

**Living History Farms Foundation
Urbandale, Iowa**

FINANCIAL REPORT

December 31, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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 11, 2021

**Living History Farms Foundation
STATEMENTS OF FINANCIAL POSITION**

ASSETS	December 31	
	2020	2019
CURRENT ASSETS		
Cash	\$ 38,633	\$ 3,357
Accounts receivable	14,502	10,148
Contributions receivable	107,784	109,302
Inventories	20,343	32,387
Prepaid expenses	6,474	9,680
Total current assets	187,736	164,874
NONCURRENT ASSETS		
Investments	11,608,441	10,778,118
Property and equipment, net of accumulated depreciation	4,990,654	5,204,927
Total noncurrent assets	16,599,095	15,983,045
COLLECTIONS (Note 1)	—	—
Totals	\$16,786,831	\$16,147,919
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Outstanding checks in excess of cash balances	\$ —	\$ 26,397
Line of credit	110,000	—
Current maturities of long-term debt	37,000	37,000
Accounts payable and accrued expenses	84,213	119,256
Deferred revenue	29,214	92,082
Total current liabilities	260,427	274,735
LONG-TERM DEBT , less current maturities	278,000	315,000
Total liabilities	538,427	589,735
NET ASSETS		
Net assets without donor restrictions	13,929,756	13,213,922
Net assets with donor restrictions		
Time and purpose restrictions	770,769	816,715
Held in perpetuity	1,547,879	1,527,547
Total net assets with donor restrictions	2,318,648	2,344,262
Total net assets	16,248,404	15,558,184
Totals	\$16,786,831	\$16,147,919

See Notes to Financial Statements.

**Living History Farms Foundation
STATEMENTS OF ACTIVITIES**

	Year ended December 31, 2020			Year ended December 31, 2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
	REVENUE					
Contributed revenues						
Endowment contributions	\$ —	\$ 20,332	\$ 20,332	\$ —	\$ 67,650	\$ 67,650
Annual community support						
Individuals, corporations and governments, including Bravo allocations	566,592	139,256	705,848	388,973	297,464	686,437
In-kind contributions	139,693	—	139,693	234,459	—	234,459
Net assets released from restriction	439,784	(439,784)	—	283,360	(283,360)	—
	<u>1,146,069</u>	<u>(280,196)</u>	<u>865,873</u>	<u>906,792</u>	<u>81,754</u>	<u>988,546</u>
Program service revenue						
Admissions and memberships	242,975	—	242,975	639,539	—	639,539
Educational programs	172,458	—	172,458	248,332	—	248,332
Retail and rental	166,312	—	166,312	347,103	—	347,103
Historic food-ways	65,868	—	65,868	127,547	—	127,547
Special events	23,129	—	23,129	52,382	—	52,382
Other	7,780	—	7,780	1,257	—	1,257
	<u>678,522</u>	<u>—</u>	<u>678,522</u>	<u>1,416,160</u>	<u>—</u>	<u>1,416,160</u>
Investment return	1,148,254	254,582	1,402,836	1,350,200	275,976	1,626,176
Total revenues	<u>2,972,845</u>	<u>(25,614)</u>	<u>2,947,231</u>	<u>3,673,152</u>	<u>357,730</u>	<u>4,030,882</u>
OPERATING EXPENSES						
Program services	1,438,187	—	1,438,187	1,712,831	—	1,712,831
Supporting services						
Management and general	392,609	—	392,609	417,999	—	417,999
Development	233,831	—	233,831	297,013	—	297,013
Marketing	214,597	—	214,597	273,451	—	273,451
Total supporting services	<u>841,037</u>	<u>—</u>	<u>841,037</u>	<u>988,463</u>	<u>—</u>	<u>988,463</u>
Total operating expenses	<u>2,279,224</u>	<u>—</u>	<u>2,279,224</u>	<u>2,701,294</u>	<u>—</u>	<u>2,701,294</u>
Change in net assets before other income and expenses	693,621	(25,614)	668,007	971,858	357,730	1,329,588
OTHER INCOME AND EXPENSES						
Gain on disposal of fixed assets	10,990	—	10,990	—	—	—
Gain on forgiveness of debt	284,300	—	284,300	—	—	—
Interest	(13,649)	—	(13,649)	(16,446)	—	(16,446)
Depreciation	(259,428)	—	(259,428)	(261,852)	—	(261,852)
Total other income and expenses	<u>22,213</u>	<u>—</u>	<u>22,213</u>	<u>(278,298)</u>	<u>—</u>	<u>(278,298)</u>
CHANGE IN NET ASSETS	715,834	(25,614)	690,220	693,560	357,730	1,051,290
NET ASSETS, beginning	<u>13,213,922</u>	<u>2,344,262</u>	<u>15,558,184</u>	<u>12,520,362</u>	<u>1,986,532</u>	<u>14,506,894</u>
NET ASSETS, ending	<u>\$13,929,756</u>	<u>\$2,318,648</u>	<u>\$16,248,404</u>	<u>\$13,213,922</u>	<u>\$2,344,262</u>	<u>\$15,558,184</u>

See Notes to Financial Statements.

Living History Farms Foundation
STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2020

	Supporting services				Total	Total expenses
	Program services	Management and general	Development	Marketing		
Salaries	\$ 799,569	\$ 233,222	\$ 131,630	\$ 118,969	\$ 483,821	\$1,283,390
Payroll taxes	62,232	17,181	10,692	9,358	37,231	99,463
Employee benefits	53,068	6,807	11,512	1,852	20,171	73,239
	<u>914,869</u>	<u>257,210</u>	<u>153,834</u>	<u>130,179</u>	<u>541,223</u>	<u>1,456,092</u>
Advertising and promotion	-	-	-	57,829	57,829	57,829
Bank processing fees	17,367	5,203	4,282	935	10,420	27,787
Cost of retail goods sold	23,167	-	-	-	-	23,167
Dues and subscriptions	2,840	6,695	114	-	6,809	9,649
Information technology	5,850	23,461	7,349	11,155	41,965	47,815
Insurance	82,495	23,193	13,871	11,739	48,803	131,298
Maintenance	263,416	-	-	-	-	263,416
Other	-	6,230	4,363	-	10,593	10,593
Postage and printing	1,353	14,527	72	2,702	17,301	18,654
Professional fees	-	43,080	42,000	-	85,080	85,080
Program supplies	69,954	-	7,909	-	7,909	77,863
Travel	585	1,626	37	58	1,721	2,306
Utilities	56,291	11,384	-	-	11,384	67,675
	<u>\$1,438,187</u>	<u>\$ 392,609</u>	<u>\$ 233,831</u>	<u>\$ 214,597</u>	<u>\$ 841,037</u>	<u>\$2,279,224</u>

See Notes to Financial Statements.

Year ended December 31, 2019

Program services	Supporting services				Total expenses
	Management and general	Development	Marketing	Total	
\$ 952,487	\$ 252,166	\$ 180,056	\$ 110,126	\$ 542,348	\$1,494,835
72,952	18,128	13,625	8,538	40,291	113,243
<u>58,479</u>	<u>6,708</u>	<u>15,784</u>	<u>2,725</u>	<u>25,217</u>	<u>83,696</u>
1,083,918	277,002	209,465	121,389	607,856	1,691,774
–	–	–	127,631	127,631	127,631
27,715	3,651	2,364	1,946	7,961	35,676
67,192	–	–	–	–	67,192
3,574	3,191	371	–	3,562	7,136
6,266	32,076	7,330	6,310	45,716	51,982
89,322	22,827	17,261	10,004	50,092	139,414
222,349	–	–	–	–	222,349
–	4,919	–	–	4,919	4,919
2,430	11,581	2,341	5,961	19,883	22,313
–	57,353	25,616	–	82,969	82,969
131,712	–	32,131	–	32,131	163,843
1,257	1,504	134	210	1,848	3,105
<u>77,096</u>	<u>3,895</u>	<u>–</u>	<u>–</u>	<u>3,895</u>	<u>80,991</u>
<u>\$1,712,831</u>	<u>\$ 417,999</u>	<u>\$ 297,013</u>	<u>\$ 273,451</u>	<u>\$ 988,463</u>	<u>\$2,701,294</u>

**Living History Farms Foundation
STATEMENTS OF CASH FLOWS**

	Year ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 690,220	\$1,051,290
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	259,428	261,852
Contributions restricted for investment in property, equipment and endowment	(159,588)	(365,114)
Change in unrealized and realized (gains) on investments	(1,163,727)	(1,315,768)
Donated property and equipment	-	(10,800)
Reinvested dividends	(268,245)	(340,824)
Gain on disposal of fixed assets	(10,990)	-
Gain on forgiveness of debt	(284,300)	-
Change in assets and liabilities		
Accounts and contributions receivable	(21,827)	(64,336)
Inventories	12,044	9,085
Prepaid expenses	3,206	(870)
Outstanding checks in excess of cash balances	(26,397)	26,397
Accounts payable, accrued expenses and deferred revenue, net of property and equipment	(97,911)	(4,560)
Net cash flows from operating activities	<u>(1,068,087)</u>	<u>(753,648)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(74,665)	(213,357)
Proceeds from sales of investments	622,291	522,106
Proceeds from the disposal of fixed assets	40,500	-
Purchase of investments	(20,642)	(62,031)
Net cash flows from investing activities	<u>567,484</u>	<u>246,718</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for investment in property, equipment and endowment	178,579	401,615
Proceeds from Paycheck Protection Program loan	284,300	-
Net proceeds from line of credit	110,000	-
Principal payments on notes payable	(37,000)	(37,000)
Net cash flows from financing activities	<u>535,879</u>	<u>364,615</u>
NET CHANGE IN CASH	35,276	(142,315)
CASH		
Beginning	<u>3,357</u>	<u>145,672</u>
Ending	<u>\$ 38,633</u>	<u>\$ 3,357</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 13,649</u>	<u>\$ 16,446</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH FINANCING ACTIVITIES		
Forgiveness of debt	<u>\$ 284,300</u>	<u>\$ -</u>

See Notes to Financial Statements.

Living History Farms Foundation
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.

**Living History Farms Foundation
NOTES TO FINANCIAL STATEMENTS**

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 paid by the member at the beginning of each membership term. Revenue is recognized in equal monthly amounts over the membership term. 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, 2020 and 2019, 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.

Living History Farms Foundation
NOTES TO FINANCIAL STATEMENTS

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, 2020 and 2019 totaled \$139,693 and \$234,459, 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 \$1,774 in 2020 and \$14,000 in 2019.

Paycheck Protection Program Loan

In April 2020, the Foundation received loan proceeds of \$284,300 under the Paycheck Protection Program (PPP), which was established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). Under the provisions of the CARES Act, the loan is forgivable, as long as the proceeds are used for eligible purposes. The Foundation accounted for the PPP loan pursuant to FASB Accounting Standards Codification (ASC) Topic 470 *Debt*, and recorded the proceeds of the loan as a liability. In November 2020, the Foundation received notification that the loan had been forgiven and, in accordance with ASC Topic 470, recorded as a gain on forgiveness of debt.

NOTE 2 CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of unconditional promises to give expected to be collected in less than one year and totaled \$107,784 and \$109,302 at December 31, 2020 and 2019, respectively.

NOTE 3 INVESTMENTS AND INVESTMENT RETURN

Investments held at December 31, 2020 and 2019 are as follows:

	<u>2020</u>			<u>2019</u>		
	<u>Fair value</u>	<u>Cost</u>	<u>Unrealized gain</u>	<u>Fair value</u>	<u>Cost</u>	<u>Unrealized gain (loss)</u>
Money market funds	\$ 106,725	\$ 106,725	\$ –	\$ 124,991	\$ 124,991	\$ –
Pooled investments	259,120	224,635	34,485	251,356	229,048	22,308
Mutual funds	7,813,700	7,012,182	801,518	6,785,406	6,649,556	135,850
Exchange traded funds	<u>3,428,896</u>	<u>2,702,379</u>	<u>726,517</u>	<u>3,616,365</u>	<u>3,130,885</u>	<u>485,480</u>
Totals	<u>\$11,608,441</u>	<u>\$10,045,921</u>	<u>\$1,562,520</u>	<u>\$10,778,118</u>	<u>\$10,134,480</u>	<u>\$ 643,638</u>

Investment return for the years ended December 31, 2020 and 2019 is summarized as follows:

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Change in unrealized gains on investments	\$ 917,778	\$ 923,630
Realized gains	245,949	392,138
Interest and dividend income	268,245	340,824
Investment fees	<u>(29,136)</u>	<u>(30,416)</u>
Totals	<u>\$1,402,836</u>	<u>\$1,626,176</u>

**Living History Farms Foundation
NOTES TO FINANCIAL STATEMENTS**

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, 2020 and 2019.

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, 2020 and 2019:

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, 2020 and 2019, the investment allocation of the pooled funds held by the Community Foundation was as follows:

	December 31	
	2020	2019
Cash	35%	12%
Fixed income	36	53
Domestic equity	14	17
Absolute return	5	6
International equity	<u>10</u>	<u>12</u>
Total	<u>100%</u>	<u>100%</u>

**Living History Farms Foundation
NOTES TO FINANCIAL STATEMENTS**

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, 2020 and 2019.

<u>December 31, 2020</u>	<u>Fair value</u>	<u>Fair Value Measurements Using:</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ <u>106,725</u>	\$ <u>106,725</u>	\$ —	\$ —
Mutual funds				
Alternative	630,609	630,609	—	—
Blend	833,517	833,517	—	—
Value	1,276,387	1,276,387	—	—
International	764,087	764,087	—	—
Bond	3,056,262	3,056,262	—	—
Growth	<u>1,252,839</u>	<u>1,252,839</u>	—	—
Total mutual funds	<u>7,813,701</u>	<u>7,813,701</u>	—	—
Exchange traded funds				
Blend	765,746	765,746	—	—
Value	683,009	683,009	—	—
International	23,106	23,106	—	—
Bond	599,246	599,246	—	—
Growth	<u>1,357,788</u>	<u>1,357,788</u>	—	—
Total exchange traded funds	<u>3,428,895</u>	<u>3,428,895</u>	—	—
Total investments in the fair value hierarchy	11,349,321	<u>\$11,349,321</u>	\$ —	\$ —
Investments measured at net asset value (1)	<u>259,120</u>			
Investments, at fair value	<u>\$11,608,441</u>			

**Living History Farms Foundation
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

<u>December 31, 2019</u>	<u>Fair value</u>	<u>Fair Value Measurements Using:</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ <u>124,991</u>	\$ <u>124,991</u>	\$ <u>—</u>	\$ <u>—</u>
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	<u>6,785,406</u>	<u>6,785,406</u>	<u>—</u>	<u>—</u>
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	<u>3,616,365</u>	<u>3,616,365</u>	<u>—</u>	<u>—</u>
Total investments in the fair value hierarchy	10,526,762	<u>\$10,526,762</u>	<u>\$—</u>	<u>\$—</u>
Investments measured at net asset value (1)	<u>251,356</u>			
Investments, at fair value	<u>\$10,778,118</u>			

(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

	<u>Fair value as of December 31</u>		<u>Unfunded commitments</u>	<u>Redemption frequency (if currently eligible)</u>	<u>Redemption notice period</u>
	<u>2020</u>	<u>2019</u>			
Pooled investments	\$ <u>259,120</u>	\$ <u>251,356</u>	None	Daily	None

**Living History Farms Foundation
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	December 31	
	2020	2019
Land	\$ 1,825,804	\$ 1,825,804
Buildings	7,114,485	7,187,985
Improvements to historical property	1,325,540	1,325,540
Improvements to buildings and equipment	2,717,623	2,508,912
Equipment	500,927	490,036
Construction in progress	5,454	150,390
	13,489,833	13,488,667
Less accumulated depreciation	8,499,179	8,283,740
Property and equipment, net	\$ 4,990,654	\$ 5,204,927

NOTE 6 LINE OF CREDIT

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 3.25% at December 31, 2020. The line of credit matures on December 5, 2021. The line of credit is unsecured. As of December 31, 2020 and 2019 the outstanding balance on the line of credit was \$110,000 and \$-0-, respectively.

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, 2020. Interest is charged at a rate of 3.95%. The balance of the loan at December 31, 2020 and 2019 was \$315,000 and \$352,000, respectively.

Aggregate maturities on the loan are as follows:

2021	\$ 37,000
2022	37,000
2023	37,000
2024	204,000
Total	\$ 315,000

Living History Farms Foundation
NOTES TO FINANCIAL STATEMENTS

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, 2017.

NOTE 9 NET ASSETS

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

	<u>2020</u>	<u>2019</u>
Net assets without donor restrictions		
Board designated endowment	\$ 9,289,793	\$ 8,689,682
Undesignated	<u>4,639,963</u>	<u>4,524,240</u>
Total net assets without donor restrictions	<u>13,929,756</u>	<u>13,213,922</u>
Net assets with donor restrictions		
Subject to expenditure for specific purpose		
Day Camp scholarships	7,946	9,635
Future events and programs	13,701	104,526
Site improvements and maintenance	114,193	277,840
Endowment income	361,729	231,615
W.T. and Edna M. Dahl Endowment Fund for Tangen & Implement Dealer	<u>273,200</u>	<u>193,099</u>
	<u>770,769</u>	<u>816,715</u>
Held in perpetuity		
Day Camp scholarship endowment	5,000	5,000
Employee support and recognition endowment	20,000	20,000
General endowment	589,630	569,298
Internship program	60,000	60,000
Site maintenance endowments	213,249	213,249
W.T. and Edna M. Dahl Endowment Fund for Tangen & Implement Dealer	<u>660,000</u>	<u>660,000</u>
	<u>1,547,879</u>	<u>1,527,547</u>
Total net assets with donor restrictions	<u>2,318,648</u>	<u>2,344,262</u>
Total net assets	<u>\$16,248,404</u>	<u>\$15,558,184</u>

**Living History Farms Foundation
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 NET ASSETS (continued)

Net assets during the years ended December 31, 2020 and 2019, were released from donor restrictions by incurring expenses satisfying the restricted purposes.

	Year ended December 31	
	2020	2019
Purpose restrictions accomplished and reclassifications made		
Day Camp scholarships	\$ 2,346	\$ 6,225
Endowment earnings appropriated for expenditure	2,870	313
Events and programs	200,080	192,440
Site improvements and maintenance	211,575	74,719
W.T. and Edna M. Dahl Endowment Fund for Tangen & Implement Dealer	22,913	9,663
Totals	\$ 439,784	\$ 283,360

NOTE 10 LIQUIDITY AND AVAILABILITY

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

	December 31	
	2020	2019
Cash	\$ 38,633	\$ 3,357
Accounts receivable	14,502	10,148
Contributions receivable	107,784	109,302
	\$ 160,919	\$ 122,807

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 \$9,300,000. 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 \$580,000 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.

Living History Farms Foundation
NOTES TO FINANCIAL STATEMENTS

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.

**Living History Farms Foundation
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 ENDOWMENT FUNDS (continued)

Endowment net asset composition by type of fund as of December 31, 2020 and 2019 is as follows:

	2020			2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Board-designated endowment funds	\$9,289,793	\$ -	\$ 9,289,793	\$8,689,682	\$ -	\$ 8,689,682
Donor-restricted endowment funds						
Original donor-restricted gift amounts required to be held in perpetuity	-	1,547,879	1,547,879	-	1,527,547	1,527,547
Accumulated investments gains	-	634,929	634,929	-	424,714	424,714
Term endowments	-	<u>135,840</u>	<u>135,840</u>	-	<u>135,120</u>	<u>135,120</u>
Total endowment funds	<u>\$9,289,793</u>	<u>\$2,318,648</u>	<u>\$11,608,441</u>	<u>\$8,689,682</u>	<u>\$2,087,381</u>	<u>\$10,777,063</u>

The changes in endowment funds for the years ended December 31, 2020 and 2019 are as follows:

	2020			2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Balance, beginning of year	\$8,689,682	\$2,087,381	\$10,777,063	\$7,820,289	\$1,761,312	\$ 9,581,601
Contributions	-	20,932	20,932	-	67,650	67,650
Investment return, net	1,148,254	254,582	1,402,836	1,350,200	275,976	1,626,176
Appropriated for expenditure	<u>(548,143)</u>	<u>(44,247)</u>	<u>(592,390)</u>	<u>(480,807)</u>	<u>(17,557)</u>	<u>(498,364)</u>
Balance, end of year	<u>\$9,289,793</u>	<u>\$2,318,648</u>	<u>\$11,608,441</u>	<u>\$8,689,682</u>	<u>\$2,087,381</u>	<u>\$10,777,063</u>

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 \$8,240 in 2020 and \$8,403 in 2019.

NOTE 13 CONTINGENCIES

On March 11, 2020, COVID-19 was declared by the World Health Organization to be global pandemic. The pandemic resulted in significant disruptions to the Foundation's operations during 2020 and management anticipates further disruptions in the upcoming fiscal year, however, the impact the pandemic will have on the Foundation's operations, liquidity, and capital resources cannot be determined at this time.

NOTE 14 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through March 11, 2021, the date which the financial statements were available to be issued.

Subsequent to December 31, 2020, the Foundation applied, and was approved, for an additional \$263,755 Payroll Protection Program loan. Under the provision of the CARES Act, the loan is forgivable, as long as the proceeds are used for eligible purposes.



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, 2020 and 2019, and our report thereon dated March 11, 2021, 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 11, 2021

**Living History Farms Foundation
BRAVO ALLOCATIONS**

	Year ended December 31	
	2020	2019
Contributions received from Bravo Greater Des Moines	<u>\$ 175,000</u>	<u>\$ 175,000</u>

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	
	<u>2020</u>	<u>2019</u>
Interpretation	\$ 524,509	\$ 592,122
Educational	162,452	185,399
Retail and rental	134,259	158,221
Special events	18,792	64,676
Volunteer program	56,226	59,159
Member services and admissions	46,071	117,095
Historic food-ways	68,973	114,190
Maintenance	<u>426,905</u>	<u>421,969</u>
Totals	<u>\$1,438,187</u>	<u>\$1,712,831</u>