

THE MOLINE FOUNDATION

Financial Statements

September 30, 2021 and 2020

**(With Independent Auditor's
Report Thereon)**

THE MOLINE FOUNDATION

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Independent Auditor's Report

To the Board of Directors
The Moline Foundation:

We have audited the accompanying financial statements of The Moline Foundation which comprise the statements of financial position as of September 30, 2021 and 2020, 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 U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Moline Foundation as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Anderson, Lower, Whitlow, P.C.

Bettendorf, Iowa
February 7, 2022

THE MOLINE FOUNDATION
Statements of Financial Position
September 30, 2021 and 2020

<u>Assets</u>	<u>2021</u>	<u>2020</u>
Investments (note 2):		
Cash and cash equivalents	\$ 349,807	406,633
Equity securities	15,832,782	14,419,351
Fixed income funds	5,531,006	5,790,636
Total investments	<u>21,713,595</u>	<u>20,616,620</u>
Receivables - accrued investment income	8,525	11,671
Prepaid expenses and other assets	28,278	7,723
Equipment:		
Furniture, fixtures and equipment	12,447	12,447
Leasehold improvements	7,416	8,668
Software	27,730	27,730
	<u>47,593</u>	<u>48,845</u>
Less accumulated depreciation	43,998	43,769
Net property and equipment	<u>3,595</u>	<u>5,076</u>
Total assets	<u>\$ 21,753,993</u>	<u>20,641,090</u>
 <u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable and accrued expenses	33,813	41,135
Funds held for other agencies (note 4)	1,632,089	1,380,851
Grants and scholarships payable	168,186	61,900
Total liabilities	<u>1,834,088</u>	<u>1,483,886</u>
Net assets:		
Without donor restrictions (note 5)	12,986,369	9,424,078
With donor restrictions (note 6)	6,933,536	9,733,126
Total net assets	<u>19,919,905</u>	<u>19,157,204</u>
Total liabilities and net assets	<u>\$ 21,753,993</u>	<u>20,641,090</u>

See accompanying notes to financial statements.

THE MOLINE FOUNDATION

Statements of Activities

Years Ended September 30, 2021 and 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating support and revenue:			
Contributions	\$ -	1,540,291	1,540,291
Net investment income (note 2)	1,397,629	1,787,008	3,184,637
Other	4,136	-	4,136
Net assets released from purpose restrictions	5,747,793	(5,747,793)	-
Transfers - administrative fees	379,096	(379,096)	-
Total operating support and revenue	7,528,654	(2,799,590)	4,729,064
Expenses:			
Program expenses	3,546,309	-	3,546,309
General and administrative	420,054	-	420,054
Total operating expenses	3,966,363	-	3,966,363
Increase (decrease) in net assets	3,562,291	(2,799,590)	762,701
Net assets, beginning of year	9,424,078	9,733,126	19,157,204
Net assets, end of year	\$ 12,986,369	6,933,536	19,919,905

See accompanying notes to financial statements.

2020		
Without Donor	With Donor Restrictions	Total
-	1,326,741	1,326,741
875,430	617,570	1,493,000
1,354	-	1,354
847,076	(847,076)	-
381,217	(381,217)	-
<u>2,105,077</u>	<u>716,018</u>	<u>2,821,095</u>
1,460,901	-	1,460,901
472,346	-	472,346
<u>1,933,247</u>	<u>-</u>	<u>1,933,247</u>
171,830	716,018	887,848
<u>9,252,248</u>	<u>9,017,108</u>	<u>18,269,356</u>
<u><u>9,424,078</u></u>	<u><u>9,733,126</u></u>	<u><u>19,157,204</u></u>

THE MOLINE FOUNDATION

Statements of Cash Flows

Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Increase in net assets	\$ 762,701	887,848
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation	2,351	2,307
Realized and unrealized gains on investments	(2,948,984)	(1,163,667)
Loss on disposal of equipment	170	-
Increase in prepaid expenses and other assets	(20,555)	-
Decrease in accrued investment income	3,146	1,493
Decrease in accounts payable and accrued expenses	(7,322)	(20,225)
Increase (decrease) in grants and scholarships payable	106,286	(63,100)
Net cash used in operating activities	<u>(2,102,207)</u>	<u>(355,344)</u>
Cash flows from investing activities:		
Purchases of investments	(19,151,596)	(6,077,348)
Proceeds from sales and maturities of investments	21,092,234	6,325,990
Purchase of equipment	(1,040)	(570)
Net cash provided by investing activities	<u>1,939,598</u>	<u>248,072</u>
Cash flows from financing activities:		
Increase in funds held for other agencies	105,783	17,702
Net cash provided by financing activities	<u>105,783</u>	<u>17,702</u>
 Net decrease in cash and cash equivalents	 (56,826)	 (89,570)
 Cash and cash equivalents at beginning of year	 <u>406,633</u>	 <u>496,203</u>
 Cash and cash equivalents at end of year	 <u>\$ 349,807</u>	 <u>406,633</u>
 Supplemental disclosure of noncash investing activities:		
Net change in unrealized appreciation of investments including \$145,455 in 2021 and \$57,708 in 2020 related to funds held for other agencies	 <u>\$ 1,718,871</u>	 <u>1,080,429</u>

See accompanying notes to financial statements.

THE MOLINE FOUNDATION

Statements of Functional Expenses

Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Program services:		
Grants	\$ 896,305	1,098,339
Special grant allocations and endowment payments	2,220,222	-
Scholarships	120,550	88,676
Other program services	309,232	273,886
Total program services	<u>3,546,309</u>	<u>1,460,901</u>
 General and administrative expenses:		
Salaries and wages	259,080	307,579
Payroll taxes	20,040	24,410
Health Savings Account contributions	10,800	10,800
Health insurance	34,622	27,044
Gift annuity payments	428	503
Membership/publications/subscriptions	2,968	1,395
Insurance	1,445	12,173
Office supplies and telephone	9,218	10,633
Printing and postage	4,170	2,960
Professional services	22,091	16,814
Meals and entertainment	587	1,219
Meetings and conferences	1,950	4,035
Advertising	1,488	366
Miscellaneous	111	1,512
Depreciation expense	2,351	2,307
Occupancy costs (note 7)	48,705	48,596
Total general and administrative expenses	<u>420,054</u>	<u>472,346</u>
 Total expenses	<u><u>\$ 3,966,363</u></u>	<u><u>1,933,247</u></u>

See accompanying notes to financial statements.

THE MOLINE FOUNDATION

Notes to Financial Statements

September 30, 2021 and 2020

(1) Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization

The Moline Foundation (the Foundation) is a nonprofit, tax-exempt organization whose objectives are to receive charitable gifts and provide grants to other organizations to support civic, educational, health and human services and cultural activities for the citizens of Eastern Iowa and Western Illinois.

Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The Foundation has evaluated subsequent events through February 7, 2022, which is the date the financial statements were available to be issued.

(b) Basis of Presentation

Resources are classified for accounting and reporting purposes into two categories of net assets – without donor restrictions and with donor restrictions – according to externally (donor) imposed restrictions.

Without Donor Restrictions: Net assets without donor restrictions include all resources that are not subject to donor-imposed restrictions. Revenues received and expenses incurred in conducting the programs and services of the Foundation are presented in the financial statements as unrestricted operating funds that increase or decrease net assets without donor restrictions. By action of the Board of The Moline Foundation (the Board), certain net assets without donor restrictions have been designated for long-term investment or other special purposes.

With Donor Restrictions: Net assets with donor restrictions carry specific, donor-imposed restrictions on the expenditure or other use of contributed funds. Net assets with donor restrictions may expire either because of the passage of time or because the Foundation has fulfilled the purpose restrictions.

(c) Cash and Cash Equivalents

For purposes of the statement of financial position and statement of cash flows, the Foundation considers only uninvested funds as cash.

The Foundation maintains cash account balances at a financial institution which is fully insured by the FDIC or by the financial institution.

(d) Equipment

Equipment is stated at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the related assets, which range from three to seven years. Depreciation expense for the years ended September 30, 2021 and 2020 amounted to \$2,351 and \$2,307, respectively.

(e) Use of Estimates

The preparation of financial statements in conformity with U.S. 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

THE MOLINE FOUNDATION

Notes to Financial Statements

(1) Nature of Organization and Summary of Significant Accounting Policies, continued

Summary of Significant Accounting Policies, continued

(f) Investments

Investments in equity securities and fixed income securities are stated at fair market value as determined by quoted market prices with related unrealized gains and losses on investments included in the statement of activities. Gains and losses on sales of investments are determined by the specific-identification method. Realized and unrealized gains and losses on investments, interest and dividends (net of related investment expenses) are reported as increases or decreases in net assets without donor restrictions unless the income is restricted by donor or law.

(g) Support and Expenses

Contributions received are recognized as revenue in the period the contributions are received. The Foundation reports gifts of cash or other assets as restricted support if the contribution is received with donor restrictions that limit the use of the donated assets or if they are designed as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction or event occurs, 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 of assets other than cash are recorded at their fair values at the date of the gift.

Grants and scholarships are recorded when approved by the Board and expenses are recorded when incurred in accordance with the accrual basis of accounting. Revenues, support and expenses are allocated directly to the programs to which they relate.

(h) Grant Spending Policy

The Foundation maintains a total return policy for payout of the grants from the unrestricted fund. In accordance with the policy, 4.25% of the average balance in the investment portfolio for the previous sixteen quarters is allocated for grant payouts. The Board of Directors meets annually to review the policy and determine the amount to be paid out.

(i) Income Tax Status

The Foundation has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and the corresponding provisions of state law and, accordingly, is not subject to federal or state income taxes. The Foundation evaluates the tax benefits of a tax position using the "more likely than not" threshold. As of September 30, 2021, management is not aware of any uncertain tax positions and related tax benefits which would be material to the Foundation's financial statements. The Foundation files U.S. Federal and State of Illinois informational returns which for fiscal years subsequent to 2017 are subject to examination by taxing authorities.

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Notes to Financial Statements

(2) Investments

Investments consist of the following at September 30, 2021 and 2020:

	2021			
	Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Market Value
Cash and cash equivalents - money market funds	\$ 349,807	-	-	349,807
Equity Securities	11,231,654	4,698,388	(97,260)	15,832,782
Fixed income funds	5,474,363	64,882	(8,239)	5,531,006
Total investments	<u>\$ 17,055,824</u>	<u>4,763,270</u>	<u>(105,499)</u>	<u>21,713,595</u>

	2020			
	Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Market Value
Cash and cash equivalents - money market funds	\$ 406,633	-	-	406,633
Equity Securities	11,784,871	2,831,071	(196,591)	14,419,351
Fixed income funds	5,486,216	312,679	(8,259)	5,790,636
Total investments	<u>\$ 17,677,720</u>	<u>3,143,750</u>	<u>(204,850)</u>	<u>20,616,620</u>

Net unrealized gains on investments amounted to \$4,657,771 and \$2,938,900 at September 30, 2021 and 2020, respectively.

Net investment income reported in the statement of activities for the years ended September 30, 2021 and 2020 is summarized as follows:

	2021	2020
Interest and dividends	\$ 305,285	387,878
Net realized gains on sale of investments	1,375,568	140,946
Change in net unrealized gains and losses on investments	1,573,416	1,022,721
Total investment income	3,254,269	1,551,545
Less investment expenses	69,632	58,545
Net investment income	<u>\$ 3,184,637</u>	<u>1,493,000</u>

The investments of the Foundation are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of quoted prices in active markets of similar assets for assets in non-active markets and Level 3 inputs consist of other valuation techniques which have the lowest priority. The Foundation uses appropriate valuation techniques based on the availability of inputs to measure the fair value of its investments. The Foundation measured the fair value of all investments using Level 1 inputs which consists of quoted market prices in active markets.

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Notes to Financial Statements

(3) Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets as of September 30, 2021 and 2020, reduced by related financial liabilities. Financial assets not included consist of investments which related to funds held by other agencies, donor restricted and board-designated funds and investments not intended to be available for short-term liquidity needs.

	2021	2020
Cash	\$ 349,807	406,633
Receivables	8,525	11,681
Total financial assets	358,332	418,314
Less - grants and scholarships payable	(168,186)	(61,900)
Financial assets available to meet cash needs for general expenditures within one year	\$ 190,146	356,414

(4) Funds Held for Other Organizations

The Foundation has entered into an agency agreement with other organizations in the Quad Cities area. Under the agreement, funds held by the Foundation for these organizations are refundable to the agencies at their discretion. A summary of the agencies and the amount held for them as of September 30, 2021 and 2020 is as follows:

	2021	2020
Blackhawk College Foundation Community Endowment Challenge Fund	\$ 102,773	90,795
Youth Hope Endowment Fund	89,315	81,977
United Way of the Quad Cities Endowment Fund	23,509	20,044
Skip-A-Long Day Care Endowment Fund	594,432	506,828
Figgee Art Museum Endowment Fund	73,685	62,826
Two Rivers YMCA Endowment Fund	64,138	34,982
Niabi Zoo Endowment Fund	636,717	542,882
Quad City Music Guild Endowment Fund	47,520	40,517
Total	\$ 1,632,089	1,380,851

(5) Limitations on Net Assets Without Donor Restrictions

Net assets without donor restrictions as of September 30, 2021 and 2020 consist of:

	2021	2020
Undesignated	\$ 12,659,496	9,246,384
Board designated:		
Riverside Cemetery Fund	178,130	154,194
Constance M Hilton Fund	127,617	112,878
Moline Foundation Fee Fund	21,126	(89,378)
Total Board designated	326,873	177,694
Total net assets without donor restrictions	\$ 12,986,369	9,424,078

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Notes to Financial Statements

(6) Net Assets With Donor Restrictions

Net assets with donor restrictions carry restrictions that expire upon the passage of a prescribed period or upon the occurrence of a stated purpose as specified by the donor. Included in this category are contributions received by the Foundation from donors which have been segregated into eighty-two separate funds whose use is restricted by the donor for charitable distributions, scholarships or other specified purposes.

(7) Facility Lease

The Foundation leases its Moline, Illinois center (through 2022) under a 60-month lease effective August 1, 2017. The total rental expense (including related common area maintenance expenses) for the years ended September 30, 2021 and 2020 amounted to \$46,543 and \$47,664, respectively. Annual base rentals (excluding common area maintenance expense) under this operating lease for the fiscal years subsequent to September 30, 2020 are: \$11,360, 2022.

(8) Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board issued ASU 2016-02 "Leases". The pronouncement requires recognition of lease assets and lease liabilities by lessees for leases generally with a term of 12 months or more. ASU 2016-02 will become effective for the Foundation's 2023 financial statements. Management is currently analyzing the pronouncement to determine its impact to the Foundation.

The Foundation adopted the provisions of Financial Accounting Standards Board ASU 2014-09 "Revenue from Contracts with Customers" in 2021. The pronouncement provides guidance regarding the recognition of revenue in connection with customer contracts. The Foundation does not have significant exchanges transactions. Accordingly, the adoption of the standard did not have a material effect on the Foundation's financial statements and restatement of prior periods was not required.

(9) COVID-19 Impact

During early 2020, a virus strain (COVID-19) spread around the world reaching pandemic levels. In response to COVID-19, federal and state governments have issued restrictive regulations which substantially limit or reduce the operations and activities of businesses and individuals. Additionally, the potential economic impact of COVID-19 has resulted in a significant volatility in the stock market

Management of the Foundation has been closely monitoring the impact of COVID-19 on its operations and programs. Management is not able to determine whether the continuing impact of the pandemic will have on its future operations.