Greater Des Moines

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable, or can be corroborated by, observable market data.

Level 3: Valuation is based upon significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Investments may be exposed to various risks, such as interest rate, market and credit risks. As a result, it is at least reasonably possible that changes in risks in the near term could affect investment balances, and those affects could be significant.

Recent accounting pronouncements: In August 2016, FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which changes presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: net asset classes, investment return, expenses, liquidity and availability of resources and presentation of operating cash flows. The standard is effective for not-for-profit organizations for periods beginning after December 15, 2017. Early application of the amendments is permitted. Management is currently evaluating the potential impact that the adoption of this update will have on its financial reporting.

Subsequent events: Subsequent events have been evaluated through September 14, 2016, the date the financial statements were available for issuance. Through that date there were no events requiring disclosure in the financial statements.

Community Foundation of Greater Des Moines

Notes to Consolidated Financial Statements

Note 2. Investments

The following is a summary of the Foundation's investments under the hierarchy set by fair value guidance as of December 31, 2015 and 2014, for assets measured at fair value on a recurring basis:

	2015			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments:				
Money market funds	\$ 20,213,826	\$ -	\$ -	\$ 20,213,826
Stock and mutual funds:				
U.S. equity	95,557,188	3,521,055	-	99,078,243
International equity	39,898,763	-	-	39,898,763
Fixed income	44,616,720	2,476,341	-	47,093,061
Natural resources	15,969,278	-	-	15,969,278
	<u>\$ 216,255,775</u>	<u>\$ 5,997,396</u>	<u>\$ -</u>	<u>222,253,171</u>

Investments measured at Net Asset Value:

Real estate funds	3,893,544
International equities	38,895,732
Fund of funds	28,855,995
Fixed income funds	18,637,354
Other	857,110
	<u>91,139,735</u>
 Total investments	 <u>\$ 313,392,906</u>

Community Foundation of Greater Des Moines

Notes to Consolidated Financial Statements

Note 2. Investments (Continued)

	2014			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments:				
Money market funds	\$ 22,128,398	\$ -	\$ -	\$ 22,128,398
Stock and mutual funds:				
U.S. equity	89,844,139	3,357,939	-	93,202,078
International equity	38,282,401	-	-	38,282,401
Fixed income	32,967,240	2,777,724	-	35,744,964
Natural resources	8,893,270	-	-	8,893,270
	<u>\$ 192,115,448</u>	<u>\$ 6,135,663</u>	<u>\$ -</u>	<u>\$ 198,251,111</u>

Investments measured at Net Asset Value:

Real estate funds	5,776,759
International equities	38,802,611
Fund of funds	30,145,088
Fixed income funds	22,105,060
Other	1,139,038
	<u>97,968,556</u>

Total investments \$ 296,219,667

Other investments are redeemable with the fund at net asset value under the original terms of the partnership and/or subscription agreements. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of the Foundation's interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is, therefore, reasonably possible that if the Foundation were to sell these investments in the secondary market, a buyer may require a discount to the reported net asset value, and the discount could be significant.

Community Foundation of Greater Des Moines

Notes to Consolidated Financial Statements

Note 2. Investments (Continued)

The following table provides a summary of information for other investments, by net asset class, that are calculated using a net asset value per share, or its equivalent, as of December 31:

Description	Fair Value	Unfunded Commitments	Redemption Frequency (if available)	Redemption Notice Period
2015				
Real estate funds (A)	\$ 3,893,544	\$ 68,400	See (A) below	See (A) below
International equity (B)	38,895,732	-	See (B) below	See (B) below
Fund of funds (C)	28,855,995	1,979,366	See (C) below	See (C) below
Fixed income funds (D)	18,637,354	-		
Other (E)	857,110	431,608		
	<u>\$ 91,139,735</u>	<u>\$ 2,479,374</u>		
2014				
Real estate funds (A)	\$ 5,776,759	\$ 68,400	See (A) below	See (A) below
International equity (B)	38,802,611	58,506	See (B) below	See (B) below
Fund of funds (C)	30,145,088	1,872,700	See (C) below	See (C) below
Fixed income funds (D)	22,105,060	-		
Other (E)	1,139,038	417,628		
	<u>\$ 97,968,556</u>	<u>\$ 2,417,234</u>		

(A) Includes funds invested in debt and equity securities and other investments related to real estate, with a focus on residential, commercial, industrial and retail investments and properties with no particular geographic concentration. Approximately \$400,000 is subject to 45-60 day redemption notice requirements (2014, \$1,100,000). Redemptions for the balance of the portfolio are generally not allowed and are subject to approval of the fund administrator.

(B) Funds represent primarily globally diversified portfolios in debt and equity securities, including those issued or guaranteed by the United States and foreign governments and related agencies. Included in this portfolio is a \$12,200,000 fund invested in small cap stocks of foreign entities (2014, \$11,900,000). Investments in foreign entities will incur exposure to risks from economic instability, unfavorable political developments and currency fluctuations. There are no redemptions allowed on \$1,100,000 and the remainder of the portfolio allows monthly redemptions (2014, \$1,700,000).

(C) Includes globally diversified feeder funds and funds of funds approximately \$14,700,000 invested in illiquid investments of closed-end funds (2014, \$15,000,000) with the remainder in debt and equity securities and futures and options. Redemptions in many cases are subject to the provisions of the underlying fund agreement, with some funds within the fund of funds currently suspending redemptions. Of the total net asset class \$8,600,000 allows quarterly redemptions with a 100 day notice (2014, \$8,600,000) and \$13,600,000 allows annual redemptions with a 100-day notice (2014, \$13,500,000). Redemptions are not allowed on \$5,500,000 (2014, \$5,100,000). Additionally, the Foundation has elected to liquidate one fund totaling \$1,100,000 (2014, \$1,500,000), which will occur over the next few years as underlying fund investments are sold and the fund is still subject to market price adjustments. The remaining funds have suspended redemptions.

(D) These represent funds invested in primarily fixed income funds. Approximately \$8,000,000 requires general partner approval to withdraw amounts if it would reduce the Foundation's balance under \$1,000,000. There are no redemption restrictions on the remainder of the fixed income funds.

Community Foundation of Greater Des Moines

Notes to Consolidated Financial Statements

Note 2. Investments (Continued)

(E) These represent funds with no particular industry or geographic focus with the remainder in debt and equity securities and futures and options. Redemptions for the portfolio are generally not allowed.

Note 3. Note Payable

The Foundation does not typically use debt to finance operating activities. There are times, however, as fiscal agent for project funds when project expenses need to be paid prior to pledges receivable being collected. To facilitate timely completion of projects, the Foundation will from time to time enter into a debt agreement related to those specific projects. The pledges receivable for those projects are used as collateral for the notes. The notes are paid as the pledge payments are received by the Foundation. There was no notes payable at December 31, 2015 or 2014.

The Foundation has a \$4,000,000 line of credit with a bank that matures on December 5, 2017. There was no outstanding balance on this line of credit at both December 31, 2015 and 2014.

Note 4. Endow Iowa Program

The Foundation participates in the Endow Iowa Program (the Program), which is administered by the Iowa Economic Development Authority through qualified community foundations. The Program's purpose is to create sustainable, philanthropic opportunities for charitable impact in Iowa communities. The legislation governing the Program requires that contributions received be accumulated in a fund, referred to as a 'permanent endowment', for purposes of calculating annual spending, which may not exceed 5 percent of the prior year ending fair market value of the Program funds. At December 31, 2015 and 2014, unrestricted net assets and agency fund liabilities includes a total of \$110,734,955 and \$102,423,880, respectively, related to the Program.