

**Bidwell Riverside Center
Des Moines, Iowa**

FINANCIAL REPORT

June 30, 2022 and 2021

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	10-17



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bidwell Riverside Center
Des Moines, Iowa

Opinion

We have audited the accompanying financial statements of Bidwell Riverside Center (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses 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 Bidwell Riverside Center as of June 30, 2022 and 2021, 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 Bidwell Riverside Center 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 Bidwell Riverside Center'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 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 Bidwell Riverside Center'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 Bidwell Riverside Center'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.


DENMAN & COMPANY, LLP

West Des Moines, Iowa
November 4, 2022

**Bidwell Riverside Center
STATEMENTS OF FINANCIAL POSITION**

	June 30	
ASSETS	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 783,434	\$ 491,785
Certificates of deposit	147,580	123,719
Accounts receivable	29,927	9,533
Contributions receivable	7,208	7,476
Prepaid expenses	9,894	7,225
Total current assets	978,043	639,738
OTHER ASSETS		
Certificate of deposit	-	23,682
Investments	604,472	702,263
Property and equipment, net of accumulated depreciation	725,292	734,207
Total other assets	1,329,764	1,460,152
Total assets	\$2,307,807	\$2,099,890
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 8,978	\$ 6,952
Accrued expenses	61,247	50,512
Refundable advance	44,755	57,222
Total current liabilities	114,980	114,686
NET ASSETS		
Net assets without donor restrictions	1,588,355	1,282,941
Net assets with donor restrictions	604,472	702,263
Total net assets	2,192,827	1,985,204
Total liabilities and net assets	\$2,307,807	\$2,099,890

See Notes to Financial Statements.

**Bidwell Riverside Center
STATEMENTS OF ACTIVITIES**

	<u>Year ended June 30, 2022</u>			<u>Year ended June 30, 2021</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>
REVENUES AND SUPPORT						
Contributions	\$ 973,001	\$ 500	\$ 973,501	\$ 776,412	\$ 500	\$ 776,912
Child development program fees	500,470	-	500,470	271,884	-	271,884
Special events	45,933	-	45,933	13,822	-	13,822
Investment income	1,572	(98,291)	(96,719)	1,185	156,789	157,974
Other income	5,050	-	5,050	827	-	827
Paycheck protection program loan forgiveness	-	-	-	139,695	-	139,695
Net assets released from restrictions	-	-	-	41,793	(41,793)	-
Total revenue and support	<u>1,526,026</u>	<u>(97,791)</u>	<u>1,428,235</u>	<u>1,245,618</u>	<u>115,496</u>	<u>1,361,114</u>
EXPENSES						
Program services						
Child Development Center	800,842	-	800,842	688,538	-	688,538
Distribution Center	331,356	-	331,356	307,329	-	307,329
Supporting services						
Management and general	32,245	-	32,245	30,108	-	30,108
Fundraising	56,169	-	56,169	61,135	-	61,135
Total expenses	<u>1,220,612</u>	<u>-</u>	<u>1,220,612</u>	<u>1,087,110</u>	<u>-</u>	<u>1,087,110</u>
CHANGE IN NET ASSETS	305,414	(97,791)	207,623	158,508	115,496	274,004
NET ASSETS, beginning	<u>1,282,941</u>	<u>702,263</u>	<u>1,985,204</u>	<u>1,124,433</u>	<u>586,767</u>	<u>1,711,200</u>
NET ASSETS, ending	<u>\$1,588,355</u>	<u>\$ 604,472</u>	<u>\$2,192,827</u>	<u>\$1,282,941</u>	<u>\$ 702,263</u>	<u>\$1,985,204</u>

See Notes to Financial Statements.

Bidwell Riverside Center
STATEMENTS OF FUNCTIONAL EXPENSES

	<u>Year ended June 30, 2022</u>				<u>Total</u>
	<u>Program Services</u>		<u>Support Services</u>		
	<u>Child Development Center</u>	<u>Distribution Center</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and benefits					
Salaries	\$ 476,873	\$ 180,050	\$ 17,151	\$ 34,407	\$ 708,481
Employee benefits	83,873	11,002	2,681	5,053	102,609
Payroll taxes	41,718	16,051	1,391	2,867	62,027
	<u>602,464</u>	<u>207,103</u>	<u>21,223</u>	<u>42,327</u>	<u>873,117</u>
Accounting	9,960	9,960	4,980	-	24,900
Bad debt	424	-	-	-	424
Consulting/management fee	2,475	-	-	460	2,935
Depreciation	34,355	34,355	-	-	68,710
Food supplies	44,821	3,976	-	500	49,297
Fundraising	1,464	1,464	-	1,203	4,131
Human resource services	19,188	7,401	777	1,424	28,790
Information technology	3,754	4,860	-	2,038	10,652
Insurance	8,264	8,264	902	-	17,430
Office supplies	3,738	1,729	-	760	6,227
Other	430	1,635	5	65	2,135
Postage and shipping	181	147	-	1,687	2,015
Printing	2,678	2,477	-	5,705	10,860
Professional development	1,190	3,095	-	-	4,285
Professional services	4,950	4,950	4,358	-	14,258
Program activities	12,847	4,203	-	-	17,050
Repair and maintenance	20,878	14,771	-	-	35,649
Special events	3,804	6,914	-	-	10,718
Supplies	6,714	-	-	-	6,714
Telephone	3,408	3,408	-	-	6,816
Utilities	12,666	7,274	-	-	19,940
Vehicle expense	189	3,370	-	-	3,559
	<u>602,464</u>	<u>207,103</u>	<u>21,223</u>	<u>42,327</u>	<u>873,117</u>
Total	<u>\$ 800,842</u>	<u>\$ 331,356</u>	<u>\$ 32,245</u>	<u>\$ 56,169</u>	<u>\$1,220,612</u>

See Notes to Financial Statements.

Year ended June 30, 2021

<u>Program Services</u>		<u>Support Services</u>		
<u>Child Development Center</u>	<u>Distribution Center</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
\$ 420,621	\$ 169,030	\$ 16,815	\$ 37,429	\$ 643,895
74,718	11,213	2,506	5,107	93,544
<u>37,325</u>	<u>15,073</u>	<u>1,361</u>	<u>3,103</u>	<u>56,862</u>
532,664	195,316	20,682	45,639	794,301
9,672	9,672	4,836	-	24,180
643	-	-	-	643
4,000	-	-	-	4,000
29,966	29,966	-	-	59,932
28,527	6,226	-	468	35,221
-	-	-	5,237	5,237
16,412	6,688	683	1,413	25,196
1,957	2,688	-	334	4,979
8,349	8,350	700	-	17,399
4,305	1,101	-	-	5,406
1,215	626	-	499	2,340
223	216	17	1,501	1,957
1,729	1,729	-	4,995	8,453
3,602	20	-	294	3,916
4,813	4,812	3,190	410	13,225
9,148	5,514	-	41	14,703
16,648	23,554	-	-	40,202
-	-	-	304	304
243	-	-	-	243
3,590	3,590	-	-	7,180
10,380	5,665	-	-	16,045
<u>452</u>	<u>1,596</u>	<u>-</u>	<u>-</u>	<u>2,048</u>
<u>\$ 688,538</u>	<u>\$ 307,329</u>	<u>\$ 30,108</u>	<u>\$ 61,135</u>	<u>\$1,087,110</u>

See Notes to Financial Statements.

**Bidwell Riverside Center
STATEMENTS OF CASH FLOWS**

	Year ended June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 207,623	\$ 274,004
Adjustment to reconcile change in net assets to cash flows from operating activities		
Depreciation	68,709	59,932
Realized and unrealized (gains) losses on investments, net	109,871	(145,947)
Contributions restricted for long-term purposes, net	(500)	(500)
Paycheck protection program loan forgiveness	-	(139,695)
Changes in operating assets and liabilities		
Accounts receivable	(20,394)	5,763
Contributions receivable	268	16,739
Prepaid expenses	(2,669)	(2,526)
Accounts payable	2,026	606
Accrued expenses	10,735	10,284
Refundable advance	(12,467)	31,212
Cash flows from operating activities	<u>363,202</u>	<u>109,872</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit	(179)	(101,145)
Purchase of property and equipment	(59,794)	(51,528)
Proceeds from sale of investments	-	45,103
Purchase of investments	(12,080)	(14,652)
Cash flows from investment activities	<u>(72,053)</u>	<u>(122,222)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions received for long-term purposes	500	500
Cash flows from financing activities	<u>500</u>	<u>500</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	291,649	(11,850)
CASH AND CASH EQUIVALENTS		
Beginning	491,785	503,635
Ending	<u>\$ 783,434</u>	<u>\$ 491,785</u>
SCHEDULE OF NONCASH FINANCING ACTIVITIES		
Forgiveness of Paycheck Protection Program loan	\$ -	\$ 139,695

See Notes to Financial Statements.

Bidwell Riverside Center
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Bidwell Riverside Center (the "Organization") is organized as an Iowa Nonprofit Corporation. The Organization's mission is to provide services to individuals and families which will meet immediate needs and to work in cooperation with those persons and the community to develop programs and policies which will promote continual improvement in their lives.

Programs offered include a Distribution Center that provides individuals and families with food, clothing, and household items and a Child Development Center which provides comprehensive education and care for children age 24 months to 5 years.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and are presented on the basis of net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are created only by donor-imposed restrictions on their use. 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. All other net assets, including board-designated or appropriated amounts, are net assets without donor restrictions and are reported as part of the net assets without donor restriction class.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management of the Organization to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents

Cash equivalents include money market funds and all highly liquid investments with a maturity date of less than three months from the date of purchase. The Organization's cash balances that are maintained in bank accounts may exceed Federal Deposit Insurance Corporation limits from time to time. The Organization has not experienced any losses in such accounts and management believes that it is not exposed to any significant credit risk on cash.

Certificates of Deposit

The Organization has three certificates of deposit at local banks. These certificates bear interest at rates of 0.08%, 0.09% and 0.15% and all mature within one year.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements. The Organization has recorded an allowance for uncollectible receivables of \$-0-, as of June 30, 2022 and 2021.

Bidwell Riverside Center
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pooled Cash and Investments

Cash includes pooled checking and money market funds held at the Community Foundation of Greater Des Moines (Community Foundation). The balances were \$584,860 and \$203,114 for the years ended June 30, 2022 and 2021, respectively.

Pooled investments consist of assets held at the Community Foundation that are carried at fair value and are reported with investments on the statement of financial position, with gains and losses resulting from market fluctuations recognized in the period in which the fluctuations occur. 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.

Assets held by the Community Foundation under designated agency agreements consist of pooled cash held by and funds invested at the Community Foundation. The Organization holds a share of the pooled funds and not direct ownership of the underlying investments. The funds are subject to the policies and governing documents of the Community Foundation, including control over investment and asset management.

Property and Equipment and Depreciation

Property and equipment are stated at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Contributions of cash that must be used to acquire property and equipment and assets donated with explicit restrictions regarding their use are reported as restricted support.

The Organization reports expirations of donor restrictions and reclassifies net assets with donor restrictions to net assets without donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Furniture and equipment	5-15 years
Building and improvements	5-39 years

Net Assets

The Organization's net assets and changes therein are classified and reported as follows:

Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions or law. The governing board has designated, from net assets without donor restrictions, net assets for board designated reserves.

With Donor Restrictions

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Bidwell Riverside Center
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Program Fees

Fees are reported at the amount that reflects the consideration the Organization expects to be entitled to in exchange for providing child care services. These amounts are due from the State of Iowa's Department of Human Services (DHS) and from parents. Generally, DHS is billed for services provided bi-weekly and parents are billed weekly.

Performance obligations are determined based on the nature of the services being provided. Substantially all of the Organization's revenues are recognized at a point-in-time as each unit of service is a distinct and billable event to DHS or parents and the consumers are simultaneously receiving and consuming the benefit of the service. The transaction price is determined based upon contractually agreed upon rates with DHS and stated rates for parent payments.

Public Support

Contributions are recognized as revenue when the donor makes a promise to give to the Organization which is, in substance, unconditional. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. Unconditional contributions are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. An allowance for doubtful accounts is provided based upon management's judgment, including such factors as prior history and nature of the contribution.

Public support that is expected to be collected within one year is recorded at its net realizable value. Public support that is expected to be collected in future years is reported at fair value using present value techniques. The discount on those amounts is computed using an interest rate applicable in the year in which the contribution was received. All grants and contributions receivable as of June 30, 2022 and 2021 are anticipated to be collected in the following year and, therefore, no discount has been recorded.

Revenue from government and private grants are generally considered to be subject to conditions that must be met before the Organization is entitled to funding. The Organization recognizes revenue from grants and contracts when all material barriers have been overcome in order for the Organization to be entitled to the funding. Typically these barriers are overcome when qualifying expenditures have been incurred or defined outcomes have been achieved. Revenues from grants and contracts whose conditions have been met are recorded as grants and contributions receivable until funded by the grantor. Funding received prior to the conditions being met are recorded as refundable advances.

Contributed Goods and Services

Contributions of donated goods are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Numerous volunteers have donated significant amounts of time to the Organization. The value of these services has not been recorded to the financial statements as the criteria for recognition has not been met.

Contributed property and equipment are recorded at their estimated fair value at the date of the gift. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose.

Functional Expense Allocations

The allocations of expenses shown on the statement of functional expenses were made first by direct allocation to program areas from supporting documentation. Salaries and directly related costs were assigned to program areas based on time reports. Other expenses such as utility costs and building repairs and maintenance were allocated using percentages determined to be the best representation of usage. Additional allocations, where possible, were prepared using estimates determined by management.

**Bidwell Riverside Center
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Liquidity and Availability

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

	June 30	
	2022	2021
Cash and cash equivalents	\$ 783,434	\$ 491,785
Accounts receivable	29,927	9,533
Contributions receivable	7,208	7,476
Certificates of deposit	147,580	123,719
Total	\$ 968,149	\$ 632,513

As part of the Organization's liquidity management, it has policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization invests cash in excess of immediate requirements in money market accounts and certificates of deposit. Although not anticipated, these savings would be available to the Organization to meet liquidity needs should they arise.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income, if any, from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Management believes that the Organization is no longer subject to income tax examinations for years prior to 2019.

NOTE 2 CONTRIBUTIONS RECEIVABLE

Contributions receivable consist primarily of pledges as of the year ended June 30, 2022 and 2021 and all are due within one year. The Organization has recorded an allowance for uncollected receivables of \$-0- as of June 30, 2022 and 2021.

NOTE 3 INVESTMENT IN ASSETS HELD AT THE COMMUNITY FOUNDATION OF GREATER DES MOINES

Investment income (loss) consisted of the following:

	Year ended June 30	
	2022	2021
Interest and dividends	\$ 16,534	\$ 15,337
Realized gains	7,390	48,407
Change in unrealized gains (loss)	(117,119)	97,613
Investment fees	(3,524)	(3,383)
	\$ (96,719)	\$ 157,974

Bidwell Riverside Center
NOTES TO FINANCIAL STATEMENTS

**NOTE 3 INVESTMENT IN ASSETS HELD AT THE COMMUNITY FOUNDATION
OF GREATER DES MOINES (continued)**

The Organization 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 Organization had no Level 1 or Level 2 investments at June 30, 2022 and 2021.

Following is a description of the valuation methodologies used for the Organization's investments measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021:

Pooled investments – Pooled investments consist of assets held by the Community Foundation. 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 are measured using Level 3 inputs as provided by the Community Foundation as there is no direct ownership of the underlying investments. However, the underlying investments in the pooled funds at the Community Foundation consist of investments that have been measured by the Community Foundation using Level 1, Level 2, and Level 3 inputs and other investments using the net asset value.

The following tables set forth by level within the fair value hierarchy the Organization's investments at fair value as of June 30, 2022 and 2021. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

<u>June 30, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pooled investments	\$ <u>—</u>	\$ <u>—</u>	\$ <u>604,472</u>	\$ <u>604,472</u>
 <u>June 30, 2021</u>	 <u>Level 1</u>	 <u>Level 2</u>	 <u>Level 3</u>	 <u>Total</u>
Pooled investments	\$ <u>—</u>	\$ <u>—</u>	\$ <u>702,263</u>	\$ <u>702,263</u>

The Organization recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels in the year ended June 30, 2022 and 2021.

Investments measured at fair value on a reoccurring basis using significant unobservable inputs (Level 3 inputs):

	<u>Year ended June 30</u>	
	<u>2022</u>	<u>2021</u>
Pooled investments		
Beginning of year	\$ 702,263	\$ 586,767
Contributions	500	500
Investment income	(98,291)	156,789
Appropriation	<u>—</u>	<u>(41,793)</u>
End of year	<u>\$ 604,472</u>	<u>\$ 702,263</u>

**Bidwell Riverside Center
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Year ended June 30	
	2022	2021
Land	\$ 91,300	\$ 91,300
Building and improvements	981,622	958,168
Furniture and equipment	<u>234,626</u>	<u>198,285</u>
Total at cost	1,307,548	1,247,753
Accumulated depreciation	<u>(582,256)</u>	<u>(513,546)</u>
 Total property and equipment	 <u>\$ 725,292</u>	 <u>\$ 734,207</u>

NOTE 5 ENDOWMENT FUNDS

The Organization's endowment consists of one individual fund established by a donor to provide annual funding for non-reoccurring activities.

Absent explicit donor stipulations to the contrary, the Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with the standard of prudence prescribed by UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the various funds
- (2) The purposes of the donor-restricted endowment funds
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The Organization's investment policies

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return. The Organization expects its endowment assets, over time, to produce an average rate of return of approximately 5.2 to 8.2% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund, investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

Bidwell Riverside Center
NOTES TO FINANCIAL STATEMENTS

NOTE 5 ENDOWMENT FUNDS (continued)

Spending Policy – Donor-restricted endowment. The Organization has a policy of appropriating for distribution up to 5% of the endowment's value at December 31 of the prior year for non-reoccurring expenses, and may appropriate up to 10% with board approval. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment funds to grow at an average rate of 1-2% above inflation annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets and net assets by type of fund were as follows:

	Year ended June 30	
	2022	2021
Net assets with donor restrictions, beginning of year	\$ 702,263	\$ 586,787
Contributions	500	500
Investment returns	(98,291)	156,789
Appropriation	<u>—</u>	<u>(41,793)</u>
Net assets with donor restrictions, end of year	<u>\$ 604,472</u>	<u>\$ 702,263</u>

NOTE 6 PAYCHECK PROTECTION PROGRAM LOAN

Through a loan agreement dated May 8, 2020, the Organization received loan proceeds of \$139,695 from a financial institution under the federal Paycheck Protection Program (PPP) administered by the Small Business Administration (SBA) and the United States Department of Treasury. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides loans to qualifying business for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities as well as meets all other requirements as described in the CARES Act.

On April 8, 2021, the loan was fully forgiven by the SBA and in accordance with ASC Topic 470, recorded as paycheck protection program loan forgiveness in the accompanying statement of activities.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows:

	June 30	
	2022	2021
Endowment funds for non-recurring expenditures	\$ 596,000	\$ 595,500
Accumulated investment gains	<u>8,472</u>	<u>106,763</u>
Total funds	<u>\$ 604,472</u>	<u>\$ 702,263</u>

Bidwell Riverside Center
NOTES TO FINANCIAL STATEMENTS

NOTE 8 NET ASSETS WITHOUT DONOR RESTRICTIONS

The Board of Directors has designated funds to support the Organization's general charitable activities and projects otherwise not budgeted and provided for by the operating funds. The principal may be distributed to the operating funds of the Organization upon the approval of the majority of the Board of Directors at a meeting where a quorum is present. The income shall be distributed annually to the operating funds at the direction of the Board of Directors.

The funds are held in certificates of deposit with a balance of \$147,580 and \$147,401 at June 30, 2022 and 2021, respectively.

NOTE 9 RETIREMENT PLAN

The Organization has a defined contribution retirement plan which covers employees who have met specific eligibility requirements. Under the plan, the Organization is required to match employee contributions equal to a maximum of 3 percent of covered employee compensation. Total retirement plan cost was \$5,372 and \$4,592 for the years ended June 30, 2022 and 2021, respectively.

NOTE 10 RELATED PARTIES

The Organization participates in a management service organization through an affiliation with Bidwell Riverside Center, another nonprofit organization. The management service organization, BRC-HH, is the sole member of Bidwell Riverside Center and the board members of BRC-HH also serve as board members for Bidwell Riverside Center. Expenses incurred by BRC-HH related to providing management, administrative and fundraising services are shared among the Organization and Bidwell Riverside Center. Management service fees allocated to the Organization totaled \$122,907 and \$122,883 for the years ended June 30, 2022 and 2021, respectively. The affiliation can be terminated by either of the members at any time.

NOTE 11 CONCENTRATIONS

The Organization provides daycare services under an Iowa Department of Human Services (DHS) reimbursement contract, for which services are provided at agreed upon rates. During the years ended June 30, 2022 and 2021, program service fees from DHS were approximately \$391,000 and \$205,000, respectively. At June 30, 2022 and 2021, accounts receivable included approximately \$9,900 and \$8,300, respectively, from DHS. Future agreements with DHS are dependent upon appropriations of the Iowa State Legislature.

NOTE 12 CONTINGENCIES

The COVID-19 pandemic resulted in significant disruptions to the Organization's operations beginning in March, 2020 and has resulted in economic uncertainties, including mandated closures or the reduction of operations for businesses in many industries. The Organization has reduced some of its operations in order to comply with government mandates and help slow the spread of the disease. The Organization anticipates the COVID-19 pandemic will continue to affect operations throughout much of the upcoming fiscal year, however, the impact that the pandemic will have on the Organization's operations, liquidity, and capital resources cannot be determined at this time.

NOTE 13 SUBSEQUENT EVENTS

The Organization has evaluated events and transactions occurring after June 30, 2022 for the potential items required to be recognized or disclosed in the financial statements. Subsequent events were evaluated through November 4, 2022, the date the financial statements were available to be issued.