Community Foundation of Greater Des Moines

Consolidated Financial Statements
December 31, 2018

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Contents

Independent Auditor's Report

To the Board of Directors
Community Foundation of Greater Des Moines

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Community Foundation of Greater Des Moines, which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated 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, 2018 and 2017, 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.

Emphasis of Matter

Community Foundation of Greater Des Moines adopted Accounting Standard Update (ASU) No. 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*, during the year ended December 31, 2018 with retrospective application, see Note 1. The adoption of the standard resulted in additional footnote disclosures and changes to classification of net assets. Our opinion is not modified with respect to this matter.

RSM US LLP

Des Moines, Iowa
September 27, 2019

Community Foundation of Greater Des Moines

Consolidated Statements of Financial Position
December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	$ 8,294,037	$ 11,788,967
Investments:		
Money market funds	29,244,941	34,883,679
Debt securities	70,284,680	64,017,360
Equity securities	236,270,478	232,335,915
Promissory notes	8,344,390	8,802,301
Other investments	103,991,421	111,887,766
Total investments	448,135,910	451,927,021
Pledges receivable, net	504,472	900,161
Prepaid and other assets	6,191,537	6,716,460
Property and equipment:		
Land	300,000	300,000
Building	569,150	569,150
Furniture and fixtures	288,869	193,061
	1,158,019	1,062,211
Less accumulated depreciation	350,126	365,330
	807,893	696,881
Total assets	$ 463,933,849	$ 472,029,490
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 232,003	$ 182,281
Grants payable	155,300	514,600
Annuity payable	342,940	374,691
Agency funds	147,873,245	153,218,595
Total liabilities	148,603,488	154,290,167
Net assets:		
Net assets without donor restrictions	315,108,339	317,178,329
Net assets with donor restrictions	222,022	560,994
Total net assets	315,330,361	317,739,323
Total liabilities and net assets	$ 463,933,849	$ 472,029,490

See notes to consolidated financial statements.

Community Foundation of Greater Des Moines

Consolidated Statement of Activities
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	$ 54,007,061	$ 105,833	$ 54,112,894
Investment income	7,119,400	-	7,119,400
Net realized gain on investments	5,727,648	-	5,727,648
Net unrealized loss on investments	(31,449,322)	-	(31,449,322)
Miscellaneous income	1,005,374	-	1,005,374
Net assets released from restriction	444,805	(444,805)	-
Total support and revenue	36,854,966	(338,972)	36,515,994
Expenses:			
Grants and program expenses	38,605,442	-	38,605,442
Management and general	297,980	-	297,980
Fundraising	21,534	-	21,534
Total expenses	38,924,956	-	38,924,956
(Decrease) in net assets	(2,069,990)	(338,972)	(2,408,962)
Net assets at beginning of year	317,178,329	560,994	317,739,323
Net assets at end of year	$ 315,108,339	$ 222,022	$ 315,330,361

See notes to consolidated financial statements.

Community Foundation of Greater Des Moines

Consolidated Statement of Activities
Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	$ 64,858,567	$ 22,833	$ 64,881,400
Investment income	5,905,498	-	5,905,498
Net realized gain on investments	6,682,783	-	6,682,783
Net unrealized gain on investments	23,503,055	-	23,503,055
Special event revenue	10,057,471	-	10,057,471
Miscellaneous income	898,732	-	898,732
Net assets released from restriction	242,362	(242,362)	-
Total support and revenue	112,148,468	(219,529)	111,928,939
Expenses:			
Grants and program expenses	32,292,106	-	32,292,106
Special event grants	3,558,988	-	3,558,988
Special event expense	6,502,474	-	6,502,474
Management and general	356,744	-	356,744
Fundraising	17,679	-	17,679
Total expenses	42,727,991	-	42,727,991
Increase (decrease) in net assets before deconsolidation of subsidiary	69,420,477	(219,529)	69,200,948
Loss on deconsolidation of subsidiary	541,751	-	541,751
Increase (decrease) in net assets	68,878,726	(219,529)	68,659,197
Net assets at beginning of year	248,299,603	780,523	249,080,126
Net assets at end of year	$ 317,178,329	$ 560,994	$ 317,739,323

See notes to consolidated financial statements.

Community Foundation of Greater Des Moines

Consolidated Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	**$ (2,408,962)**	$ 68,659,197
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Donated investments	**(21,897,294)**	(42,242,032)
Donated property	**(2,825,000)**	(2,165,000)
Net unrealized and realized (gain) loss on investments	**24,746,151**	(31,025,724)
Net realized gain on sale less impairment of property held for sale	**572,132**	-
Loss on deconsolidation of subsidiary	**-**	541,751
Depreciation	**35,933**	22,465
Changes in assets and liabilities, net of effects of deconsolidation:		
Pledges receivable	**395,689**	517,029
Prepaid and other assets	**462,943**	(832,721)
Accounts payable, accrued expenses and grants payable	**(309,578)**	(315,204)
Annuity payable	**(31,751)**	(16,061)
Agency funds	**(5,345,350)**	20,980,791
Unearned revenue	**-**	255,791
Net cash (used in) provided by operating activities	**(6,605,087)**	14,380,282
Cash flows from investing activities:		
Purchases of investments	**(118,985,825)**	(92,934,944)
Proceeds from sale and maturity of investments	**119,928,079**	84,313,080
Proceeds from sale of property held for sale	**2,314,848**	-
Purchases of property and equipment	**(146,945)**	(55,223)
Cash transferred upon deconsolidation	**-**	(2,662,639)
Net cash provided by (used in) investing activities	**3,110,157**	(11,339,726)
Net increase (decrease) in cash and cash equivalents	**(3,494,930)**	3,040,556
Cash and cash equivalents:		
Beginning	**11,788,967**	8,748,411
Ending	**$ 8,294,037**	$ 11,788,967
Supplemental disclosures of cash flow information:		
Cash paid for income taxes, net	**$ 79,256**	$ 110,624
Balances deconsolidated upon change in control of subsidiary:		
Cash	**$ -**	$ (2,662,639)
Prepaid and other assets	**-**	(161,239)
Property and equipment	**-**	(47,936)
Unearned revenue	**-**	2,330,063
Loss on deconsolidation	**$ -**	$ (541,751)

See 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 and organizations 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. Revenues and expenses of the Classic are identified as special event in the accompanying financial statements.

On August 1, 2017, the Foundation transferred all of its ownership in the Classic to Golf Charitable Foundation of Greater Des Moines, a newly formed nonprofit corporation. The transfer occurred subsequent to the charity event, therefore the golf event activities are included in the statement of activities during the year ended December 31, 2017. Upon the transfer, the Classic was no longer a supporting business entity and was deconsolidated from the Foundation's financial statements. The Foundation will retain representation on the Board of Directors of the newly formed nonprofit but does not have an economic interest in the nonprofit, therefore consolidation is not required.

Special event expense included the following during the years ended December 31, 2018 and 2017:

	2018	2017
Principal Charity Classic:		
Program	$ -	$ 4,058,390
Management and general	-	1,115,197
Cost of direct benefit to donors	-	775,960
Fundraising	-	552,927
Total special event expense	$ -	$ 6,502,474

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

In 2017, the Foundation established and funded a wholly owned subsidiary, GDMCF Investments, L.L.C. (Investments) to accommodate gifts of illiquid investments. Investments 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, Properties, Keep Iowa Growing and Investments. All material intercompany balances and transactions are eliminated in consolidation. The Classic was deconsolidated in 2017, with all activity up to the effective date reflected in the statement of activities for the year ended December 31, 2017.

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 of not-for-profit organizations. Under these standards, the Foundation is required to report information regarding its consolidated financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Unconditional contributions received or pledged are reported as net assets without donor restrictions or net assets with donor restrictions, 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 net assets without donor restriction. 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 net assets without donor restrictions. 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 revenues in net assets without donor restrictions. 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 net assets without donor restrictions, unless their use is restricted by donor stipulation or by law. Expenses are reported as decreases in net assets without donor restrictions.

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 net assets with donor restrictions 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. All pledges are expected to be collected.

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

Unconditional promises to give as of December 31, 2018 and 2017, are summarized as follows:

	2018	2017
Unconditional promises expected to be collected in:		
Less than one year	$ 282,450	$ 339,167
One to five years	229,083	583,833
	511,533	923,000
Less unamortized discount (interest rates 0.78% to 2.46%) on pledges receivable	7,061	22,839
Net pledges receivable	$ 504,472	$ 900,161

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 rates between 3.08% and 7% and are due between December 2024 and December 2029. Approximately $114,000 will be received quarterly with the remaining interest and principal being paid upon the maturity date.

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.

Investments in other entities consist of investments in entities in which notes receivable represent a majority of the underlying assets of the entities. The investments are carried at cost which approximates fair value.

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-three to 10 years).

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

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 $5,609,821 and $14,847,586 and contributions to agency funds in the amount of $12,239,621 and $14,370,675 are not included in the reported grants and contributions of the Foundation for the year ended December 31, 2018 and 2017, respectively.

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 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 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.

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.

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

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, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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. The changes incorporated into the financial statements include qualitative and quantitative requirements in the following areas: net asset classes, presentation of net investment return, additional disclosure related to expenses (see Note 5) and liquidity and availability of resources (see Note 6). Following the adoption of the ASU all net assets previously classified as temporarily restricted net assets are now included in net assets with donor restriction. In addition for the year ended December 31, 2017, the Foundation reclassified investment fees of $839,886 from grants and program expenses to present net of realized gain on investments in accordance with the new standard.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 supersedes the revenue recognition requirements in Revenue Recognition (Topic 605), and requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. ASU 2014-09 is effective for fiscal years beginning after December 31, 2018. Management evaluated the effect that adopting this new accounting guidance will have on the financial statements, and does not anticipate a significant impact on the financial statements.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. This guidance changes how entities account for equity investments that do not result in consolidation and are not accounted for under the equity method of accounting. Entities will be required to measure these investments at fair value at the end of each reporting period and recognize changes in fair value in net income. A practicability exception will be available for equity investments that do not have readily determinable fair values, however; the exception requires the Foundation to adjust the carrying amount for impairment and observable price changes in orderly transactions for the identical or a similar investment of the same issuer. This guidance also changes certain disclosure requirements and other aspects of current U.S. GAAP. ASU 2016-01 is effective for annual periods beginning after December 15, 2018, with early adoption permitted. The Foundation is currently evaluating the impact the adoption of this guidance will have on the consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, that clarifies and improves the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations. The updated standard will be effective for annual periods beginning after December 15, 2018. The Foundation is currently evaluating the potential impact that the adoption will have on the consolidated financial statements.

Reclassification: Certain items on the consolidated statement of activities for the year ended December 31, 2017, have been reclassified to be consistent with the classifications adopted for the year ended December 31, 2018, with no effect on the change in net assets.

Subsequent events: Subsequent events have been evaluated through September 27, 2019, the date the financial statements were available for issuance.

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, 2018 and 2017, for assets measured at fair value on a recurring basis:

	2018			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Money market funds	$ 29,244,941	$ -	$ -	$ 29,244,941
Debt and equity securities:				
U.S. equity	161,536,232	2,091,046	-	163,627,278
International equity	45,959,062	-	3,710,303	49,669,365
Fixed income	63,985,733	6,298,947	-	70,284,680
Natural resources	22,973,835	-	-	22,973,835
	$ 323,699,803	$ 8,389,993	$ 3,710,303	335,800,099
Other investments:				
Alternative investments, at net asset value				97,001,675
Promissory notes, at unpaid principal				8,344,390
Investment in other entities, at cost				6,989,746
				112,335,811
Total investments				$ 448,135,910

	2017			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Money market funds	$ 34,883,679	$ -	$ -	$ 34,883,679
Debt and equity securities:				
U.S. equity	132,093,318	5,004,460	-	137,097,778
International equity	69,174,259	-	-	69,174,259
Fixed income	60,212,763	3,804,597	-	64,017,360
Natural resources	26,063,878	-	-	26,063,878
	$ 322,427,897	$ 8,809,057	$ -	331,236,954
Other investments:				
Alternative investments, at net asset value				104,823,195
Promissory notes, at unpaid principal				8,802,301
Investment in other entities, at cost				7,064,571
				120,690,067
Total investments				$ 451,927,021

Note 2. Investments (Continued)

The Foundation has one international equity that is valued based on significant unobservable inputs. The investment was gifted to the Foundation during the year ended December 31, 2018 with no changes in fair value during the year due to the proximity of the donation to year end. The value is determined based on the estimated cash flow to be received at the liquidation of the investment.

Alternative 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.

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

Description	Fair Value	Unfunded Commitments	Redemption Frequency (if available)	Redemption Notice Period
2018				
Real estate funds (A)	$ 681,323	$ 75,000	See (A) below	See (A) below
International equity (B)	42,796,537	403,057	See (B) below	See (B) below
Fund of funds (C)	34,683,611	13,327,929	See (C) below	See (C) below
Fixed income funds (D)	18,392,884	-	See (D) below	See (D) below
Other (E)	447,320	451,582	See (E) below	See (E) below
	$ 97,001,675	$ 14,257,568		
2017				
Real estate funds (A)	$ 1,218,905	$ 75,000	See (A) below	See (A) below
International equity (B)	51,272,490	403,057	See (B) below	See (B) below
Fund of funds (C)	33,872,080	8,154,440	See (C) below	See (C) below
Fixed income funds (D)	18,030,239	-	See (D) below	See (D) below
Other (E)	429,481	432,905	See (E) below	See (E) below
	$ 104,823,195	$ 9,065,402		

(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. Redemptions for the portfolio are generally not allowed and are subject to approval of the fund administrator.

Note 2. Investments (Continued)

(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 fund of approximately $9,200,000 invested in small cap stocks of foreign entities (2017, $18,800,000). Investments in foreign entities will incur exposure to risks from economic instability, unfavorable political developments and currency fluctuations. The portfolio allows monthly redemptions with prior notice required ranging from six to 30 days.

(C) Includes globally diversified feeder funds and funds of funds totaling approximately $16,100,000 invested in illiquid investments of closed-end funds (2017, $16,400,000) 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 $12,200,000 allows quarterly redemptions with a 100-day notice (2017, $11,400,000) and $16,100,000 allows annual redemptions with a 100-day notice (2017, $15,800,000). Redemptions are not allowed on $6,400,000 (2017, $5,500,000). The remaining funds have suspended redemptions.

(D) These represent funds invested in primarily fixed income funds. Approximately $11,700,000 requires general partner approval to withdraw amounts if it would reduce the Foundation’s balance under $1,000,000 (2017, $10,100,000). There are no redemption restrictions on the remainder of the fixed income funds.

(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. There was no notes payable at December 31, 2018 or 2017.

The Foundation has an unsecured $4,000,000 line of credit with a bank that matures on November 5, 2019. There was no outstanding balance on this line of credit at both December 31, 2018 and 2017.

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% of the prior year ending fair market value of the Program funds. At December 31, 2018 and 2017, net assets without donor restrictions and agency fund liabilities includes a total of $160,177,324 and $166,463,569, respectively, related to the Program.

Note 5. Natural and Functional Expenses

The following reflects the classification of the Foundation's expenses, by both the underlying nature of the expense and function. An individual expense is allocated to the underlying activity through which it was incurred. Certain expenses are allocated on a reasonable basis which has been consistently applied based on actual usage or project purposes.

	2018			
		Supporting Services		
	Grants and Program	Management and General	Fundraising	Total
Grants	$ 33,430,947	$ -	$ -	$ 33,430,947
Administration and office operations	334,692	33,729	-	368,421
Marketing and outreach	173,538	3,976	8,443	185,957
Occupancy	113,156	42,086	-	155,242
Personnel	2,190,693	204,170	13,091	2,407,954
Professional services	309,908	14,019	-	323,927
Program support services	2,052,508	-	-	2,052,508
	$ 38,605,442	$ 297,980	$ 21,534	$ 38,924,956

	2017			
		Supporting Services		
	Grants and Program	Management and General	Fundraising	Total
Grants	$ 26,897,534	$ -	$ -	$ 26,897,534
Administration and office operations	269,429	38,210	-	307,639
Marketing and outreach	197,533	5,272	5,314	208,119
Occupancy	94,315	9,461	-	103,776
Personnel	1,885,902	226,072	12,365	2,124,339
Professional services	269,022	77,729	-	346,751
Program support services	2,678,371	-	-	2,678,371
	$ 32,292,106	$ 356,744	$ 17,679	$ 32,666,529

Note 6. Liquidity

The Community Foundation of Greater Des Moines maintains operating reserves and liquidity to assure stakeholders, donors, employees and the community of the Board's diligent focus on its fiduciary responsibility. The Community Foundation regularly monitors liquidity required to meet its annual operating needs while striving to maximize the return on investment. Use of the reserves and endowment assets will be strategic in nature so that their expenditure furthers the Community Foundation's ability to achieve its mission. As of December 31, 2018, the following financial assets are available to meet operating needs:

Cash and cash equivalents	$ 1,799,372
Receivables, net	63,414
Fiscal 2018 investment payout	523,071
	$ 2,385,857