Living History Farms Foundation
Urbandale, Iowa

FINANCIAL REPORT

December 31, 2019 and 2018

C O N T E N T S

DENMAN
& COMPANY, LLP

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Living History Farms Foundation
Urbandale, Iowa

We have audited the accompanying financial statements of Living History Farms Foundation (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years 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.

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 audits 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 Foundation'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 Foundation'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 Living History Farms Foundation as of December 31, 2019 and 2018, 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.

Denman & Company, LLP

DENMAN & COMPANY, LLP

West Des Moines, Iowa
March 31, 2020

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Living History Farms Foundation
STATEMENTS OF FINANCIAL POSITION

ASSETS	December 31 2019	2018
CURRENT ASSETS		
Cash	$ 3,357	$ 145,672
Accounts receivable	10,148	3,017
Contributions receivable, current portion	109,302	87,629
Inventories	32,387	41,472
Prepaid expenses	9,680	8,810
Total current assets	164,874	286,600
NONCURRENT ASSETS		
Contributions receivable, net of current portion and discount	–	969
Investments	10,778,118	9,581,601
Property and equipment, net of accumulated depreciation	5,204,927	5,242,622
Total noncurrent assets	15,983,045	14,825,192
COLLECTIONS (Note 1)	–	–
Totals	$16,147,919	$15,111,792
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Outstanding checks in excess of cash balances	$ 26,397	$ –
Current maturities of long-term debt	37,000	37,000
Accounts payable and accrued expenses	119,256	106,480
Deferred revenue	92,082	109,418
Total current liabilities	274,735	252,898
LONG-TERM DEBT, less current maturities	315,000	352,000
NET ASSETS		
Net assets without donor restrictions	13,213,922	12,520,362
Net assets with donor restrictions		
Time and purpose restrictions	816,715	526,635
Held in perpetuity	1,527,547	1,459,897
Total net assets with donor restrictions	2,344,262	1,986,532
Total net assets	15,558,184	14,506,894
Totals	$16,147,919	$15,111,792

See Notes to Financial Statements.

Living History Farms Foundation
STATEMENTS OF ACTIVITIES

	Year ended December 31, 2019			Year ended December 31, 2018		
	Without donor restrictions	**With donor restrictions**	**Total**	**Without donor restrictions**	**With donor restrictions**	**Total**
REVENUE						
Contributed revenues						
Endowment contributions	$ –	$ 67,650	$ 67,650	$ –	$ 134,780	$ 134,780
Annual community support						
Individuals, corporations and governments, including Bravo allocations	388,973	297,464	686,437	401,661	418,747	820,408
In-kind contributions	234,459	–	234,459	227,140	–	227,140
Net assets released from restriction	283,360	(283,360)	–	259,433	(259,433)	–
	906,792	81,754	988,546	888,234	294,094	1,182,328
Program service revenue						
Admissions and memberships	639,539	–	639,539	624,066	–	624,066
Educational programs	248,332	–	248,332	241,314	–	241,314
Retail and rental	347,103	–	347,103	323,311	–	323,311
Historic food-ways	127,547	–	127,547	127,595	–	127,595
Special events	52,382	–	52,382	56,927	–	56,927
Other	1,257	–	1,257	4,635	–	4,635
	1,416,160	–	1,416,160	1,377,848	–	1,377,848
Investment return	1,350,200	275,976	1,626,176	(433,667)	(105,828)	(539,495)
Total revenues	3,673,152	357,730	4,030,882	1,832,415	188,266	2,020,681
OPERATING EXPENSES						
Program services	1,712,831	–	1,712,831	1,657,239	–	1,657,239
Supporting services						
Management and general	417,999	–	417,999	405,926	–	405,926
Development	297,013	–	297,013	251,565	–	251,565
Marketing	273,451	–	273,451	288,906	–	288,906
Total supporting services	988,463	–	988,463	946,397	–	946,397
Total operating expenses	2,701,294	–	2,701,294	2,603,636	–	2,603,636
Change in net assets before other expenses	971,858	357,730	1,329,588	(771,221)	188,266	(582,955)
OTHER EXPENSES						
Interest	(16,446)	–	(16,446)	(17,212)	–	(17,212)
Depreciation	(261,852)	–	(261,852)	(264,113)	–	(264,113)
Total other expenses	(278,298)	–	(278,298)	(281,325)	–	(281,325)
CHANGE IN NET ASSETS	693,560	357,730	1,051,290	(1,052,546)	188,266	(864,280)
NET ASSETS, beginning	12,520,362	1,986,532	14,506,894	13,572,908	1,798,266	15,371,174
NET ASSETS, ending	$13,213,922	$2,344,262	$15,558,184	$12,520,362	$1,986,532	$14,506,894

See Notes to Financial Statements.

Living History Farms Foundation
STATEMENTS OF FUNCTIONAL EXPENSES

	Year ended December 31, 2019					
		Supporting services				
	Program services	Management and general	Development	Marketing	Total	Total expenses
Salaries	$ 952,487	$ 252,166	$ 180,056	$ 110,126	$ 542,348	$1,494,835
Payroll taxes	72,952	18,128	13,625	8,538	40,291	113,243
Employee benefits	58,479	6,708	15,784	2,725	25,217	83,696
	1,083,918	277,002	209,465	121,389	607,856	1,691,774
Advertising and promotion	–	–	–	127,631	127,631	127,631
Bank processing fees	27,715	3,651	2,364	1,946	7,961	35,676
Cost of retail goods sold	67,192	–	–	–	–	67,192
Dues and subscriptions	3,574	3,191	371	–	3,562	7,136
Information technology	6,266	32,076	7,330	6,310	45,716	51,982
Insurance	89,322	22,827	17,261	10,004	50,092	139,414
Maintenance	222,349	–	–	–	–	222,349
Other	–	4,919	–	–	4,919	4,919
Postage and printing	2,430	11,581	2,341	5,961	19,883	22,313
Professional fees	–	57,353	25,616	–	82,969	82,969
Program supplies	131,712	–	32,131	–	32,131	163,843
Travel	1,257	1,504	134	210	1,848	3,105
Utilities	77,096	3,895	–	–	3,895	80,991
	$1,712,831	$ 417,999	$ 297,013	$ 273,451	$ 988,463	$2,701,294

See Notes to Financial Statements.

Year ended December 31, 2018					
	Supporting services				
Program services	Management and general	Development	Marketing	Total	Total expenses
$ 910,697	$ 245,946	$ 156,548	$ 121,167	$ 523,661	$1,434,358
70,775	16,834	12,041	9,245	38,120	108,895
64,304	9,904	15,172	8,889	33,965	98,269
1,045,776	272,684	183,761	139,301	595,746	1,641,522
1,095	–	–	122,352	122,352	123,447
23,543	2,979	1,994	1,589	6,562	30,105
68,485	–	–	–	–	68,485
2,338	5,773	252	–	6,025	8,363
9,685	24,219	7,359	10,527	42,105	51,790
88,025	22,952	15,468	11,725	50,145	138,170
249,476	–	–	–	–	249,476
–	4,787	–	–	4,787	4,787
3,320	10,091	2,951	3,084	16,126	19,446
–	47,043	–	–	47,043	47,043
101,673	–	39,409	–	39,409	141,082
924	2,880	371	328	3,579	4,503
62,899	12,518	–	–	12,518	75,417
$1,657,239	$ 405,926	$ 251,565	$ 288,906	$ 946,397	$2,603,636

See Notes to Financial Statements.

Living History Farms Foundation
STATEMENTS OF CASH FLOWS

	Year ended December 31	
	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$1,051,290	$ (864,280)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	261,852	264,113
Contributions restricted for investment in property, equipment and program expenses	(365,114)	(553,527)
Change in unrealized and realized (gains) losses on investments	(1,315,768)	772,547
Donated property and equipment	(10,800)	–
Reinvested dividends	(340,824)	(263,905)
Change in assets and liabilities		
Accounts and contributions receivable	(64,336)	(30,902)
Inventories	9,085	(3,772)
Prepaid expenses	(870)	(203)
Outstanding checks in excess of cash balances	26,397	–
Accounts payable, accrued expenses and deferred revenue, net of property and equipment	(4,560)	18,147
Net cash flows from operating activities	(753,648)	(661,782)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(213,357)	(78,999)
Proceeds from sales of investments	522,106	431,914
Purchase of investments	(62,031)	(127,818)
Net cash flows from investing activities	246,718	225,097
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (payments) on line of credit	–	(25,000)
Proceeds from contributions restricted for investment in property, equipment and endowment	401,615	569,702
Principal payments on notes payable	(37,000)	(37,000)
Net cash flows from financing activities	364,615	507,702
NET CHANGE IN CASH	(142,315)	71,017
CASH		
Beginning	145,672	74,655
Ending	$ 3,357	$ 145,672
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for interest	$ 16,446	$ 17,212

See Notes to Financial Statements.

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Living History Farms Foundation (the Foundation) is a nonprofit corporation organized under the laws of the state of Iowa for the purpose of establishing farms of the past and future to be used for education, historical and scientific purposes in central Iowa.

Basis of Presentation

As required by the Not-for-Profit Entities Topic of the *FASB Accounting Standards Codification*, the Foundation reports information regarding its financial position and activities according to two classes of net assets:

> *Net assets without donor restrictions* are those assets that have no donor-imposed stipulations. The Foundation's governing board may earmark portions of its net assets without donor restrictions as board-designated for various purposes.
>
> *Net assets with donor restrictions* represent contributions or other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations. As donor-imposed stipulations expire, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Use of Estimates

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

Cash

Cash consists of deposits held in checking and savings accounts. Money market funds held in brokerage accounts are classified as investments.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market. Inventory consists of gift shop items.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the statements of activities. Realized gains and investment income limited by restrictions are reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as when recognized.

Pooled Investments

Pooled investments consist of assets held at the Community Foundation of Greater Des Moines (Community Foundation) under designated agency agreements and are carried at fair value, with gains and losses resulting from market fluctuations recognized in the period in which the fluctuations occur. The Foundation holds a share of the pooled funds and not direct ownership of the underlying investments. The funds are subject to policies and governing documents of the Community Foundation, including control over investment and asset management. Investment income is reported as an increase or decrease in net assets without donor restrictions, unless the use of the assets is restricted by the donor and the restrictions have not been met in the reporting period in which the income was recognized.

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

Property and Equipment

Expenditures for the acquisition of property and equipment are capitalized at cost using a capitalization threshold of $3,500. Donated equipment is capitalized at fair value at the date of the gift. Assets are being depreciated primarily by the straight-line method over their estimated useful lives ranging from 3 to 39 years.

Collections

Collections consist primarily of 17th, 18th, and 19th century rural Midwest agricultural artifacts and buildings, acquired through purchase and contributions since the Foundation's inception. Through the leadership of its Board of Directors and staff, the Foundation strives to preserve, protect, and maintain the collection in perpetuity.

Purchases of collection items are recorded as decreases in net assets in the year in which the items are acquired. Proceeds from deaccession are used exclusively to acquire other items for the collection and are reflected as increases in the appropriate net asset class.

Recreations and renovations of historical property are capitalized and depreciated over the estimated useful lives of the assets.

Deferred Revenues

Deferred revenues consist primarily of deposits on facility rental agreements and gift cards sold but not yet redeemed.

Revenue Recognition

Membership dues are based upon annualized rates and are billed at the beginning of each membership term. Revenue is recognized in equal monthly amounts over the membership term. Membership terms coincide with the Foundation's fiscal year. Performance obligations are satisfied equally over the membership term. Amounts collected in advance of the membership period are recorded as deferred revenues until the period of performance.

Admissions and rental revenue is recorded as of the date of admission or the event. Performance obligations are satisfied at a point-in-time when admission or the event occur. Amounts collected in advance are recorded as deferred revenues until the period of performance.

Revenues from educational programs are recorded as of the date the programs are performed. Performance obligations are satisfied for these revenue streams at a point in time. Payment is generally due upon the date of service. Payments in advance of the service date are recorded as deferred revenue until the period of performance.

Revenue is based on the billed amounts less allowances for uncollectible amounts. Accounts receivable are carried at the amount the Foundation expects to collect on balances outstanding at year end. An allowance for doubtful accounts is recorded when accounts are determined to be uncollectible. As of December 31, 2019 and 2018, the Foundation considers all balances collectible, therefore, an allowance for doubtful accounts has not been recorded.

The Foundation's revenues do not include significant financing components as performance obligations are satisfied within a year of receipt or payment. In addition, the Foundation's revenues do not include a significant amount of variable consideration.

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

Contributions

Contributions and grants received are recorded as without donor restrictions, or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions and grants are reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions are recognized as revenue when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Conditional promises to give are not recognized as revenue until the donor's conditions are substantially met. An allowance for doubtful accounts is provided based upon management's judgment, including such factors as prior collection history and nature of the contribution. The Foundation considers all contributions receivable fully collectible and, therefore, an allowance for uncollectible contributions has not been recorded.

Unconditional contributions that are expected to be collected within one year are recorded at their net realizable value. Unconditional contributions that are expected to be collected in future years are recorded at fair value using present value techniques. Amortization of the discount is included in contribution revenue.

Donated Services, Materials, and Equipment

Donated materials and equipment are recorded in the financial statements at their estimated fair values at the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated assets are placed in service as instructed by the donor. Donated support for the years ended December 31, 2019 and 2018 totaled $234,459 and $227,140, respectively.

Many individuals volunteer time and perform a variety of tasks that assist the Foundation, but these services do not meet the criteria for recognition as donated services.

Credit Risk

The Foundation at various times throughout the year has amounts on deposit with financial institutions in excess of FDIC limits.

Functional Expenses

The statement of functional expenses reports certain categories which are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. A majority of expenses are recorded to the applicable program or supporting function through the direct identification method. Insurance expenses are allocated based on the proportionate share of salaries and benefits.

Gift Cards

The Foundation sells gift cards to the community for use at their facilities. The Foundation does not charge administrative fees on unused gift cards and the gift cards do not have an expiration date. Revenue is recognized from gift cards when a) the gift card is redeemed by the user or b) the likelihood of the gift card being redeemed by the user is remote (gift card breakage) and the Foundation has determined there is no legal obligation to remit the value of the unredeemed gift cards to the relevant jurisdictions.

Living History Farms Foundation
NOTES TO FINANCIAL STATEMENTS

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

Gift Cards (continued)

The Foundation has determined its gift card breakage rate based upon historical redemption patterns. Gift card breakage income is included in revenue in the statement of activities. Gift card breakage income was approximately $14,000 in 2019 and $0 in 2018.

Change in Accounting Principles

The Financial Accounting Standard Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers,* in the Accounting Standards Codification (ASC). 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 Foundation adopted the requirements of the new guidance as of January 1, 2019, utilizing the full retrospective method of transition. Adoption of the new guidance resulted in changes to the Foundation's accounting policies for revenue and cost recognition, as previously described, however there were no changes to the amounts reported within the 2018 financial statements.

NOTE 2 CONTRIBUTIONS RECEIVABLE

A summary of the activity in contributions receivable (discounted at 3.25%) for the periods ended December 31, 2019 and December 31, 2018, is as follows:

	December 31	
	2019	2018
Contributions receivable, beginning of period	$ 88,598	$ 69,235
New contributions	122,956	80,147
Payments received	(102,283)	(60,989)
Change in discount of future payments receivable	31	205
Contributions receivable, end of period	$ 109,302	$ 88,598

All outstanding contributions receivable at December 31, 2019 are expected to be collected in the upcoming fiscal year.

NOTE 3 INVESTMENTS AND INVESTMENT RETURN

Investments held at December 31, 2019 and 2018 are as follows:

	2019			2018		
	Fair value	Cost	Unrealized gain	Fair value	Cost	Unrealized gain (loss)
Money market funds	$ 124,991	$ 124,991	$ –	$ 148,190	$ 148,190	$ –
Pooled investments	251,356	229,048	22,308	235,160	231,995	3,165
Mutual funds	6,785,406	6,649,556	135,850	6,198,819	6,499,508	(300,689)
Exchange traded funds	3,616,365	3,130,885	485,480	2,999,432	2,963,465	35,967
Totals	$10,778,118	$10,134,480	$ 643,638	$9,581,601	$9,843,158	$ (261,557)

NOTE 3 INVESTMENTS AND INVESTMENT RETURN (continued)

Investment return for the years ended December 31, 2019 and 2018 is summarized as follows:

	Year ended December 31	
	2019	**2018**
Change in unrealized gains (losses) on investments	$ 923,630	$(1,076,853)
Realized gains	392,138	304,306
Interest and dividend income	340,824	263,905
Investment fees	(30,416)	(30,853)
Totals	$1,626,176	$ (539,495)

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Foundation follows the Fair Value Measurements and Disclosures Topic of the *FASB Accounting Standards Codification,* which establishes a framework for measuring fair value and expands disclosures about fair value measurement. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities, Level 1, and the lowest priority to unobservable inputs, Level 3. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are generally available indirect information, such as quoted prices for identical or similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active. Level 3 inputs are the most subjective, are generally based on the management's own assumptions on how knowledgeable parties would price assets or liabilities, and are developed using the best information available in the circumstances. The Foundation had no Level 2 or 3 investments at December 31, 2019 and 2018.

Following is a description of the valuation methodologies used for the Foundation's investments measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018:

Mutual funds and exchange-traded funds – These securities are valued at the daily closing price as reported by the fund. These funds are deemed to be actively traded.

Money market funds – Money market funds are valued at their cost basis plus accrued interest.

Pooled investments – Pooled investments consist of assets held by the Community Foundation of Greater Des Moines. The Foundation holds a share of the pooled funds and not direct ownership of the underlying investments. Although the pooled funds include investments in equity, fixed income, real assets, and other marketable securities, the pool itself is not a publicly traded instrument. Management estimates the fair value of its pooled investments at the statement of financial position date based on its relative ownership investment in the pool. All funds held at the Community Foundation of Greater Des Moines are measured at fair value using the net asset value per share, or its equivalent, practical expedient. At December 31, 2019 and 2018, the investment allocation of the pooled funds held by the Community Foundation was as follows:

	December 31	
	2019	**2018**
Cash	12%	0%
Fixed income	53	58
Domestic equity	17	16
Absolute return	6	10
International equity	12	16
Total	100%	100%

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The following schedules provide information regarding the fair value hierarchy of the Foundation's investments at December 31, 2019 and 2018.

		Fair Value Measurements Using:		
December 31, 2019	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Money market funds	$ 124,991	$ 124,991	$ –	$ –
Mutual funds				
Alternative	405,061	405,061	–	–
Blend	1,161,608	1,161,608	–	–
Value	1,017,873	1,017,873	–	–
International	898,727	898,727	–	–
Bond	2,639,600	2,639,600	–	–
Growth	662,537	662,537	–	–
Total mutual funds	6,785,406	6,785,406	–	–
Exchange traded funds				
Blend	779,113	779,113	–	–
Value	923,641	923,641	–	–
International	218,477	218,477	–	–
Bond	930,788	930,788	–	–
Growth	764,346	764,346	–	–
Total exchange traded funds	3,616,365	3,616,365	–	–
Total investments in the fair value hierarchy	10,526,762	$10,526,762	$ –	$ –
Investments measured at net asset value (1)	251,356			
Investments, at fair value	$10,778,118			

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

		Fair Value Measurements Using:		
December 31, 2018	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Money market funds	$ 148,190	$ 148,190	$ –	$ –
Mutual funds				
Real estate	375,862	375,862	–	–
Alternative	391,650	391,650	–	–
Blend	953,366	953,366	–	–
Value	293,164	293,164	–	–
Emerging markets	549,486	549,486	–	–
Bond	3,167,192	3,167,192	–	–
Growth	468,099	468,099	–	–
Total mutual funds	6,198,819	6,198,819	–	–
Exchange traded funds				
Blend	729,757	729,757	–	–
Value	1,203,061	1,203,061	–	–
Bond	295,239	295,239	–	–
Growth	771,375	771,375	–	–
Total exchange traded funds	2,999,432	2,999,432	–	–
Total investments in the fair value hierarchy	9,346,441	$9,346,441	$ –	$ –
Investments measured at net asset value (1)	235,160			
Investments, at fair value	$9,581,601			

(1) Certain investments that were measured at net asset value per share, or its equivalent, have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

Investments Measured Using the Net Asset per Share Practical Expedient

	Fair value as of December 31		Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
	2019	**2018**			
Pooled investments	$ 251,356	$ 235,160	None	Daily	None

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	December 31	
	2019	2018
Land	$ 1,825,804	$ 1,825,804
Buildings	7,187,985	7,177,185
Improvements to historical property	1,325,540	1,325,540
Improvements to buildings and equipment	2,508,912	2,434,962
Equipment	490,036	462,864
Construction in progress	150,390	38,155
	13,488,667	13,264,510
Less accumulated depreciation	8,283,740	8,021,888
Property and equipment, net	$ 5,204,927	$ 5,242,622

Construction in progress as of December 31, 2019 consisted primarily of the Foundation's Red Barn renovation project. The project was substantially complete as of December 31, 2019, however, will not be placed in service until the spring of 2020.

NOTE 6 NOTE PAYABLE, BANK

The Foundation has entered into a line of credit with a bank to borrow up to $500,000. Interest is computed based upon the lender's variable prime rate which was 4.75% at December 31, 2019. The line of credit matures on December 5, 2021. The line of credit is unsecured. As of December 31, 2019 the outstanding balance on the line of credit was $-0-.

NOTE 7 LONG-TERM DEBT

The Foundation has entered into a fixed rate term loan agreement with a bank for the construction of a maintenance building. The loan matures on December 5, 2024 and requires annual principal payments of $37,000 through 2024 with a final balloon payment of $167,000 due at maturity. The loan is unsecured. The agreement contains certain covenants. The Foundation was in compliance with those covenants as of December 31, 2019. Interest is charged at a rate of 3.95%. The balance of the loan at December 31, 2019 and 2018 was $352,000 and $389,000, respectively.

Aggregate maturities on the loan are as follows:

2020	$ 37,000
2021	37,000
2022	37,000
2023	37,000
2024	204,000
Total	$ 352,000

NOTE 8 INCOME TAXES

The Foundation is a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and does not pay income tax on exempt-purpose income.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability (or asset) for an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has evaluated their material tax positions and determined there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosures in the financial statements. The Foundation is subject to routine audits by tax authorities; however, there are currently no audits for any tax periods in progress. Management believes the Foundation is no longer subject to income tax examinations for years ended prior to December 31, 2016.

NOTE 9 NET ASSETS

The detail of the Foundation's net asset categories at December 31 is as follows:

	2019	2018
Net assets without donor restrictions		
Board designated endowment	$ 8,689,682	$ 7,820,289
Undesignated	4,524,240	4,700,073
Total net assets without donor restrictions	13,213,922	12,520,362
Net assets with donor restrictions		
Subject to expenditure for specific purpose		
Day Camp scholarships	9,635	9,898
Future events and programs	104,526	54,313
Site improvements and maintenance	277,840	282,615
Endowment income	231,615	90,162
W.T. and Edna M. Dahl Endowment Fund for Tangen & Implement Dealer	193,099	89,647
	816,715	526,635
Held in perpetuity		
Day Camp scholarship endowment	5,000	5,000
Employee support and recognition endowment	20,000	20,000
General endowment	569,298	562,698
Internship program	60,000	–
Site maintenance endowments	213,249	212,199
W.T. and Edna M. Dahl Endowment Fund for Tangen & Implement Dealer	660,000	660,000
	1,527,547	1,459,897
Total net assets with donor restrictions	2,344,262	1,986,532
Total net assets	$15,558,184	$14,506,894

NOTE 9 NET ASSETS (continued)

Net assets during the years ended December 31, 2019 and 2018, were released from donor restrictions by incurring expenses satisfying the restricted purposes.

	Year ended December 31	
	2019	2018
Purpose restrictions accomplished and reclassifications made		
Day Camp scholarships	$ 6,225	$ 6,052
Endowment earnings appropriated for expenditure	313	271
Events and programs	192,440	215,469
Site improvements and maintenance	74,719	27,841
W.T. and Edna M. Dahl Endowment Fund for Tangen & Implement Dealer	9,663	9,800
Totals	$ 283,360	$ 259,433

NOTE 10 LIQUIDITY

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

	December 31	
	2019	2018
Cash	$ 3,357	$ 145,672
Accounts receivable	10,148	3,017
Contributions receivable, current portion	109,302	87,629
	$ 122,807	$ 236,318

The Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation may invest cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments. A cash flow line of credit of up to $500,000 is available to draw upon in the event of an unanticipated liquidity need.

Additionally, the Foundation has an unrestricted, board-designated endowment of approximately $8,700,000. Although the Foundation does not intend to spend from its board-designated endowment other than the amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary. As described in Note 11, the endowment policy has an allowable annual distribution equal to three to five percent of the average market value. Under the endowment policy approximately $540,000 of appropriations from the endowment will be available within the next 12 months.

NOTE 11 ENDOWMENT FUNDS

The Foundation's endowment funds consist of board designated endowment net assets, donor restricted net assets which are available for scholarships and improvements to various sites, and donor restricted net assets to be held in perpetuity which provide that the principal be invested in perpetuity and the income only be used. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 11 ENDOWMENT FUNDS (continued)

The Foundation follows the endowment fund disclosure requirements as required by the Not-For-Profit Entities Topic of *FASB Accounting Standards* Codification as well as the Uniform Prudent Management of Institutional Funds Act (Act) which was adopted as law in the State of Iowa. The Board of Directors of the Foundation has adopted the practice of preserving the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets held in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the funds. The remaining portion of the donor-restricted endowment funds that is not classified as net assets held in perpetuity is classified as term endowments until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence prescribed by the Act. In accordance with the Act, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

In addition to the endowment funds described above, the Foundation's Board of Directors has designated net assets without donor restrictions as endowment funds.

Per the Foundation's statement of investment policy and objectives, the assets of the endowment fund are to be invested with the objective of preserving the purchasing power of the assets while simultaneously providing program support. Accordingly, the investment process seeks to achieve a net return of 7%, annualized, in order to keep the corpus whole with inflation after spending. Endowment assets are invested in a well-diversified asset mix that is intended to result in a tolerable level of asset risk. Allowable annual distributions from the endowment is to be the lesser of:

1) The trailing three year average return, as determined at June 30th or
2) Five percent of the average market value of the aggregate assets of the fund.

The minimum endowment distribution is equal to three percent of the average market value.

NOTE 11 ENDOWMENT FUNDS (continued)

Endowment net asset composition by type of fund as of December 31, 2019 and 2018 is as follows:

	2019			2018		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Board-designated endowment funds	$8,689,682	$ –	$ 8,689,682	$7,820,289	$ –	$7,820,289
Donor-restricted endowment funds						
Original donor-restricted gift amounts required to be held in perpetuity	–	1,527,547	1,527,547	–	1,459,897	1,459,897
Accumulated investments gains	–	424,714	424,714	–	179,809	179,809
Term endowments	–	135,120	135,120	–	121,606	121,606
Total endowment funds	$8,689,682	$2,087,381	$10,777,063	$7,820,289	$1,761,312	$ 9,581,601

The changes in endowment funds for the years ended December 31, 2019 and 2018 are as follows:

	2019			2018		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Balance, beginning of year	$7,820,289	$1,761,312	$ 9,581,601	$8,647,393	$1,746,492	$10,393,885
Contributions	–	67,650	67,650	–	134,780	134,780
Investment return, net	1,350,200	275,976	1,626,176	(433,667)	(105,828)	(539,495)
Appropriated for expenditure	(480,807)	(17,557)	(498,364)	(393,437)	(14,132)	(407,569)
Balance, end of year	$8,689,682	$2,087,381	$10,777,063	$7,820,289	$1,761,312	$ 9,581,601

NOTE 12 EMPLOYEE BENEFIT PLAN

The Foundation has a 401(k) plan for the benefit of eligible employees. The plan allows eligible employees to defer a portion of their annual compensation, pursuant to Section 401(k) of the Internal Revenue Code. Foundation contributions are determined as a percentage of compensation and totaled $8,403 in 2019 and $9,611 in 2018.

NOTE 13 SUBSEQUENT EVENTS

Subsequent to December 31, 2019, there has been a global coronavirus outbreak (COVID-19) that may have a significant impact on Foundation operations during 2020. The impact has caused the cancellation of all events, programs and activities between March 17, 2020 and April 17, 2020. It may further include lower earned revenue and attendance once the Foundation opens in May, 2020 should there continue to be mandated closures and other quarantine restrictions as well a change in public behavior for a period of time. The Foundation has also experienced and expects to continue to experience for a period of time, a decline in the market value of investments due to market reactions due to COVID-19. The extent of the impact will depend on future developments, particularly the speed with which the spread of COVID-19 slows and becomes controllable. Management of the Foundation believes it is well positioned due to the sufficiency of its endowment and the seasonality of hiring decisions.

The Foundation has evaluated subsequent events through March 31, 2020, the date which the financial statements were available to be issued. There were no other subsequent events required to be accrued or disclosed.

DENMAN
& COMPANY, LLP

INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

Board of Directors
Living History Farms Foundation
Urbandale, Iowa

We have audited the financial statements of the Living History Farms Foundation, as of and for the years ended December 31, 2019 and 2018, and our report thereon dated March 31, 2020, which expressed an unmodified opinion on those financial statements, appears on page 3. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Denman & Company, LLP

DENMAN & COMPANY, LLP

West Des Moines, Iowa
March 31, 2020

Living History Farms Foundation
BRAVO ALLOCATIONS

	Year ended December 31	
	2019	2018
Contributions received from Bravo Greater Des Moines	$ 175,000	$ 170,000

Bravo Greater Des Moines works to strengthen arts, culture and heritage organizations across central Iowa using an accountable, regional and collaborative model to provide funding and support. Using funds contributed by local government partners, Bravo invests in arts, culture and heritage organizations that contribute to and enhance the quality of life in Greater Des Moines for residents and visitors. The following local governments provide this critical financial support through 28E agreements with Bravo: Altoona, Ankeny, Bondurant, Carlisle, Clive, Des Moines, Grimes, Indianola, Johnston, Norwalk, Pleasant Hill, Polk City, Polk County, Urbandale, Waukee, Windsor Heights, and West Des Moines. Although the communities of Bondurant, Carlisle and Norwalk collect no hotel/motel taxes, they have also shown their support through financial contributions.

Living History Farms Foundation
SCHEDULES OF PROGRAM SERVICE EXPENSES

	Year ended December 31	
	2019	2018
Interpretation	$ 592,122	$ 609,801
Educational	185,399	176,488
Retail and rental	158,221	156,452
Special events	64,676	58,821
Volunteer program	59,159	55,486
Member services and admissions	117,095	60,574
Historic food-ways	114,190	110,179
Maintenance	421,969	429,438
Totals	$1,712,831	$1,657,239