

**Living History Farms Foundation
Urbandale, Iowa**

FINANCIAL REPORT

December 31, 2023 and 2022

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	3-4
FINANCIAL STATEMENTS	
Statements of financial position	5
Statements of activities	6
Statements of functional expenses	7-8
Statements of cash flows	9
Notes to financial statements	10-22
SUPPLEMENTARY INFORMATION	23
Bravo allocations	24

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Living History Farms Foundation
Urbandale, Iowa

Opinion

We have audited the accompanying financial statements of Living History Farms Foundation, which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expense, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Living History Farms Foundation as of December 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Living History Farms Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Living History Farms Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is 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 CPA LLP

West Des Moines, Iowa
March 7, 2024

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

ASSETS	December 31	
	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 984,501	\$ 420,241
Accounts receivable	3,345	14,092
Employee retention tax credit receivable	–	385,826
Grants and contributions receivable	96,219	147,717
Inventories	3,440	5,608
Prepaid expenses	26,004	16,319
Total current assets	<u>1,113,509</u>	<u>989,803</u>
NONCURRENT ASSETS		
Cash and cash equivalents restricted for long-term purposes	1,002,165	538,507
Investments	10,359,333	9,780,244
Contributions receivable, restricted for long-term purposes	1,304,801	311,935
Property and equipment, net of accumulated depreciation	4,813,879	4,730,162
Total noncurrent assets	<u>17,480,178</u>	<u>15,360,848</u>
COLLECTIONS (Note 1)	–	–
Totals	<u>\$ 18,593,687</u>	<u>\$ 16,350,651</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 204,000	\$ 37,000
Accounts payable and accrued expenses	78,624	47,828
Deferred revenue	53,972	103,805
Total current liabilities	<u>336,596</u>	<u>188,633</u>
LONG-TERM DEBT , less current maturities	–	204,000
NET ASSETS		
Net assets without donor restrictions	13,493,044	12,976,145
Net assets with donor restrictions		
Time and purpose restrictions	3,152,891	1,380,976
Held in perpetuity	1,611,156	1,600,897
Total net assets with donor restrictions	<u>4,764,047</u>	<u>2,981,873</u>
Total net assets	<u>18,257,091</u>	<u>15,958,018</u>
Totals	<u>\$ 18,593,687</u>	<u>\$ 16,350,651</u>

See Notes to Financial Statements.

**Living History Farms Foundation
STATEMENTS OF ACTIVITIES**

	<u>Year ended December 31, 2023</u>			<u>Year ended December 31, 2022</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
REVENUE						
Public support						
Endowment contributions	\$ -	\$ 10,259	\$ 10,259	\$ -	\$ 51,759	\$ 51,759
Annual community support						
Individuals, corporations and govern- ments, including Bravo allocations	301,559	2,028,423	2,329,982	586,640	1,069,721	1,656,361
Contributed nonfinancial assets	212,762	-	212,762	160,009	-	160,009
Net assets released from restriction	<u>502,442</u>	<u>(502,442)</u>	<u>-</u>	<u>279,917</u>	<u>(279,917)</u>	<u>-</u>
Total public support	<u>1,016,763</u>	<u>1,536,240</u>	<u>2,553,003</u>	<u>1,026,566</u>	<u>841,563</u>	<u>1,868,129</u>
Program service revenue						
Admissions and memberships	481,080	-	481,080	492,288	-	492,288
Educational programs	269,106	-	269,106	252,829	-	252,829
Retail and rental	190,029	-	190,029	187,090	-	187,090
Historic food-ways	97,509	-	97,509	69,071	-	69,071
Special events	68,350	-	68,350	87,114	-	87,114
Other	33,317	-	33,317	10,338	-	10,338
Total program service revenue	<u>1,139,391</u>	<u>-</u>	<u>1,139,391</u>	<u>1,098,730</u>	<u>-</u>	<u>1,098,730</u>
Investment return	<u>921,658</u>	<u>245,934</u>	<u>1,167,592</u>	<u>(1,308,794)</u>	<u>(330,776)</u>	<u>(1,639,570)</u>
Total revenue	<u>3,077,812</u>	<u>1,782,174</u>	<u>4,859,986</u>	<u>816,502</u>	<u>510,787</u>	<u>1,327,289</u>
OPERATING EXPENSES						
Program services	<u>1,705,071</u>	<u>-</u>	<u>1,705,071</u>	<u>1,515,385</u>	<u>-</u>	<u>1,515,385</u>
Supporting services						
Management and general	410,429	-	410,429	412,780	-	412,780
Development	230,326	-	230,326	258,635	-	258,635
Marketing	212,360	-	212,360	225,614	-	225,614
Total supporting services	<u>853,115</u>	<u>-</u>	<u>853,115</u>	<u>897,029</u>	<u>-</u>	<u>897,029</u>
Total operating expenses	<u>2,558,186</u>	<u>-</u>	<u>2,558,186</u>	<u>2,412,414</u>	<u>-</u>	<u>2,412,414</u>
Change in net assets from operations	519,626	1,782,174	2,301,800	(1,595,912)	510,787	(1,085,125)
NONOPERATING INCOME (EXPENSES)						
Gain on sale of property and equipment	264,800	-	264,800	-	-	-
Interest	(9,404)	-	(9,404)	(10,886)	-	(10,886)
Depreciation	<u>(258,123)</u>	<u>-</u>	<u>(258,123)</u>	<u>(256,649)</u>	<u>-</u>	<u>(256,649)</u>
Total nonoperating income (expenses)	<u>(2,727)</u>	<u>-</u>	<u>(2,727)</u>	<u>(267,535)</u>	<u>-</u>	<u>(267,535)</u>
CHANGE IN NET ASSETS	516,899	1,782,174	2,299,073	(1,863,447)	510,787	(1,352,660)
NET ASSETS, beginning	<u>12,976,145</u>	<u>2,981,873</u>	<u>15,958,018</u>	<u>14,839,592</u>	<u>2,471,086</u>	<u>17,310,678</u>
NET ASSETS, ending	<u>\$13,493,044</u>	<u>\$ 4,764,047</u>	<u>\$18,257,091</u>	<u>\$12,976,145</u>	<u>\$ 2,981,873</u>	<u>\$15,958,018</u>

See Notes to Financial Statements.

Living History Farms Foundation
STATEMENTS OF FUNCTIONAL EXPENSES

	Year ended December 31, 2023					Total expenses
	Program services	Management and general	Supporting services		Total	
			Development	Marketing		
Salaries	\$ 753,162	\$ 271,316	\$ 165,465	\$ 134,449	\$ 571,230	\$ 1,324,392
Payroll taxes	63,369	21,460	13,862	11,137	46,459	109,828
Employee benefits	45,451	9,282	9,767	11,341	30,390	75,841
	<u>861,982</u>	<u>302,058</u>	<u>189,094</u>	<u>156,927</u>	<u>648,079</u>	<u>1,510,061</u>
Advertising and promotion	-	-	-	24,629	24,629	24,629
Bank processing fees	46,007	3,421	-	400	3,821	49,828
Cost of retail goods sold	26,752	-	-	-	-	26,752
Dues and subscriptions	-	2,750	-	-	2,750	2,750
Information technology	35,715	12,515	7,835	6,502	26,852	62,567
Insurance	72,045	25,246	15,805	13,116	54,167	126,212
Maintenance	442,292	-	-	-	-	442,292
Other	-	8,165	3,919	-	12,084	12,084
Postage and printing	1,279	1,802	-	10,786	12,588	13,867
Professional fees	-	52,154	-	-	52,154	52,154
Program supplies	131,863	-	13,673	-	13,673	145,536
Travel	-	2,318	-	-	2,318	2,318
Utilities	87,136	-	-	-	-	87,136
Depreciation	258,123	-	-	-	-	258,123
Interest	9,404	-	-	-	-	9,404
Total functional expenses	<u>1,972,598</u>	<u>410,429</u>	<u>230,326</u>	<u>212,360</u>	<u>853,115</u>	<u>2,825,713</u>
Less expenses not functionally reported on statements of activities	<u>(267,527)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(267,527)</u>
Totals	<u>\$1,705,071</u>	<u>\$ 410,429</u>	<u>\$ 230,326</u>	<u>\$ 212,360</u>	<u>\$ 853,115</u>	<u>\$2,558,186</u>

See Notes to Financial Statements.

Living History Farms Foundation
STATEMENTS OF FUNCTIONAL EXPENSES (continued)

	Year ended December 31, 2022					Total expenses
	Program services	Management and general	Supporting services		Total	
			Development	Marketing		
Salaries	\$ 618,716	\$ 278,888	\$ 187,035	\$ 139,455	\$ 605,378	\$ 1,224,094
Payroll taxes	50,550	20,595	14,725	11,183	46,503	97,053
Employee benefits	42,251	14,322	13,492	9,747	37,561	79,812
	<u>711,517</u>	<u>313,805</u>	<u>215,252</u>	<u>160,385</u>	<u>689,442</u>	<u>1,400,959</u>
Advertising and promotion	–	–	–	30,671	30,671	30,671
Bank processing fees	39,801	1,445	–	699	2,144	41,945
Cost of retail goods sold	34,223	–	–	–	–	34,223
Dues and subscriptions	–	4,169	–	–	4,169	4,169
Information technology	40,470	17,849	12,243	9,122	39,214	79,684
Insurance	49,902	22,009	15,097	11,248	48,354	98,256
Maintenance	383,080	–	–	–	–	383,080
Other	–	6,656	492	–	7,148	7,148
Postage and printing	3,228	1,705	–	13,489	15,194	18,422
Professional fees	–	40,559	–	–	40,559	40,559
Program supplies	157,430	–	15,551	–	15,551	172,981
Travel	–	4,583	–	–	4,583	4,583
Utilities	95,734	–	–	–	–	95,734
Depreciation	256,649	–	–	–	–	256,649
Interest	10,886	–	–	–	–	10,886
Total functional expenses	<u>1,782,920</u>	<u>412,780</u>	<u>258,635</u>	<u>225,614</u>	<u>897,029</u>	<u>2,679,949</u>
Less expenses not functionally reported on statements of activities	<u>(267,535)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(267,535)</u>
Totals	<u>\$1,515,385</u>	<u>\$ 412,780</u>	<u>\$ 258,635</u>	<u>\$ 225,614</u>	<u>\$ 897,029</u>	<u>\$2,412,414</u>

See Notes to Financial Statements.

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

	Year ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,299,073	\$ (1,352,660)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	258,123	256,649
Contributions restricted for long-term purposes	(1,783,175)	(933,735)
Change in unrealized and realized (gains) losses on investments	(904,090)	2,005,703
Reinvested dividends	(294,866)	(400,060)
Gain on sale of property and equipment	(264,800)	-
Change in assets and liabilities		
Accounts and other receivables	448,071	(108,265)
Inventories	2,168	(105)
Prepaid expenses	(9,685)	(8,748)
Accounts payable, accrued expenses and deferred revenue, net of property and equipment	(19,037)	34,364
Net cash flows from operating activities	(268,218)	(506,857)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(374,611)	(152,856)
Proceeds from sale of property and equipment	297,571	-
Proceeds from sales of investments	660,126	639,519
Purchase of investments	(40,259)	(21,290)
Net cash flows from investing activities	542,827	465,373
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for long-term purposes	790,309	621,800
Principal payments on notes payable	(37,000)	(37,000)
Net cash flows from financing activities	753,309	584,800
NET CHANGE IN CASH	1,027,918	543,316
CASH		
Beginning	958,748	415,432
Ending	\$ 1,986,666	\$ 958,748
RECONCILIATION OF CASH PER STATEMENTS OF CASH FLOWS TO THE STATEMENTS OF FINANCIAL POSITION		
Cash	\$ 984,501	\$ 420,241
Cash restricted for long-term purposes	1,002,165	538,507
Total per statement of financial position	\$ 1,986,666	\$ 958,748
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for interest	\$ 9,404	\$ 10,886

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 and Cash Equivalents

Cash and cash equivalents consists of deposits held in checking and savings accounts and certificates of deposit with initial terms of less than twelve months. 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, 2023 and 2022, 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)

Public Support

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.

Contributed Nonfinancial Assets

Contributed nonfinancial assets are recorded in the financial statements at their estimated fair values at the date of receipt. The Foundation estimates the fair value of donated equipment at applicable lease rates for similar equipment. 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, 2023 and 2022 is as follows:

	December 31	
	2023	2022
Donated leased equipment	\$ 185,510	\$ 130,093
Supplies, program and interpretation	5,472	8,462
Supplies, special events	20,780	21,454
Marketing	1,000	-
	\$ 212,762	\$ 160,009

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.

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

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

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) gift card is redeemed by the user or b) 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.

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 \$3,400 in 2023 and \$1,400 in 2022.

Reclassifications

Certain reclassifications have been made to the 2022 financial statements in order to conform with the 2023 presentation with no effect on previously reported net assets or change in net assets.

NOTE 2 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	
	2023	2022
Cash	\$ 984,501	\$ 420,241
Accounts receivable	3,345	14,092
Employee retention tax credit receivable	–	385,826
Grants and contributions receivable	96,219	147,717
	\$ 1,084,065	\$ 967,876

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 \$8,176,381. 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 \$504,000 of appropriations from the endowment will be available within the next 12 months.

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

NOTE 3 GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable consist of unconditional grants and contributions in support of the Foundation's programs and capital campaign. The future collections of grants and contributions receivable are as follows:

	<u>December 31, 2023</u>			<u>December 31, 2023</u>		
	<u>Program</u>	<u>Capital and endowment</u>	<u>Total</u>	<u>Program</u>	<u>Capital and endowment</u>	<u>Total</u>
Due within one year	\$ 96,219	\$ 494,860	\$ 591,079	\$ 147,717	\$ 101,610	\$ 249,327
Due in two to five years	—	964,312	964,312	—	248,530	248,530
Total grants and contributions receivable	96,219	1,459,172	1,555,391	147,717	350,140	497,857
Less present value discount	—	(154,371)	(154,371)	—	(38,205)	(38,205)
Net grants and contributions receivable	<u>\$ 96,219</u>	<u>\$1,304,801</u>	<u>\$1,401,020</u>	<u>\$ 147,717</u>	<u>\$ 311,935</u>	<u>\$ 459,652</u>
Reconciliation to statements of financial position						
Grants and contributions receivable			\$ 96,219			\$ 147,717
Contributions receivable, restricted for long-term purposes			<u>1,304,801</u>			<u>311,935</u>
Totals			<u>\$1,401,020</u>			<u>\$ 459,652</u>

Grants and contributions receivable are reduced to the present value of estimated cash flows using discount rates ranging from 7.5% to 8.5%.

NOTE 4 INVESTMENTS AND INVESTMENT RETURN

Investments held at December 31, 2023 and 2022 are as follows:

	<u>2023</u>			<u>2022</u>		
	<u>Fair value</u>	<u>Cost</u>	<u>Unrealized gain (loss)</u>	<u>Fair value</u>	<u>Cost</u>	<u>Unrealized gain (loss)</u>
Money market funds	\$ 14,632	\$ 14,632	\$ —	\$ 64,842	\$ 64,842	\$ —
Pooled investments	228,991	206,745	22,246	215,353	211,013	4,340
Mutual funds	8,667,107	8,932,700	(265,593)	8,186,256	9,065,742	(879,486)
Exchange traded funds	1,448,603	1,141,401	307,202	1,313,793	1,259,539	54,254
Totals	<u>\$10,359,333</u>	<u>\$10,295,478</u>	<u>\$ 63,855</u>	<u>\$ 9,780,244</u>	<u>\$10,601,136</u>	<u>\$ (820,892)</u>

Investment return for the years ended December 31, 2023 and 2022 is summarized as follows:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Change in unrealized gains (losses) on investments	\$ 920,110	\$(2,298,901)
Realized gains (losses)	(16,020)	293,198
Interest and dividend income	294,866	400,060
Investment fees	<u>(31,364)</u>	<u>(33,927)</u>
Totals	<u>\$ 1,167,592</u>	<u>\$(1,639,570)</u>

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

NOTE 5 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 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, 2023 and 2022.

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, 2023 and 2022:

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, 2023 and 2022, the investment allocation of the pooled funds held by the Community Foundation was as follows:

	December 31	
	2023	2022
Cash	2 %	0 %
Fixed income	64	66
Domestic equity	22	21
International equity	12	13
Total	100 %	100 %

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

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The following schedules provide information regarding the fair value hierarchy of the Foundation's investments at December 31, 2023 and 2022.

<u>December 31, 2023</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	\$ 14,632	\$ 14,632	\$ —	\$ —
Mutual funds				
Alternative	555,629	555,629	—	—
Blend	1,008,078	1,008,078	—	—
Value	1,162,663	1,162,663	—	—
International	819,985	819,985	—	—
Bond	4,198,717	4,198,717	—	—
Growth	922,035	922,035	—	—
Total mutual funds	<u>8,667,107</u>	<u>8,667,107</u>	<u>—</u>	<u>—</u>
Exchange traded funds				
Value	311,259	311,259	—	—
International	560,662	560,662	—	—
Growth	576,682	576,682	—	—
Total exchange traded funds	<u>1,448,603</u>	<u>1,448,603</u>	<u>—</u>	<u>—</u>
Total investments in the fair value hierarchy	10,130,342	<u>\$ 10,130,342</u>	<u>\$ —</u>	<u>\$ —</u>
Investments measured at net asset value (1)	<u>228,991</u>			
Investments, at fair value	<u>\$ 10,359,333</u>			

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

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

<u>December 31, 2022</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	\$ 64,842	\$ 64,842	\$ —	\$ —
Mutual funds				
Alternative	550,363	550,363	—	—
Blend	965,830	965,830	—	—
Value	1,132,278	1,132,278	—	—
International	633,499	633,499	—	—
Bond	4,070,521	4,070,521	—	—
Growth	833,765	833,765	—	—
Total mutual funds	<u>8,186,256</u>	<u>8,186,256</u>	<u>—</u>	<u>—</u>
Exchange traded funds				
Blend	307,130	307,130	—	—
Value	521,625	521,625	—	—
Growth	485,038	485,038	—	—
Total exchange traded funds	<u>1,313,793</u>	<u>1,313,793</u>	<u>—</u>	<u>—</u>
Total investments in the fair value hierarchy	9,564,891	<u>\$ 9,564,891</u>	<u>\$ —</u>	<u>\$ —</u>
Investments measured at net asset value (1)	<u>215,353</u>			
Investments, at fair value	<u>\$ 9,780,244</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>2023</u>	<u>2022</u>			
Pooled investments	<u>\$ 228,991</u>	<u>\$ 215,353</u>	None	Daily	None

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

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	December 31	
	2023	2022
Land	\$ 1,793,033	\$ 1,825,804
Buildings	7,157,472	7,114,485
Improvements to historical property	1,420,582	1,420,582
Improvements to buildings and equipment	2,962,278	2,828,545
Equipment	571,392	500,927
Construction in progress	180,365	52,939
	14,085,122	13,743,282
Less accumulated depreciation	9,271,243	9,013,120
Property and equipment, net	\$ 4,813,879	\$ 4,730,162

Construction in progress at December 31, 2023 includes, in part, design costs related to a proposed \$6.2 million capital campaign for the construction of a new cultivation center. The project will be funded through contributions from the public and grants.

NOTE 7 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 Wall Street Journal U.S. prime rate variable prime rate which was 8.5% at December 31, 2023. The line of credit matures on December 5, 2025. The line of credit is unsecured. As of December 31, 2023 and 2022 the outstanding balance on the line of credit was \$-0-.

NOTE 8 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, 2023. Interest is charged at a rate of 3.95%. The balance of the loan at December 31, 2023 and 2022 was \$204,000 and \$241,000, respectively.

Aggregate maturities on the loan are as follows:

2024	\$ 204,000
------	-------------------

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

NOTE 9 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, 2020.

NOTE 10 NET ASSETS

The Foundation's net asset restrictions are as follows:

	December 31	
	2023	2022
Net assets without donor restrictions		
Board designated endowment	\$ 8,176,381	\$ 7,760,568
Undesignated	5,316,663	5,215,577
Total net assets without donor restrictions	13,493,044	12,976,145
Net assets with donor restrictions		
Subject to expenditure for specific purpose		
Day Camp scholarships	5,598	5,776
Future events and programs	100,418	124,411
Site improvements and maintenance	91,406	85,308
Capital campaign expenditures	2,473,627	799,963
Endowment income	321,497	188,460
W.T. and Edna M. Dahl Endowment Fund for Tangen & Implement Dealer	160,345	177,058
	3,152,891	1,380,976
Held in perpetuity		
Day Camp scholarship endowment	5,000	5,000
Employee support and recognition endowment	20,000	20,000
General endowment	642,407	642,148
Internship program	70,000	60,000
Site maintenance endowments	213,749	213,749
W.T. and Edna M. Dahl Endowment Fund for Tangen & Implement Dealer	660,000	660,000
	1,611,156	1,600,897
Total net assets with donor restrictions	4,764,047	2,981,873
Total net assets	\$ 18,257,091	\$ 15,958,018

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

NOTE 10 NET ASSETS (continued)

Net assets during the years ended December 31, 2023 and 2022, were released from donor restrictions by incurring expenses satisfying the restricted purposes.

	Year ended December 31	
	2023	2022
Purpose restrictions accomplished and reclassifications made		
Day Camp scholarships	\$ 3,272	\$ 3,343
Endowment earnings appropriated for expenditure	1,183	75,145
Events and programs	237,595	76,059
Capital campaign expenditures	99,252	55,032
Site improvements and maintenance	45,017	55,800
W.T. and Edna M. Dahl Endowment Fund for Tangen & Implement Dealer	116,123	14,538
Totals	\$ 502,442	\$ 279,917

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.

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) original value of gifts donated to the permanent endowment, (b) original value of subsequent gifts to the permanent endowment, and (c) 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.

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

NOTE 11 ENDOWMENT FUNDS (continued)

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.

Endowment net asset composition by type of fund as of December 31, 2023 and 2022 is as follows:

	<u>2023</u>			<u>2022</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 8,176,381	\$ –	\$ 8,176,381	\$ 7,760,568	\$ –	\$ 7,760,568
Donor-restricted endowment funds						
Original donor-restricted gift amounts required to be held in perpetuity	–	1,611,156	1,611,156	–	1,600,897	1,600,897
Accumulated investments gains	–	481,842	481,842	–	365,518	365,518
Term endowments	–	89,954	89,954	–	83,261	83,261
Total endowment funds	<u>\$ 8,176,381</u>	<u>\$ 2,182,952</u>	<u>\$10,359,333</u>	<u>\$ 7,760,568</u>	<u>\$ 2,049,676</u>	<u>\$ 9,810,244</u>

The changes in endowment funds for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>			<u>2022</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Balance, beginning of year	\$ 7,760,568	\$ 2,049,676	\$ 9,810,244	\$ 9,583,747	\$ 2,420,369	\$12,004,116
Contributions	–	10,259	10,259	–	51,759	51,759
Investment return, net	921,658	245,934	1,167,592	(1,308,794)	(330,776)	(1,639,570)
Appropriated for expenditure	<u>(505,845)</u>	<u>(122,917)</u>	<u>(628,762)</u>	<u>(514,385)</u>	<u>(91,676)</u>	<u>(606,061)</u>
Balance, end of year	<u>\$ 8,176,381</u>	<u>\$ 2,182,952</u>	<u>\$10,359,333</u>	<u>\$ 7,760,568</u>	<u>\$ 2,049,676</u>	<u>\$ 9,810,244</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 \$28,939 in 2023 and \$29,741 in 2022.

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

NOTE 13 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through March 7, 2024, the date which the financial statements were available to be issued. In March, 2024 the Board of Directors approved the sale of land to the Iowa Department of Transportation for approximately \$276,000. There were no other subsequent events required to be accrued or disclosed.

SUPPLEMENTARY INFORMATION

**Living History Farms Foundation
BRAVO ALLOCATIONS**

	Year ended December 31	
	2023	2022
Contributions received from Bravo Greater Des Moines	<u>\$ 115,200</u>	<u>\$ 145,200</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.