

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
Des Moines, Iowa**

CONSOLIDATED FINANCIAL REPORT

June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Children and Families of Iowa
Board of Trustees
Foundation for Children and Families of Iowa
Des Moines, Iowa

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Children and Families of Iowa and Foundation for Children and Families of Iowa, collectively referred to as the Corporations (nonprofit organizations), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Corporations as of June 30, 2024 and 2023, and the changes in their net assets and their 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Corporations 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporations' ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 and *Government 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Corporations' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporations' 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 consolidated financial statements as a whole. The accompanying supplementary information on pages 29-36, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2025, on our consideration of the Corporations' internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporations' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporations' internal control over financial reporting and compliance.


Denman CPA LLP

West Des Moines, Iowa
January 7, 2025

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	June 30	
ASSETS	2024	2023
Cash and cash equivalents	\$ 6,110,178	\$ 6,292,034
Accounts receivable, net	1,065,980	1,249,167
Grants receivable	943,796	975,745
Prepaid expenses	194,252	141,421
Investments	18,021,538	14,153,521
Property and equipment, net	1,037,037	1,185,128
Operating lease right-of-use assets	<u>354,657</u>	<u>255,286</u>
Total assets	<u>\$27,727,438</u>	<u>\$24,252,302</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 629,786	\$ 240,996
Accrued expenses	1,128,829	1,122,374
Operating lease liabilities	<u>352,334</u>	<u>255,951</u>
Total liabilities	<u>2,110,949</u>	<u>1,619,291</u>
NET ASSETS		
Net assets without donor restrictions	22,447,918	19,709,171
Net assets with donor restrictions	<u>3,168,571</u>	<u>2,923,840</u>
Total net assets	<u>25,616,489</u>	<u>22,633,011</u>
Total liabilities and net assets	<u>\$27,727,438</u>	<u>\$24,252,302</u>

See Notes to Consolidated Financial Statements.

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
CONSOLIDATED STATEMENTS OF ACTIVITIES**

	Year ended June 30, 2024			Year ended June 30, 2023		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
REVENUE AND PUBLIC SUPPORT						
Program service fees	\$10,957,358	\$ —	\$10,957,358	\$11,761,064	\$ —	\$11,761,064
Grants	4,085,170	146,392	4,231,562	5,033,122	169,400	5,202,522
Contributions	1,477,846	283,936	1,761,782	808,342	180,523	988,865
United Way	521,701	—	521,701	527,194	—	527,194
Special events	228,107	3,417	231,524	266,469	435	266,904
Miscellaneous	104,275	—	104,275	395,900	—	395,900
Total revenue and public support	<u>17,374,457</u>	<u>433,745</u>	<u>17,808,202</u>	<u>18,792,091</u>	<u>350,358</u>	<u>19,142,449</u>
Net assets released from restrictions	<u>237,301</u>	<u>(237,301)</u>	<u>—</u>	<u>292,145</u>	<u>(292,145)</u>	<u>—</u>
Total revenue, public support, and net asset transfers	<u>17,611,758</u>	<u>196,444</u>	<u>17,808,202</u>	<u>19,084,236</u>	<u>58,213</u>	<u>19,142,449</u>
EXPENSES						
Program services	<u>14,142,425</u>	<u>—</u>	<u>14,142,425</u>	<u>15,239,824</u>	<u>—</u>	<u>15,239,824</u>
Supporting services						
Management and general	1,972,452	—	1,972,452	2,028,808	—	2,028,808
Fundraising	<u>573,842</u>	<u>—</u>	<u>573,842</u>	<u>596,389</u>	<u>—</u>	<u>596,389</u>
Total supporting services	<u>2,546,294</u>	<u>—</u>	<u>2,546,294</u>	<u>2,625,197</u>	<u>—</u>	<u>2,625,197</u>
Total expenses	<u>16,688,719</u>	<u>—</u>	<u>16,688,719</u>	<u>17,865,021</u>	<u>—</u>	<u>17,865,021</u>
Change in net assets before investment income	923,039	196,444	1,119,483	1,219,215	58,213	1,277,428
INVESTMENT INCOME						
Investment income, net	<u>1,815,708</u>	<u>48,287</u>	<u>1,863,995</u>	<u>1,033,006</u>	<u>38,257</u>	<u>1,071,263</u>
CHANGE IN NET ASSETS	<u>2,738,747</u>	<u>244,731</u>	<u>2,983,478</u>	<u>2,252,221</u>	<u>96,470</u>	<u>2,348,691</u>
NET ASSETS						
Beginning of year	<u>19,709,171</u>	<u>2,923,840</u>	<u>22,633,011</u>	<u>17,456,950</u>	<u>2,827,370</u>	<u>20,284,320</u>
End of year	<u>\$22,447,918</u>	<u>\$3,168,571</u>	<u>\$25,616,489</u>	<u>\$19,709,171</u>	<u>\$2,923,840</u>	<u>\$22,633,011</u>

See Notes to Consolidated Financial Statements.

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
Year ended June 30, 2024**

	Program Services					
	Children and family services	Family counseling	Protective payee	Youth work readiness	Domestic violence services	Day care services
Salaries	\$3,455,568	\$ 739,889	\$ 136,992	\$1,148,720	\$ 982,888	\$ 649,281
Payroll taxes	251,394	53,968	9,791	83,857	68,477	48,340
Employee benefits	383,309	88,960	15,691	122,788	108,699	72,160
Total salaries and related benefits	<u>4,090,271</u>	<u>882,817</u>	<u>162,474</u>	<u>1,355,365</u>	<u>1,160,064</u>	<u>769,781</u>
Professional fees	1,481	—	—	—	17,506	677
Contract services	76,972	10,694	6,118	404	3,143	3,656
Supplies	15,789	3,880	969	2,546	21,173	47,419
Telephone	72,525	18,668	1,155	23,131	37,270	22,124
Postage	57	9	2,987	1,105	95	14
Occupancy	71,408	72,352	12,676	110,214	140,498	138,398
Outside printing	531	525	27	(2,033)	711	—
Transportation	460,443	3,891	15	26,837	13,089	6,020
Equipment rent and repair	4,892	6,564	6,182	10,518	3,382	11,684
Conferences and meetings	4,803	681	—	509	858	—
Assistance to individuals	22,434	—	—	245,910	210,610	3,460
Dues	3,063	—	—	—	1,817	—
Minor equipment	13,463	2,854	4,347	16,558	12,231	19,598
Credit losses	12,813	24,165	10,064	—	—	18,812
Fundraising	—	—	—	—	—	—
Miscellaneous	(67)	2,183	335	1,292	1,036	(2,818)
	<u>760,610</u>	<u>146,466</u>	<u>44,875</u>	<u>436,991</u>	<u>463,419</u>	<u>269,044</u>
Total expenses before depreciation	<u>4,850,881</u>	<u>1,029,283</u>	<u>207,349</u>	<u>1,792,356</u>	<u>1,623,483</u>	<u>1,038,825</u>
Depreciation	<u>—</u>	<u>6,463</u>	<u>—</u>	<u>—</u>	<u>61,627</u>	<u>18,379</u>
Totals	<u>\$4,850,881</u>	<u>\$1,035,746</u>	<u>\$ 207,349</u>	<u>\$1,792,356</u>	<u>\$1,685,110</u>	<u>\$1,057,204</u>

See Notes to Consolidated Financial Statements.

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (continued)
Year ended June 30, 2024**

	Program Services (continued)				
	<u>Parent partners</u>	<u>Substance abuse counseling</u>	<u>Tracking and monitoring</u>	<u>Other services</u>	<u>Total program services</u>
Salaries	\$1,051,470	\$ 288,020	\$ 331,979	\$ 63,405	\$ 8,848,212
Payroll taxes	76,466	20,663	22,830	4,545	640,311
Employee benefits	119,761	32,541	40,304	7,883	992,096
Total salaries and related benefits	<u>1,247,677</u>	<u>341,224</u>	<u>395,113</u>	<u>75,833</u>	<u>10,480,619</u>
Professional fees	395	—	—	—	20,059
Contract services	884,557	5,673	11	15,665	1,006,893
Supplies	14,240	3,585	2,253	105	111,959
Telephone	19,032	30,890	6,291	604	231,690
Postage	388	21	1	62	4,739
Occupancy	9,673	42,938	8,988	193	607,338
Outside printing	1,111	—	44	16	935
Transportation	148,082	448	12,826	1,126	672,777
Equipment rent and repair	549	1,506	1,114	—	46,391
Conferences and meetings	81,919	2,668	1,486	—	92,924
Assistance to individuals	64,893	636	29,982	—	577,925
Dues	41	248	—	200	5,369
Minor equipment	2,801	3,206	5,568	—	80,626
Credit losses	—	9,966	—	—	75,820
Fundraising	—	—	—	—	—
Miscellaneous	1,720	894	—	—	4,575
	<u>1,229,401</u>	<u>102,679</u>	<u>68,564</u>	<u>17,971</u>	<u>3,540,020</u>
Total expenses before depreciation	<u>2,477,078</u>	<u>443,903</u>	<u>463,677</u>	<u>93,804</u>	<u>14,020,639</u>
Depreciation	<u>—</u>	<u>35,317</u>	<u>—</u>	<u>—</u>	<u>121,786</u>
Totals	<u>\$2,477,078</u>	<u>\$ 479,220</u>	<u>\$ 463,677</u>	<u>\$ 93,804</u>	<u>\$14,142,425</u>

See Notes to Consolidated Financial Statements.

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (continued)
Year ended June 30, 2024**

	Supporting Services			
	Management and general	Fundraising	Total Supporting services	Total expenses
Salaries	\$1,386,885	\$ 262,179	\$1,649,064	\$10,497,276
Payroll taxes	97,040	19,015	116,055	756,366
Employee benefits	52,570	30,954	83,524	1,075,620
Total salaries and related benefits	<u>1,536,495</u>	<u>312,148</u>	<u>1,848,643</u>	<u>12,329,262</u>
Professional fees	30,908	8,000	38,908	58,967
Contract services	178,926	1,362	180,288	1,187,181
Supplies	7,911	10,244	18,155	130,114
Telephone	7,788	2,161	9,949	241,639
Postage	3,607	27,880	31,487	36,226
Occupancy	77,767	15,741	93,508	700,846
Outside printing	653	47,111	47,764	48,699
Transportation	5,914	1,980	7,894	680,671
Equipment rent and repair	8,189	23,373	31,562	77,953
Conferences and meetings	4,063	5,254	9,317	102,241
Assistance to individuals	310	—	310	578,235
Dues	27,806	1,040	28,846	34,215
Minor equipment	12,665	281	12,946	93,572
Credit losses	—	—	—	75,820
Fundraising	—	101,575	101,575	101,575
Miscellaneous	32,105	15,692	47,797	52,372
	<u>398,612</u>	<u>261,694</u>	<u>660,306</u>	<u>4,200,326</u>
Total expenses before depreciation	1,935,107	573,842	2,508,949	16,529,588
Depreciation	<u>37,345</u>	<u>—</u>	<u>37,345</u>	<u>159,131</u>
Totals	<u>\$1,972,452</u>	<u>\$ 573,842</u>	<u>\$2,546,294</u>	<u>\$16,688,719</u>

See Notes to Consolidated Financial Statements.

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (continued)
Year ended June 30, 2023**

	Program Services					
	Children and family services	Family counseling	Protective payee	Youth work readiness	Domestic violence services	Day care services
Salaries	\$3,447,334	\$ 858,694	\$ 135,135	\$1,179,286	\$ 942,498	\$ 765,295
Payroll taxes	253,432	62,708	9,770	86,145	66,617	56,702
Employee benefits	385,044	104,566	13,603	137,030	109,033	86,245
Total salaries and related benefits	<u>4,085,810</u>	<u>1,025,968</u>	<u>158,508</u>	<u>1,402,461</u>	<u>1,118,148</u>	<u>908,242</u>
Professional fees	5,993	870	—	—	9,725	184
Contract services	90,175	20,984	3,656	313	11,033	2,012
Supplies	14,556	5,388	294	10,979	31,020	49,909
Telephone	64,562	24,419	968	26,870	42,902	16,359
Postage	72	54	2,661	1,170	133	17
Occupancy	70,716	95,950	12,438	124,701	151,052	293,275
Outside printing	8,087	2,055	35	6,453	379	—
Transportation	452,013	2,723	122	30,104	12,973	6,233
Equipment rent and repair	4,578	8,316	2,976	9,759	5,650	9,314
Conferences and meetings	4,933	860	—	12,487	1,874	182
Assistance to individuals	71,346	—	—	370,467	289,069	10,654
Dues	2,813	—	—	220	8,478	150
Minor equipment	25,549	14,590	186	31,601	10,942	11,013
Credit losses	12,208	38,740	7,397	—	—	—
Fundraising	—	—	—	—	—	—
Miscellaneous	(37)	1,652	443	170	401	1,742
	<u>827,564</u>	<u>216,601</u>	<u>31,176</u>	<u>625,294</u>	<u>575,631</u>	<u>404,044</u>
Total expenses before depreciation	4,913,374	1,242,569	189,684	2,027,755	1,693,779	1,309,286
Depreciation	—	6,632	—	—	61,963	18,159
Totals	<u>\$4,913,374</u>	<u>\$1,249,201</u>	<u>\$ 189,684</u>	<u>\$2,027,755</u>	<u>\$1,755,742</u>	<u>\$1,327,445</u>

See Notes to Consolidated Financial Statements.

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (continued)
Year ended June 30, 2023**

	Program Services (continued)				
	<u>Parent partners</u>	<u>Substance abuse counseling</u>	<u>Tracking and monitoring</u>	<u>Other services</u>	<u>Total program services</u>
Salaries	\$ 989,173	\$ 324,722	\$ 344,128	\$ 245,671	\$ 9,231,936
Payroll taxes	72,158	23,579	24,198	17,250	672,559
Employee benefits	114,267	36,546	37,051	27,436	1,050,822
Total salaries and related benefits	<u>1,175,599</u>	<u>384,847</u>	<u>405,377</u>	<u>290,357</u>	<u>10,955,317</u>
Professional fees	499	424	—	—	17,695
Contract services	822,060	3,858	32	35,935	990,058
Supplies	15,224	3,848	3,490	1,532	136,240
Telephone	18,106	18,768	6,302	7,548	226,804
Postage	325	—	1	321	4,754
Occupancy	14,127	39,734	8,840	27,025	837,858
Outside printing	1,452	83	56	355	18,955
Transportation	122,093	159	11,226	14,514	652,160
Equipment rent and repair	854	1,640	1,059	956	45,102
Conferences and meetings	49,835	500	1,415	1,200	73,286
Assistance to individuals	169,694	—	20,007	34,301	965,538
Dues	200	231	—	—	12,092
Minor equipment	10,310	2,419	185	2,633	109,428
Credit losses	—	7,243	—	—	65,588
Fundraising	—	—	—	—	—
Miscellaneous	2,259	453	—	—	7,083
	<u>1,227,038</u>	<u>79,360</u>	<u>52,613</u>	<u>126,320</u>	<u>4,162,641</u>
Total expenses before depreciation	2,402,637	464,207	457,990	416,677	15,117,958
Depreciation	—	35,112	—	—	121,866
Totals	<u>\$2,402,637</u>	<u>\$ 499,319</u>	<u>\$ 457,990</u>	<u>\$ 416,677</u>	<u>\$15,239,824</u>

See Notes to Consolidated Financial Statements.

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (continued)
Year ended June 30, 2023**

	Supporting Services			
	Management and general	Fundraising	Total Supporting services	Total expenses
Salaries	\$1,228,034	\$ 280,684	\$1,508,718	\$10,740,654
Payroll taxes	89,182	20,435	109,617	782,176
Employee benefits	196,965	33,284	230,249	1,281,071
Total salaries and related benefits	<u>1,514,181</u>	<u>334,403</u>	<u>1,848,584</u>	<u>12,803,901</u>
Professional fees	105,551	8,593	114,144	131,839
Contract services	181,246	5,783	187,029	1,177,087
Supplies	8,372	14,241	22,316	158,853
Telephone	7,878	2,162	10,040	236,844
Postage	3,253	30,722	33,975	38,729
Occupancy	104,541	15,216	119,757	957,615
Outside printing	7,917	38,980	46,897	65,852
Transportation	5,255	2,660	7,915	660,075
Equipment rent and repair	7,772	24,538	32,310	77,412
Conferences and meetings	1,978	2,197	4,175	77,461
Assistance to individuals	585	—	585	966,123
Dues	27,154	630	27,784	39,876
Minor equipment	4,465	2,243	6,708	116,136
Credit losses	—	—	—	65,588
Fundraising	—	85,999	85,999	85,999
Miscellaneous	11,076	28,022	39,098	46,181
	<u>477,043</u>	<u>261,986</u>	<u>739,029</u>	<u>4,901,670</u>
Total expenses before depreciation	1,991,224	596,389	2,587,613	17,705,571
Depreciation	<u>37,584</u>	<u>—</u>	<u>37,584</u>	<u>159,450</u>
Totals	<u>\$2,028,808</u>	<u>\$ 596,389</u>	<u>\$2,625,197</u>	<u>\$17,865,021</u>

See Notes to Consolidated Financial Statements.

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Year ended June 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in total net assets	\$2,983,478	\$2,348,691
Adjustments to reconcile change in total net assets to net cash flows from operating activities		
Contributions restricted for long-term purposes	(193,196)	(87,783)
Depreciation	159,131	159,450
Credit losses	75,820	65,588
Realized (gains) losses	(259,915)	176,638
Change in unrealized (gains)	(1,082,815)	(838,435)
Changes in assets and liabilities		
Accounts receivable	107,367	(242,608)
Grants receivable	31,949	116,815
Prepaid expenses	(52,831)	(80,653)
Operating lease right-of-use assets, less lease liabilities	(2,988)	665
Accounts payable	388,820	58,169
Accrued expenses	6,455	113,541
Net cash flows from operating activities	<u>2,161,275</u>	<u>1,790,078</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(11,040)	(39,044)
Proceeds from sales of investments	4,727,122	2,353,213
Purchases of investments	(7,252,409)	(4,660,180)
Net cash flows from investing activities	<u>(2,536,327)</u>	<u>(2,346,011)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions received for long-term purposes	<u>193,196</u>	<u>87,783</u>
Net cash flows from financing activities	<u>193,196</u>	<u>87,783</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(181,856)	(468,150)
CASH AND CASH EQUIVALENTS		
Beginning	<u>6,292,034</u>	<u>6,760,184</u>
Ending	<u>\$6,110,178</u>	<u>\$6,292,034</u>

See Notes to Consolidated Financial Statements.

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Children and Families of Iowa (CFI) is a charitable organization whose mission is to assist youth, individuals, and families in becoming fully functioning members of society by providing services and advocacy in response to the needs of individuals, families, groups, and communities in Iowa. CFI is primarily supported through fees charged for program services, grants and contributions.

The consolidated financial statements also include the operations of Foundation for Children and Families of Iowa (Foundation). The purpose of the Foundation is to assist and benefit CFI in carrying out its charitable purposes through the receipt, use, management, and administration of gifts, grants, and special event revenue. The Foundation is primarily supported through contributions and returns on investments. In the event of dissolution of the Foundation, all of its remaining net assets are to be distributed to CFI in accordance with its stated purpose. All significant intercompany transactions between CFI and the Foundation, collectively referred to as the Corporations, have been eliminated.

Basis of Presentation

Financial statement presentation follows the recommendations of the Not-for-Profit Entities Topic of the *FASB Accounting Standards Codification*. Under this standard, the Corporations are required to report information regarding their financial position and changes in net assets according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are those assets which are not restricted by donor-imposed stipulations and represent the portion of expendable assets available for support of operations.

Net assets with donor restrictions represent contributions or other inflows of assets whose use by the Corporations is limited by donor-imposed stipulations. As donor-imposed stipulations expire, net assets with donor restrictions are reclassified as net assets without donor restrictions.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions relating to the reporting of assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Corporations consider all highly liquid securities with an initial maturity of three months or less, excluding cash and money market funds held in brokerage accounts which are included with investments, to be cash equivalents. The Corporations maintain checking accounts at a bank. These accounts are insured up to the Federal Deposit Insurance Corporation (FDIC) limit. At times, these accounts exceed the FDIC insurance limits; however, management does not believe the Corporations are exposed to any significant risk of loss.

Accounts Receivable and Allowance for Credit Losses

The Corporations record receivables for program service fees at the estimated net realizable amount expected to be received from third party payors including Medicaid managed care organizations (MCOs) and insurance companies, clients, and others. Management records an allowance for credit losses based on an evaluation of the collectability of the receivables, including historical loss experience, payor base, specific impaired accounts, and economic conditions. Receivables are written off when management determines them to be uncollectible. At June 30, 2024 and 2023, the allowance for credit losses was \$146,326 and \$124,328, respectively.

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

Accounts Receivable and Allowance for Credit Losses (continued)

The Corporations had the following activity in their allowance for credit losses for the year ended June 30, 2024:

Beginning balance	\$124,328
Provision for credit losses	75,820
Write-offs	<u>(53,822)</u>
Ending balance	<u>\$146,326</u>

Grants Receivable

Grants receivable are recorded based on the terms of the related grant agreements. Management has determined all grants receivable to be fully collectible, therefore, an allowance for uncollectible grants has been recorded.

Investments

The Corporations' investments consist of mutual funds, exchange traded funds, corporation common stocks, corporate bonds, government securities, hedge funds, pooled investments, and beneficial interests in perpetual trusts. The allocation of investments follows the policy set forth in the Corporations' Investment Policy Statement. The Corporations carry investments in marketable securities with readily determinable fair values at their fair values in the consolidated statements of financial position. See Note 2 for discussion of fair value measurements. Realized and unrealized gains and losses are included within investment income (loss), net in the accompanying consolidated statements of activities.

Pooled Investments

Pooled investments consist of assets held at the Community Foundation of Greater Des Moines (Community Foundation) under designated agency agreements. The Corporations hold 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. Pooled investments are carried at fair value and are reported with investments in the consolidated statements 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.

Beneficial Interests in Perpetual Trusts

The Corporations are the beneficiary of perpetual trusts held by third parties. Under the terms of the trusts, the Corporations have the irrevocable right to receive the income generated by the trust in perpetuity, but never the corpus of the trust. The beneficial interests in the perpetual trusts are recorded at the fair value of the underlying trust assets and are reported within investments in the consolidated statements of financial position.

Property and Equipment

Property and equipment are stated at depreciated cost. Provisions for depreciation are computed by the straight-line method over the estimated useful lives of the assets.

Leases

The Corporations determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the consolidated statements of financial position. Finance leases are included in property and equipment and finance lease liabilities on the consolidated statements of financial position. The Corporations had no finance leases at June 30, 2024 and 2023.

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

Leases, continued

ROU assets represent the Corporations' right to use an underlying asset for the lease term, and lease liabilities represent the Corporations' obligation to make lease payments arising from the lease. Operating lease ROU assets and operating lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Corporations' leases do not provide an implicit rate, the Corporations have elected to use a risk-free discount rate, as measured by the applicable U.S. Treasury instrument at the date of commencement. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Corporations will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Variable payments that are not determinable at lease commencement are not included in the measurement of the operating lease ROU asset and operating lease liability. These variable payments are recognized as expenses in the period in which the obligation for the related payment is incurred.

Short-term leases (leases with a term of 12 months or less) are recognized as expenses on the straight-line basis over the lease term.

Revenue Recognition

Program Service Fees

Program service fees are reported at the amount that reflects the consideration the Corporations expect to be entitled to in exchange for providing the service. These amounts are due primarily from clients and third party payors, including Medicaid managed care organizations (MCOs), insurance companies, and others. Generally, these clients and third party payors are billed within days after the services are performed or at the end of the month. Revenue is recognized as performance obligations are satisfied. Laws and regulations governing the Medicaid MCOs are extremely complex and subject to interpretation. It is common for differences to arise related to coding of services provided and reimbursement rate changes resulting from changes in regulations or levels of funding available. As a result, there is at least a reasonable possibility that recorded estimates may change by material amounts in the near term.

Performance obligations are determined based on the nature of the services being provided. For the majority of the program services provided, the performance obligation is satisfied at a point-in-time as the client simultaneously receives and consumes the benefits provided as the services are performed.

The transaction price is typically determined based on agreed-upon rates with the third party payors. These agreed-upon rates typically represent the Corporations' standard charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured or underinsured patients in accordance with the Corporations' policies, and/or implicit price concessions provided to uninsured or underinsured patients. The Corporations estimate contractual adjustments, discounts, and implicit price concessions based on contractual agreements, discount policies, and historical experience.

The Corporations utilize a portfolio approach to account for categories of client contracts as a collective group rather than recognizing revenue on an individual contract basis. The portfolio consists of major payor classes for the program service fees. Based on historical collection trends, the Corporations believe revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach had been used.

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

Revenue Recognition (continued)

Public Support

Revenue from government and private grants, including United Way funding, is generally considered to be subject to conditions that must be met before the Corporations are entitled to funding. The Corporations recognize revenue from grants when all material barriers have been overcome in order for the Corporations 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 whose conditions have been met are recorded as accounts receivable until funded by the grantor. Funding received prior to the conditions being met is recorded as refundable advances and is reported with accrued expenses in the consolidated statements of financial position. Refundable advances of \$157,375 and \$105,955 are included in accrued expenses at June 30, 2024 and 2023, respectively.

Contributions are recognized as revenue when the donor makes a promise to give to the Corporations that is, in substance, unconditional. Conditional promises to give, that is, those contributions with a measurable and material performance or other barrier and a right of return, are not recognized as revenue until the donor's conditions are substantially met.

Sponsorships and other fees related to special events are typically recognized as revenue when the related event occurs. Sponsorships and other fees received in advance of the related event that are determined to be conditional are reported with accrued expenses until the event occurs. Contributions received related to special events, including sponsorships, are recognized as revenue when they are determined to be unconditional.

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. 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 consolidated statement of activities as net assets released from restrictions.

Contributed Services

Contributed services are recognized as contributions if the services received create or enhance a long-lived asset or require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. There were no contributed services recognized for the years ended June 30, 2024 and 2023.

The Corporations receive various types of contributed support including fundraising and contributed time. The Corporations use volunteers to fulfill their mission. The use of volunteers to fulfill its mission is not recognized as revenue and support by the Corporations.

Allocation of Functional Expenses

Expenditures for salaries were allocated to a specific program or supporting service based on estimates of time spent made by management. All other program services costs have been allocated to programs using percentages that were developed based on estimates made by management.

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

Income Taxes

The Corporations are each exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Corporations 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 disclosure in the financial statements. Management has not identified any uncertainty in income tax positions that would jeopardize the Corporation's status as tax-exempt entities. The Corporation's income tax returns are subject to review and examination by tax authorities. However, there are currently no reviews or examinations for any tax periods in progress. The tax returns for years prior to the fiscal year ended June 30, 2021 are no longer open to examination by tax authorities.

Recently Adopted Accounting Guidance

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through change in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under this standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Corporations that are subject to the guidance in FASB ASC 326 were accounts receivable.

The Corporations adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements and primarily resulted in new/enhanced disclosures.

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Corporations' investments are as follows:

	June 30	
	2024	2023
Cash and money market funds	\$ 1,907,992	\$ 740,494
Mutual funds	4,105,441	4,963,157
Exchange traded funds	3,620,908	2,621,984
Corporation common stocks	3,653,392	2,390,668
Corporate bonds	182,989	188,436
Government securities	875,818	664,674
Hedge funds	1,180,121	1,268,813
Pooled investments	2,018,931	870,275
Beneficial interest in perpetual trusts	475,946	445,202
Totals	<u>\$18,021,538</u>	<u>\$14,153,521</u>

Investment income, net consisted of the following:

	Year ended June 30	
	2024	2023
Interest and dividends	\$ 627,521	\$ 484,264
Realized gains (losses)	259,915	(176,638)
Gain on beneficial interest in perpetual trusts	48,287	38,257
Change in unrealized gains	1,034,528	800,178
Investment fees	(106,256)	(74,798)
Investment income, net	<u>\$1,863,995</u>	<u>\$1,071,263</u>

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The Corporations follow 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 Corporations had no Level 3 investments at June 30, 2024 and 2023.

Following is a description of the valuation methodologies used for the Corporations' investments measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023:

Mutual funds, exchange traded funds, and corporation common stocks – These securities are valued at the daily closing price as reported by the fund/stock. These funds/stocks are deemed to be actively traded.

Corporate bonds and government securities – These securities are valued based on quoted prices for similar assets in active markets, quoted prices for identical assets in inactive markets, or valuations based on models where the significant inputs are observable (i.e., interest rates, yield curves, etc.) or can be corroborated by observable market data.

Beneficial interest in perpetual trusts – The beneficial interest in perpetual trusts are valued based on the fair value of the underlying investments comprising the trusts as determined using quoted market prices in active markets.

Hedge funds – The Corporations have elected to report the fair value of the hedge funds using the practical expedient. The practical expedient allows for the use of net asset value (NAV), either as reported by the investee fund or as adjusted by the Corporations based on various factors, to determine fair value. The fair value of the hedge funds is based on a combination of the net asset value as reported in the audited financial statements of the investees and the net asset value as reported in the monthly or quarterly statements received from the investees.

Pooled investments – Pooled investments consist of assets held by the Community Foundation of Greater Des Moines. The Corporations hold 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.

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The following tables set forth by level within the fair value hierarchy the Corporations' investments at fair value as of June 30, 2024 and 2023. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement.

<u>June 30, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and money market funds	\$ <u>1,907,992</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>1,907,992</u>
Mutual funds				
Emerging market/international	789,284	—	—	789,284
Strategic	176,658	—	—	176,658
Real estate	158,994	—	—	158,994
Bond	2,341,278	—	—	2,341,278
Value	228,543	—	—	228,543
Commodities	162,325	—	—	162,325
Growth	<u>248,359</u>	<u>—</u>	<u>—</u>	<u>248,359</u>
Total mutual funds	<u>4,105,441</u>	<u>—</u>	<u>—</u>	<u>4,105,441</u>
Exchange traded funds				
Growth	1,316,896	—	—	1,316,896
Emerging market/international	548,234	—	—	548,234
Governmental	162,282	—	—	162,282
Value	510,951	—	—	510,951
Bond	377,919	—	—	377,919
Energy	231,611	—	—	231,611
Investment grade fixed income	156,853	—	—	156,853
Large blend	<u>316,162</u>	<u>—</u>	<u>—</u>	<u>316,162</u>
Total exchange traded funds	<u>3,620,908</u>	<u>—</u>	<u>—</u>	<u>3,620,908</u>
Corporation common stocks				
Services	121,586	—	—	121,586
Consumer goods	534,640	—	—	534,640
Energy	223,786	—	—	223,786
Financial	599,251	—	—	599,251
Health care	560,326	—	—	560,326
Industrials	488,524	—	—	488,524
Technology	765,686	—	—	765,686
Materials	120,611	—	—	120,611
Real estate	32,019	—	—	32,019
Utilities	183,524	—	—	183,524
Other	<u>23,439</u>	<u>—</u>	<u>—</u>	<u>23,439</u>
Total corporation common stocks	<u>3,653,392</u>	<u>—</u>	<u>—</u>	<u>3,653,392</u>
Corporate bonds	—	182,989	—	182,989
Government securities	—	875,818	—	875,818
Beneficial interest in perpetual trusts	<u>475,946</u>	<u>—</u>	<u>—</u>	<u>475,946</u>
Total investments in the fair value hierarchy	<u>\$13,763,679</u>	<u>\$1,058,807</u>	<u>\$—</u>	14,822,486
Investments measured at net asset value (1)				<u>3,199,052</u>
Investments at fair value				<u>\$18,021,538</u>

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

<u>June 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and money market funds	\$ 740,494	\$ —	\$ —	\$ 740,494
Mutual funds				
Emerging market	1,120,425	—	—	1,120,425
Investment grade fixed income	903,649	—	—	903,649
Tactical allocation	401,531	—	—	401,531
Real estate	134,672	—	—	134,672
Bond	1,522,457	—	—	1,522,457
Value	405,636	—	—	405,636
Commodities	126,058	—	—	126,058
Growth	348,729	—	—	348,729
Total mutual funds	<u>4,963,157</u>	<u>—</u>	<u>—</u>	<u>4,963,157</u>
Exchange traded funds				
Growth	1,598,956	—	—	1,598,956
International	19,201	—	—	19,201
Governmental	185,426	—	—	185,426
Value	394,454	—	—	394,454
Bond	246,672	—	—	246,672
Large blend	177,275	—	—	177,275
Total exchange traded funds	<u>2,621,984</u>	<u>—</u>	<u>—</u>	<u>2,621,984</u>
Corporation common stocks				
Services	124,970	—	—	124,970
Consumer goods	320,769	—	—	320,769
Energy	163,484	—	—	163,484
Financial	399,050	—	—	399,050
Health care	325,119	—	—	325,119
Industrials	381,596	—	—	381,596
Technology	369,684	—	—	369,684
Materials	138,655	—	—	138,655
Real estate	27,688	—	—	27,688
Utilities	123,437	—	—	123,437
Total corporation common stocks	<u>2,390,668</u>	<u>—</u>	<u>—</u>	<u>2,390,668</u>
Corporate bonds	—	188,436	—	188,436
Government securities	—	664,674	—	664,674
Beneficial interest in perpetual trusts	<u>445,020</u>	<u>—</u>	<u>—</u>	<u>445,020</u>
Total investments in the fair value hierarchy	<u>\$11,161,323</u>	<u>\$ 853,110</u>	<u>\$ —</u>	12,014,433
Investments measured at net asset value (1)				<u>2,139,088</u>
Investments at fair value				<u>\$14,153,521</u>

(1) Certain investments that are 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.

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

Investments Measured Using the Net Asset Value Per Share Practical Expedient

	<u>Fair value as of June 30</u>		<u>Unfunded commitments</u>	<u>Redemption frequency (if currently eligible)</u>	<u>Redemption notice period</u>
	<u>2024</u>	<u>2023</u>			
Hedge funds	\$1,180,121	\$1,268,813	None	Quarterly	None
Pooled investments	<u>2,018,931</u>	<u>870,275</u>	None	Daily	None
Total investments measured at net asset value	<u>\$3,199,052</u>	<u>\$2,139,088</u>			

NOTE 3 PROPERTY AND EQUIPMENT

A summary of property and equipment and related accumulated depreciation is as follows:

	<u>Useful lives</u>	<u>June 30</u>	
		<u>2024</u>	<u>2023</u>
Land	N/A	\$ 111,420	\$ 111,420
Buildings and improvements	3-40	5,312,160	5,301,120
Furniture and equipment	3-15	<u>542,725</u>	<u>542,725</u>
		5,966,305	5,955,265
Less accumulated depreciation		<u>4,929,268</u>	<u>4,770,137</u>
Totals		<u>\$1,037,037</u>	<u>\$1,185,128</u>

NOTE 4 REVOLVING LINE OF CREDIT

Children and Families of Iowa had a \$500,000 revolving line of credit with a bank, which was closed on October 11, 2024. Interest on the line of credit was at the prime rate, which was 8.50% at June 30, 2024. At June 30, 2024 and 2023, the balance outstanding was \$-0-. The credit line was secured by substantially all assets of the Corporations.

NOTE 5 RESTRICTIONS ON ASSETS

Net assets with donor restrictions have the following donor-imposed restrictions:

	<u>June 30</u>	
	<u>2024</u>	<u>2023</u>
Capital Campaign	\$ 101,544	\$ 98,906
Child Development Center	82,971	53,712
Children and Family Services	25,096	55,178
Family Violence Center	74,521	66,009
Substance Abuse Counseling	31,048	43,014
Other	45,063	40,176
Endowment funds held in perpetuity	<u>2,808,328</u>	<u>2,566,845</u>
Total net assets with donor restrictions	<u>\$3,168,571</u>	<u>\$2,923,840</u>

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 6 ENDOWMENT FUND

The Corporations' endowment fund consists primarily of investments of donor-restricted assets held in perpetuity to provide a source of long term income for maintenance of the Corporations.

The Corporations follow the endowment fund disclosure requirements as required by the Not-for-Profit Entities Topic of the *FASB Accounting Standards Codification* as well as the Uniform Prudent Management of Institutional Funds Act (the Act) which was adopted as law in the State of Iowa. The Corporations have 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. Accordingly, the Corporations classify as donor-restricted net assets held in perpetuity the original value of gifts donated to the endowment held in perpetuity, the original value of subsequent gifts to the endowment held in perpetuity, and accumulations to the endowment held in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Use of the investment income from the assets may be unrestricted and used as the Corporations deem necessary for the purposes for which the original restricted gift was received. Endowment assets are appropriated for expenditure by the Corporations in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the Corporations consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purpose of the donor-restricted endowment fund, (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 Corporations, and (7) the investment objectives of the Corporations.

Except for the practice of preserving the fair value of the original gift as of the gift date of the endowment funds held in perpetuity absent explicit donor stipulations to the contrary, the Corporations' investment objectives are to maximize investment return within reasonable and prudent levels of investment risk and in a manner consistent with the Corporations' other objectives, to maintain an asset allocation policy that is compatible with the Corporations' Investment Policy Statement, to maintain the inflation adjusted value of Corporations' investments, and to control the costs of administering the investments.

A summary of changes in donor-restricted endowment fund net assets held in perpetuity is as follows:

	June 30	
	2024	2023
Net assets with donor restrictions-held in perpetuity, beginning of year	\$2,566,845	\$2,440,805
Contributions	193,196	87,783
Gain (loss) on beneficial interests in perpetual trusts	<u>48,287</u>	<u>38,257</u>
Net assets with donor restrictions-held in perpetuity, end of year	<u><u>\$2,808,328</u></u>	<u><u>\$2,566,845</u></u>

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 7 EMPLOYEE BENEFIT PLANS

The Corporations participate in the United Way of Central Iowa 401(k) Plan (401(k) Plan). The 401(k) Plan is a defined contribution plan established on July 1, 2001 that covers substantially all employees. Eligible employees can voluntarily contribute a percentage of their compensation up to Internal Revenue Service limitations. The Corporations will match 100% of the first 1% of employee compensation and then 50% of the next 5% up to a maximum employers' contribution of 3.5% of compensation. Retirement expense for the years ended June 30, 2024 and 2023 was \$257,904 and \$240,703, respectively.

The Corporations participated in the United Way of Central Iowa Retirement Plan (pension plan), a defined benefit pension plan that was closed to new participants effective December 31, 2010. On September 22, 2021, the United Way of Central Iowa board of directors (as the pension plan sponsor) voted to terminate the plan effective December 31, 2021, in accordance with a standard termination under Pension Benefit Guarantee Corporation rules. During the year ended June 30, 2024, the plan was officially terminated, and all benefits were distributed to eligible vested participants, as required. The Corporations made no contributions to the pension plan for the years ended June 30, 2024 and 2023.

NOTE 8 LEASES

The Corporations lease several buildings to conduct various community service programs and office equipment and vehicles under operating leases with initial lease terms of approximately three to five years.

While all of the agreements provide for minimum lease payments, some may include payments adjusted for inflation or for variable payments based on usage levels. Variable payments that are not determinable at lease commencement are not included in the measurement of the lease assets and liabilities. The lease agreements do not include any material residual value guarantees or restrictive covenants.

The following summarizes the line items in the consolidated statements of financial position which include amounts for operating leases:

	June 30	
	<u>2024</u>	<u>2023</u>
Operating lease right-of-use assets	\$ <u>354,657</u>	\$ <u>255,286</u>
Operating lease liabilities	\$ <u>352,334</u>	\$ <u>255,951</u>

The components of operating lease expense that are included in occupancy, transportation, and equipment and repair expense in the consolidated statements of functional expenses were as follows:

	Year ended June 30	
	<u>2024</u>	<u>2023</u>
Operating lease cost	\$ 149,590	\$ 149,334
Variable and short-term lease cost	<u>96,364</u>	<u>120,449</u>
Total	\$ <u>245,954</u>	\$ <u>269,783</u>

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 8 LEASES (continued)

The following summarizes the cash flow information related to operating leases:

	Year ended June 30	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows for operating leases	\$ <u>149,590</u>	\$ <u>149,334</u>
Lease assets obtained in exchange for lease liabilities		
Operating leases	\$ <u>239,680</u>	\$ <u>79,020</u>

Weighted average lease terms and discount rates were as follows:

	Year ended June 30	
	2024	2023
Weighted average remaining lease term for operating leases	2.40 years	2.22 years
Weighted average discount rate for operating leases	4.24%	3.03%

The maturities of the Corporations' operating lease liabilities as of June 30, 2024 were as follows:

<u>Year ending June 30</u>	
2025	\$ 178,384
2026	125,001
2027	64,211
2028	<u>2,833</u>
Total lease payments	370,429
Less imputed interest	<u>(18,095)</u>
Total operating lease liabilities	\$ <u>352,334</u>

NOTE 9 CONCENTRATIONS OF RISK

CFI provides services throughout the state of Iowa for the Department of Health and Human Services (DHHS). Services provided for the DHHS are primarily under purchase of service agreements, for which services are provided at agreed upon rates. During the years ended June 30, 2024 and 2023, program service fees from DHHS were approximately \$8,326,000 and \$9,018,000, respectively. At June 30, 2024 and 2023, accounts receivable of CFI included approximately \$723,000 and \$576,000, respectively, from the DHHS. Future agreements with the DHHS are dependent upon appropriations by the Iowa state legislature.

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 10 LIQUIDITY AND AVAILABILITY

The Corporations' financial assets available for general expenditure within one year of the consolidated statement of financial date are as follows:

	June 30	
	<u>2024</u>	<u>2023</u>
Cash and cash equivalents, less donor-restricted amounts	\$ 5,749,935	\$ 5,935,039
Accounts receivable, net	1,065,980	1,249,167
Grants receivable	943,796	975,745
Investments, less donor-restricted amounts held in perpetuity	<u>15,213,210</u>	<u>11,586,676</u>
Totals	<u>\$22,972,921</u>	<u>\$19,746,627</u>

The Corporations structure their financial assets to be available as their general expenditures, liabilities, and other obligations come due. The Corporations may invest cash in excess of daily requirements in various short-term investments, including short-term treasury investments.

NOTE 11 COMMITMENTS AND CONTINGENCIES

During the year ended June 30, 2022, the Corporations became aware of potential misappropriation of funds by an employee. Management has reported the potential misappropriation to the appropriate funding organization and is working with such organization and appropriate authorities to investigate the matter. As of the date of these consolidated financial statements, the investigation remains in process. Management believes any potential liability arising from the matter will be covered by insurance, and accordingly, no net liability has been recorded on the consolidated statement of financial position as of June 30, 2024.

NOTE 13 SUBSEQUENT EVENTS

The Corporations have evaluated subsequent events through January 7, 2025 the date which the financial statements were available to be issued. There were no subsequent events required to be accrued or disclosed.

SUPPLEMENTARY INFORMATION

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION**

	Year ended June 30, 2024			
	Children and Families of Iowa	Foundation for Children and Families of Iowa	Eliminations	Total
ASSETS				
Cash	\$ 4,885,319	\$ 1,224,859	\$ —	\$ 6,110,178
Accounts receivable, net	952,271	113,709	—	1,065,980
Grants receivable	943,796	—	—	943,796
Prepaid expenses	194,252	—	—	194,252
Intercompany receivables	44,523	—	(44,523)	—
Investments	2,122,080	15,899,458	—	18,021,538
Property and equipment, net	1,037,037	—	—	1,037,037
Operating lease right-of-use assets	354,657	—	—	354,357
Assets held by Foundation on behalf of CFI	14,024,932	—	(14,024,932)	—
Totals	<u>\$24,558,867</u>	<u>\$17,238,026</u>	<u>\$(14,069,455)</u>	<u>\$27,727,438</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 629,786	\$ —	\$ —	\$ 629,786
Accrued expenses	1,128,829	—	—	1,128,829
Operating lease liabilities	352,334	—	—	352,334
Intercompany payables	—	44,523	(44,523)	—
Total liabilities	<u>2,110,949</u>	<u>44,523</u>	<u>(44,523)</u>	<u>2,110,949</u>
NET ASSETS				
Net assets without donor restrictions	22,447,918	14,024,932	(14,024,932)	22,447,918
Net assets with donor restrictions	—	3,168,571	—	3,168,571
Total net assets	<u>22,447,918</u>	<u>17,193,503</u>	<u>(14,024,932)</u>	<u>25,616,489</u>
Totals	<u>\$24,558,867</u>	<u>\$17,238,026</u>	<u>\$(14,069,455)</u>	<u>\$27,727,438</u>

See accompanying Independent Auditor's Report.

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION (continued)**

	Year ended June 30, 2023			
	Children and Families of Iowa	Foundation for Children and Families of Iowa	Eliminations	Total
ASSETS				
Cash	\$ 5,204,288	\$ 1,087,746	\$ —	\$ 6,292,034
Accounts receivable, net	1,135,374	113,793	—	1,249,167
Grants receivable	975,745	—	—	975,745
Prepaid expenses	141,421	—	—	141,421
Intercompany receivables	87,512	—	(87,512)	—
Investments	1,011,496	13,142,025	—	14,153,521
Property and equipment, net	1,185,128	—	—	1,185,128
Operating lease right-of-use assets	255,286	—	—	255,286
Assets held by Foundation on behalf of CFI	11,332,212	—	(11,332,212)	—
Totals	<u>\$21,328,462</u>	<u>\$14,343,564</u>	<u>\$(11,419,724)</u>	<u>\$24,252,302</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 240,966	\$ —	\$ —	\$ 240,966
Accrued expenses	1,122,374	—	—	1,122,374
Operating lease liabilities	255,951	—	—	255,951
Intercompany payables	—	87,512	(87,512)	—
Total liabilities	<u>1,619,291</u>	<u>87,512</u>	<u>(87,512)</u>	<u>1,619,291</u>
NET ASSETS				
Net assets without donor restrictions	19,709,171	11,332,212	(11,332,232)	19,709,171
Net assets with donor restrictions	—	2,923,840	—	2,923,840
Total net assets	<u>19,709,171</u>	<u>14,256,052</u>	<u>(11,332,252)</u>	<u>22,633,011</u>
Totals	<u>\$21,328,462</u>	<u>\$14,343,564</u>	<u>\$(11,419,724)</u>	<u>\$24,252,302</u>

See accompanying Independent Auditor's Report.

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
CONSOLIDATING SCHEDULES OF ACTIVITIES
Year ended June 30, 2024**

	<u>Without donor restrictions</u>		<u>With donor restrictions</u>	
	<u>Children and Families of Iowa</u>	<u>Foundation for Children and Families of Iowa</u>	<u>Children and Families of Iowa</u>	<u>Foundation for Children and Families of Iowa</u>
REVENUE AND PUBLIC SUPPORT				
Program service fees	\$10,957,358	\$ —	\$ —	\$ —
Intercompany accounts	2,692,720	—	—	—
Grants	4,063,267	21,903	—	146,392
Contributions	240,037	1,477,846	—	283,936
United Way	521,701	—	—	—
Special events	—	228,107	—	3,417
Miscellaneous	94,121	—	—	—
Total revenue and public support	18,569,204	1,727,856	—	433,745
Net assets released from restrictions	—	237,301	—	(237,301)
Total revenue, public support, and net asset transfers	18,569,204	1,965,157	—	196,444
EXPENSES				
Program expenses	14,142,425	229,883	—	—
Supporting services				
Management and general	1,972,452	—	—	—
Fundraising	—	573,842	—	—
Total supporting services	1,972,452	573,842	—	—
Total expenses	16,114,877	803,725	—	—
Change in net assets before investment income	2,454,327	1,161,432	—	196,444
INVESTMENT INCOME				
Investment income, net	284,420	1,531,288	—	48,287
CHANGE IN NET ASSETS	2,738,747	2,692,720	—	244,731
NET ASSETS				
Beginning of year	19,709,171	11,332,212	—	2,923,840
End of year	\$22,447,918	\$14,024,932	\$ —	\$3,168,571

See accompanying Independent Auditor's Report.

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
CONSOLIDATING SCHEDULES OF ACTIVITIES (continued)
Year ended June 30, 2024**

	Subtotals			
	Children and Families of Iowa	Foundation for Children and Families of Iowa	Eliminations	Totals
REVENUE AND PUBLIC SUPPORT				
Program service fees	\$10,957,358	\$ —	\$ —	\$10,957,358
Intercompany accounts	2,692,720	—	(2,692,720)	—
Grants	4,063,267	168,295	—	4,231,562
Contributions	240,037	1,761,782	(240,037)	1,761,782
United Way	521,701	—	—	521,701
Special events	—	231,524	—	231,524
Miscellaneous	94,121	—	10,154	104,275
Total revenue and public support	18,569,204	2,161,601	(2,922,603)	17,808,202
Net assets released from restrictions	—	—	—	—
Total revenue, public support, and net asset transfers	18,569,204	2,161,601	(2,922,603)	17,808,202
EXPENSES				
Program expenses	14,142,425	229,883	(229,883)	14,142,425
Supporting services				
Management and general	1,972,452	—	—	1,972,452
Fundraising	—	573,842	—	573,842
Total supporting services	1,972,452	573,842	—	2,546,294
Total expenses	16,114,877	803,725	(229,883)	16,688,719
Change in net assets before investment income	2,454,327	1,357,876	(2,692,720)	1,119,483
INVESTMENT INCOME				
Investment income, net	284,420	1,579,575	—	1,863,995
CHANGE IN NET ASSETS	2,738,747	2,937,451	(2,692,720)	2,983,478
NET ASSETS				
Beginning of year	19,709,171	14,256,052	(11,332,212)	22,633,011
End of year	\$22,447,918	\$17,193,503	\$(14,024,932)	\$25,616,489

See accompanying Independent Auditor's Report.

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
CONSOLIDATING SCHEDULES OF ACTIVITIES
Year ended June 30, 2023**

	<u>Without donor restrictions</u>		<u>With donor restrictions</u>	
	<u>Children and Families of Iowa</u>	<u>Foundation for Children and Families of Iowa</u>	<u>Children and Families of Iowa</u>	<u>Foundation for Children and Families of Iowa</u>
REVENUE AND PUBLIC SUPPORT				
Program service fees	\$11,761,064	\$ —	\$ —	\$ —
Intercompany accounts	1,472,937	—	—	—
Grants	4,997,684	35,438	—	169,900
Contributions	278,762	808,342	—	180,523
United Way	527,194	—	—	—
Special events	—	266,469	—	435
Miscellaneous	403,189	—	—	—
Total revenue and public support	19,440,830	1,110,249	—	350,358
Net assets released from restrictions	—	292,145	—	(292,145)
Total revenue, public support, and net asset transfers	19,440,830	1,402,394	—	58,213
EXPENSES				
Program expenses	15,239,824	286,051	—	—
Supporting services				
Management and general	2,028,808	—	—	—
Fundraising	—	596,389	—	—
Total supporting services	2,028,808	596,389	—	—
Total expenses	17,268,632	882,440	—	—
Change in net assets before investment income	2,172,198	519,954	—	—
INVESTMENT INCOME				
Investment income, net	80,023	952,983	—	38,257
CHANGE IN NET ASSETS	2,252,221	1,472,937	—	96,470
NET ASSETS				
Beginning of year	17,456,950	9,859,275	—	2,827,370
End of year	\$19,709,171	\$11,332,212	\$ —	\$2,923,840

See accompanying Independent Auditor's Report.

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
CONSOLIDATING SCHEDULES OF ACTIVITIES (continued)
Year ended June 30, 2023**

	Subtotals			
	Children and Families of Iowa	Foundation for Children and Families of Iowa	Eliminations	Totals
REVENUE AND PUBLIC SUPPORT				
Program service fees	\$11,761,064	\$ —	\$ —	\$11,761,064
Intercompany accounts	1,472,937	—	(1,472,937)	—
Grants	4,997,684	204,838	—	5,202,522
Contributions	278,762	988,865	(278,762)	988,865
United Way	527,194	—	—	527,194
Special events	—	266,904	—	266,904
Miscellaneous	403,189	—	(7,289)	395,900
Total revenue and public support	19,440,830	1,460,607	(1,758,988)	19,142,449
Net assets released from restrictions	—	—	—	—
Total revenue, public support, and net asset transfers	19,440,830	1,460,607	(1,758,988)	19,142,449
EXPENSES				
Program expenses	15,239,824	286,051	(286,051)	15,239,824
Supporting services				
Management and general	2,028,808	—	—	2,028,808
Fundraising	—	596,389	—	596,389
Total supporting services	2,028,808	596,389	—	2,625,197
Total expenses	17,268,632	882,440	(286,051)	17,865,021
Change in net assets before investment income	2,172,198	578,167	(1,472,937)	1,277,428
INVESTMENT INCOME				
Investment income, net	80,023	991,240	—	1,071,263
CHANGE IN NET ASSETS	2,252,221	1,569,407	(1,472,937)	2,348,691
NET ASSETS				
Beginning of year	17,456,950	12,686,645	(9,859,275)	20,284,320
End of year	\$19,709,171	\$14,256,052	\$(11,332,212)	\$22,633,011

See accompanying Independent Auditor's Report.

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2024**

Federal grantor/pass-through grantor/ pass through grant description and identifying number	Assistance listing number	Agency or pass-through number	Federal expenditures
United States Department of Agriculture			
<i>Passed through State of Iowa Department of Education, Bureau of Food and Nutrition</i>			
Child and Adult Care Food Program	10.558	77-8070	\$ <u>70,249</u>
Total United States Department of Agriculture			<u>70,249</u>
United States Department of Housing and Urban Development			
<i>Passed through Iowa Finance Authority</i>			
Emergency Solutions Grant Program	14.231	N/A	25,327
<i>Passed through City of Des Moines</i>			
Continuum of Care Program	14.267	N/A	77,704
Youth Homelessness Demonstration Program	14.276	N/A	<u>97,617</u>
Total United States Department of Housing and Urban Development			<u>200,648</u>
United States Department of Justice			
<i>Passed through Iowa Department of Justice</i>			
Juvenile Justice and Delinquency Prevention	16.540	05-JD20-21F	<u>80,685</u>
		DAC-2024-Children &	
Crime Victim Assistance	16.575	Families of Iowa-00006	126,179
		SH-2024-Children &	
Crime Victim Assistance	16.575	Families of Iowa-00007	<u>69,678</u>
Total Crime Victim Assistance			<u>195,857</u>
Total United States Department of Justice			<u>276,542</u>
United States Department of Labor			
<i>Passed through Iowa Workforce Development</i>			
WIOA Cluster			
WIA/WIOA Adult Program	17.258	22-N-CI-WI-OA	639,202
WIOA Youth Activities	17.259	22-N-CI-WI-OA	877,111
WIOA Dislocated Worker Formula Grants	17.278	22-N-CI-WI-OA	<u>342,644</u>
Total WIOA Cluster			<u>1,858,957</u>
Total United States Department of Labor			<u>1,858,957</u>
United States Department of Health and Human Services			
<i>Passed through Iowa Department of Human Services</i>			
Promoting Safe and Stable Families	93.556	ACFS-20-005	141,250
Temporary Assistance for Needy Families (TANF Cluster)	93.558	DCAT4-22-023	5,640
<i>Passed through Drake University</i>			
Head Start	93.600	CCP002	<u>24,743</u>
<i>Passed through Iowa Department of Justice</i>			
Family Violence Prevention and Services/Domestic Violence		SH-2024-Children &	
Shelter and Supportive Services	93.671	Families of Iowa-00007	56,277
CARES Act - Family Violence Prevention and Services/Domestic Violence			
Shelter and Supportive Services	93.671	ARP-TVMH-2022	<u>91,025</u>
Total Family Violence Prevention and Services/Domestic Violence			
Shelter and Supportive Services			<u>147,302</u>
Total United States Department of Health and Human Services			<u>318,935</u>
United States Federal Emergency Management Agency			
<i>Passed through Emergency Shelter National Board</i>			
Emergency Food and Shelter National Board Program	97.024	LRO-018	<u>73,896</u>
Total United States Federal Emergency Management Agency			<u>73,896</u>
Total expenditures of federal awards			<u>\$2,799,227</u>

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards.

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2024**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of Children and Families of Iowa under programs of the federal government for the year ended June 30, 2024. The Foundation for Children and Families of Iowa received no federal awards for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Children and Families of Iowa, it is not intended to and does not present the financial position, change in net assets, or cash flows of Children and Families of Iowa.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Children and Families of Iowa has elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Children and Families of Iowa
Board of Trustees
Foundation for Children and Families of Iowa
Des Moines, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Children and Families of Iowa and Foundation for Children and Families of Iowa (collectively referred to as the Corporations), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 7, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Corporations' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporations' internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporations' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporations' consolidated financial statements are free from material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporations' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporations' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Denman CPA LLP

West Des Moines, Iowa
January 7, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Children and Families of Iowa
Board of Trustees
Foundation for Children and Families of Iowa
Des Moines, Iowa

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Children and Families of Iowa and Foundation for Children and Families of Iowa's (collectively referred to as the Corporations) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Corporations' major federal programs for the year ended June 30, 2024. The Corporations' major federal programs are identified in the summary of independent auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Corporations complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of their major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Corporations and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Corporations' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Corporations' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Corporations' compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Corporations' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Corporations' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Corporations' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Corporations' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Denman CPA LLP
Denman CPA LLP

West Des Moines, Iowa
January 7, 2025

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2024**

SECTION I—SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with GAAP:

Unmodified opinion

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified opinion

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major federal programs:

**WIOA Cluster - Assistance Listing
Number 17.258, 17.259, 17.278**

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

**Children and Families of Iowa and
Foundation for Children and Families of Iowa
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
Year ended June 30, 2024**

SECTION II – FINANCIAL STATEMENT FINDINGS

INTERNAL CONTROL DEFICIENCIES

None.

INSTANCES OF NONCOMPLIANCE

No matters were noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

INTERNAL CONTROL DEFICIENCIES

None.

INSTANCES OF NONCOMPLIANCE

No matters were noted.