University of Iowa Center for Advancement

Independent Auditor's Report and
Consolidated Financial Statements

June 30, 2021

BKD LLP
CPAs & Advisors

University of Iowa Center for Advancement
June 30, 2021

Contents

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Independent Auditor's Report

Board of Directors
University of Iowa Center for Advancement
Iowa City, Iowa

We have audited the accompanying consolidated financial statements of the University of Iowa Center for Advancement and its affiliate (UICA), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the University of Iowa Center for Advancement and its affiliate as of June 30, 2021, and the changes in its net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 6, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BKD, LLP

West Des Moines, Iowa
October 7, 2021

University of Iowa Center for Advancement
Consolidated Statements of Financial Position
June 30, 2021 and 2020

Assets

	2021	2020
Cash and cash equivalents	$ 102,799,016	$ 88,258,830
Pledges receivable, net of allowance	166,807,155	173,139,833
Investments	1,484,110,467	1,158,212,470
Assets in trusts and gift annuities	61,273,490	56,355,009
Beneficial interest in perpetual and remainder trusts	20,289,982	16,724,811
Real estate	5,293,110	5,293,110
Other assets	7,996,659	7,712,407
Property and equipment, net	16,087,393	16,631,627
Total assets	$ 1,864,657,272	$ 1,522,328,097

Liabilities and Net Assets

	2021	2020
Liabilities		
Accounts payable and accrued expenses	$ 4,942,220	$ 4,839,512
Annuity and life income obligations	22,970,565	20,867,999
Amounts held on behalf of others	99,558,685	79,647,688
Total liabilities	127,471,470	105,355,199
Net Assets		
Without donor restrictions	42,777,091	30,704,249
With donor restrictions	1,694,408,711	1,386,268,649
Total net assets	1,737,185,802	1,416,972,898
Total liabilities and net assets	$ 1,864,657,272	$ 1,522,328,097

University of Iowa Center for Advancement
Consolidated Statement of Activities
Year Ended June 30, 2021

	2021			Comparative
	Without Donor Restrictions	With Donor Restrictions	Total	Totals for 2020
Revenues, Gains and Other Support				
Contributions	$ 673,408	$ 114,979,950	$ 115,653,358	$ 152,890,562
Change in value of life income gifts	-	16,000,034	16,000,034	(2,089,524)
Investment return	35,775,409	296,288,876	332,064,285	(63,295,209)
Other, primarily fundraising service revenue	7,184,806	4,283,467	11,468,273	13,763,238
Net assets released from restrictions	100,164,451	(100,164,451)	-	-
	143,798,074	331,387,876	475,185,950	101,269,067
Less amounts attributed to others	-	(23,247,814)	(23,247,814)	2,335,332
Total revenues, gains and other support	143,798,074	308,140,062	451,938,136	103,604,399
Expenses				
Program	97,221,986	-	97,221,986	125,422,418
Fundraising	23,419,632	-	23,419,632	24,419,299
Management and general	11,083,614	-	11,083,614	13,527,282
Total expenses	131,725,232	-	131,725,232	163,368,999
Change in Net Assets	12,072,842	308,140,062	320,212,904	(59,764,600)
Net Assets, Beginning of Year	30,704,249	1,386,268,649	1,416,972,898	1,476,737,498
Net Assets, End of Year	$ 42,777,091	$ 1,694,408,711	$ 1,737,185,802	$ 1,416,972,898

University of Iowa Center for Advancement
Consolidated Statements of Cash Flows
Year Ended June 30, 2021

	2021	2020
Operating Activities		
Change in net assets	$ 320,212,904	$ (59,764,600)
Items not requiring (providing) operating activities cash flows		
Depreciation and amortization	804,043	824,062
Loss on sale of real estate	-	41,910
Change in value of real estate	-	(310,000)
Change in fair value of investments	(349,160,180)	73,113,527
Proceeds from sale of donated investment securities	8,554,302	4,927,456
Contributions received with perpetual restrictions	(45,221,941)	(52,253,473)
Changes in assets and liabilities		
Pledges receivable	8,027,542	(389,421)
Assets held in trust	(8,483,652)	2,848,439
Other assets	(284,252)	(44,233)
Accounts payable and accrued expenses	102,708	2,238,076
Charitable remainder trust and gift annuities liability	2,102,566	(1,349,684)
Amounts held on behalf of others	40,127,788	(11,390,116)
Net cash used in operating activities	(23,218,172)	(41,508,057)
Investing Activities		
Purchase of property and equipment	(259,809)	(151,282)
Proceeds from sale of real estate	-	179,010
Purchases of investment securities	(566,487,360)	(271,042,633)
Proceeds from sales of investment securities	561,256,916	265,763,965
Net cash used in investing activities	(5,490,253)	(5,250,940)
Financing Activities		
Proceeds from contributions with perpetual restrictions	43,248,611	44,249,528
Net cash provided by financing activities	43,248,611	44,249,528
Increase (Decrease) in Cash and Cash Equivalents	14,540,186	(2,509,469)
Cash and Cash Equivalents, Beginning of Year	88,258,830	90,768,299
Cash and Cash Equivalents, End of Year	$ 102,799,016	$ 88,258,830

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The purpose of the University of Iowa Center for Advancement and Affiliates (UICA) is to advance the University of Iowa through engagement and philanthropy. UICA serves its alumni and friends in the state and the region, throughout the country, and around the world. UICA is committed to engaging everyone who loves the University of Iowa through programming, events and opportunities to give back to the University of Iowa. The University of Iowa Center for Advancement, an operational name for the State University of Iowa Foundation, is an independent organization and the preferred channel for private contributions that benefit all areas of the University of Iowa. The UICA is legally a not-for-profit corporation that is organizationally and operationally independent of the University of Iowa, but is generally subject to restrictions imposed by donors and holds investments primarily for restricted uses of the University of Iowa.

Principles of Consolidation

The consolidated financial statements include the UICA and its wholly controlled affiliates, The University of Iowa Facilities Corporation and The Stanley-University of Iowa Foundation Support Organization. All significant inter-organization accounts and transactions have been eliminated in consolidation. The University of Iowa Facilities Corporation holds several real estate properties that may eventually be deeded to the University of Iowa. The Stanley-University of Iowa Foundation Support Organization strives to promote public understanding and support for international issues and works to recognize the essential roles of the policy community and the broader public in building sustainable peace.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The UICA considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts are not considered to be cash and cash equivalents. At June 30, 2021, cash equivalents consisted of money market accounts. The UICA maintains its cash accounts with commercial banks, which at times will exceed the insurance limits of the Federal Deposit Insurance Corporation.

Investments

The UICA measures securities, other than investments that qualify for the equity method of accounting, at fair value. Investments in private equity funds and hedge funds are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments.

Net Investment Return

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The UICA maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated quarterly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Property and Equipment

Property and equipment acquisitions are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is charged to expense on the straight-line basis over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives.

Depreciation is computed by the straight-line method over the estimated useful lives of the assets ranging from 5 to 50 years.

Long-Lived Asset Impairment

The UICA evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the year ended June 30, 2021.

Amounts Held on Behalf of Others

The UICA acts as a financial agent for other organizations benefiting the University of Iowa. Since the UICA is not considered to be financially interrelated to these organizations, the total amount of funds held on behalf of these organizations has been reflected as a liability on the consolidated statement of financial position. The UICA does not have variance power to re-direct the assets held for others. On the consolidated statement of activities, the UICA reports the gross amounts of support, revenue and expenses with the amount raised and expended on behalf of these organizations shown as a reduction in the gross amounts of support, revenue and expenses. Assets held on behalf of these organizations include remainder interests in trusts, pledges and investments.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are 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.

Contributions

Contributions are provided to the UICA either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	**Value Recognized**
Conditional gifts, with or without restriction	
Gifts that depend on the UICA overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.* the donor imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor 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 statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction.

Contributed Services

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

The value of contributed services of a number of volunteers is not reflected in the financial statements since the services are not specialized services that would otherwise be purchased.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on time expended, usage and other methods.

Management Support Revenue

Management support revenue is recognized as the UICA satisfies performance obligations under its contracts with The Iowa Law School Foundation and Senior College. Revenue is reported at the estimated transaction price or amount that reflects the consideration to which the UICA expects to be entitled in exchange for providing management support. The UICA determines the transaction price based on standard charges for services provided, reduced by implicit and explicit price concessions. The UICA determines its estimates of implicit and explicit price concessions based upon contractual agreements, its discount policies and historical experience.

University of Iowa Center for Advancement
Notes to Consolidated Financial Statements
June 30, 2021

Income Taxes

The UICA is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the UICA is subject to federal income tax on any unrelated business taxable income. The UICA files tax returns in the U.S. federal jurisdiction.

The UICA follows the accounting guidance for accounting for uncertainty in income taxes. In accordance with that guidance, management has evaluated their material tax positions and determined that there are no income tax effects with respect to its financial statements. The UICA is no longer subject to examination by federal or state authorities for years ending before June 30, 2018. The UICA has not been notified of any impending examination and no examinations are currently in process.

Prior Year Information

The financial statements include certain prior year information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the UICA's financial statements for the year ended June 30, 2020, from which the information was derived.

Revisions

Certain revisions have been made to the opening balances of the endowments with donor restrictions shown in Note 8. These changes did not impact change in net assets or other financial statement line items.

Note 2: Pledges Receivable

Pledges receivable consisted of the following unconditional promises to give discounted at a rate of 5 percent:

	With Donor Restrictions
Due within one year	$ 60,626,069
Due in one to five years	110,632,718
Due in more than five years	25,846,673
	197,105,460
Less:	
Allowance for uncollectible pledges	4,927,637
Present value discount	25,370,668
	30,298,305
	$ 166,807,155

Note 3: Property and Equipment

Property and equipment at June 30, 2021 consisted of the following:

Leasehold interest in Levitt Center for University Advancement	$ 26,698,906
Rental property	1,626,911
Computer and other equipment	953,152
Office equipment	1,435,535
Software	1,803,421
Work in progress	123,054
	32,640,979
Less accumulated depreciation	16,553,586
	$ 16,087,393

Note 4: Lease Commitment

The UICA entered into a 10-year lease between the Board of Regents, State of Iowa, for office space that commenced on July 1, 2018. The first two years of the lease, there were no required payments. On July 1, 2020, annual lease payments of approximately $211,000 began, and will continue until July 1, 2023 at which time annual lease payments of approximately $215,000 will begin through June 30, 2028. The effect of straight-line rentals was not material to the financial statements for the year ended June 30, 2021.

Note 5: Employee Benefit Plans

Employees of the UICA are participants in various employee benefit programs. The UICA's expense for the defined contribution retirement plans totaled $2,023,560 for the year ending June 30, 2021.

Note 6: Annuity and Life Income Obligations

Gift Annuities

The UICA has been the recipient of several gift annuities which require future payments to the donor or their named beneficiaries. The assets received from the donor are recorded at fair value. The UICA has recorded a liability at June 30, 2021, of $7,188,616, which represents the present value of the future annuity obligations. The liability has been determined using a discount rate of 0.6 – 1.2 percent.

Charitable Remainder Trusts

The UICA administers various charitable remainder trusts. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the UICA's use. Assets held in charitable remainder trusts are recorded at fair value of $40,417,674 as of June 30, 2021 and are included in investments in the UICA's statements of financial position.

The UICA has recorded a liability at June 30, 2021, of $15,781,949 which represents the present value of the future obligations to make distributions to the designated beneficiaries. On an annual basis, the UICA revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using a discount rate of 0.6 – 1.2 percent and applicable mortality tables.

The portion of the trust attributable to the future interest of the UICA is recorded in the statements of activities as contributions with donor restrictions in the period the trust is established.

Note 7: Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2021 were available for the following purposes:

Subject to expenditure for specific purpose	
Program support	$ 171,587,938
Student support	41,609,899
Faculty support	10,945,910
Facilities and equipment	27,528,511
Research	79,378,835
Promises to give restricted by donors for	
Program support	61,069,131
Student support	10,227,320
Faculty support	37,453,542
Facilities and equipment	33,103,726
Research	24,215,215
	497,120,027
Subject to the passage of time	
Remainder interests in trusts, mainly for program, student and faculty support	37,871,613
Endowments	
Subject to appropriation and expenditure when a specific event occurs	
Undesignated	15,435,810
Program support	211,455,836
Student support	356,530,343
Faculty support	414,248,934
Facilities and equipment	14,172,542
Research	138,040,477
	1,149,883,942
Trust assets to be held in perpetuity	9,533,129
Total net assets with donor restrictions	$ 1,694,408,711

Net Assets Released from Restrictions

Satisfaction of purpose restrictions	
Program support	$ 32,064,083
Student support	19,142,071
Faculty support	14,515,081
Facilities and equipment	17,483,876
Research	16,959,340
Net assets released from restrictions	$ 100,164,451

Note 8: Endowment

The UICA's governing body is subject to the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA). As a result, the UICA classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions.

Additionally, in accordance with UPMIFA, the UICA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the UICA and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the UICA
7. Investment policies of the UICA

The UICA's endowment consists of numerous individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The composition of net assets by type of endowment fund at June 30, 2021 was:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated quasi-endowment funds	$ 7,069,692	$ -	$ 7,069,692
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	800,330,420	800,330,420
Accumulated investment gains	-	69,717,339	69,717,339
Term endowments	-	279,836,183	279,836,183
Total endowment funds	$ 7,069,692	$ 1,149,883,942	$ 1,156,953,634

Changes in endowment net assets for the year ended June 30, 2021 was:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year as restated	$ 5,686,540	$ 891,487,683	$ 897,174,223
Net investment return	1,344,169	243,449,918	244,794,087
Contributions	38,983	52,069,773	52,108,756
Appropriation of endowment assets for expenditure	-	(37,123,432)	(37,123,432)
Endowment net assets, end of year	$ 7,069,692	$ 1,149,883,942	$ 1,156,953,634

Underwater Endowments

The governing body of the UICA has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of

a) the original value of initial and subsequent gift amounts donated to the fund and

b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

At June 30, 2021, funds with original gift values of $8,010,088, fair values of $7,522,832, and deficiencies of $487,256 were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations.

Investment and Spending Policies

The UICA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those donor-restricted endowment funds the UICA must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the UICA's policies, endowment assets are invested in a manner that is expected to produce maximum long-term investment returns. Actual returns and risk in any given year may vary.

To satisfy its long-term rate of return objectives, the UICA relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The UICA targets a diversified asset allocation that limits its dependency on any one asset class to achieve its long-term return objectives within prudent risk constraints.

The UICA has a spending policy of appropriating for expenditure each year that is tied to the Consumer Price Index (CPI) ending December 31 of the prior calendar year. In establishing this policy, the UICA considered the long-term expected return. In order to protect the endowment during extreme market volatility, bands of 4 percent and 6 percent are calculated quarterly based on the current market value of the fund and payout rates each year are not to go outside the range of a 4-6 percent increase from the previous fiscal year. This is consistent with the UICA's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Note 9: University of Iowa Facilities Corporation Transaction and Commitments

From time to time, the University of Iowa Facilities Corporation (UIFC) has issued revenue bonds to provide financial assistance to the University of Iowa for the acquisition and construction of facilities for the benefit of the University of Iowa. The bonds are payable solely from the lease payments paid by the University of Iowa for the facilities. Upon repayment of the bonds, ownership of the acquired facilities transfers to the University of Iowa. The UIFC is not obligated in any manner for repayment on the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2021, there were 6 series of revenue bonds outstanding. The original issue amounts of these bonds totaled $122,485,000 with the aggregate outstanding balance as of June 30, 2021, totaling $106,600,000.

Note 10: Liquidity and Availability

Financial assets available to meet cash needs for general expenditures within one year as of June 30, 2021:

Cash and cash equivalents	$ 102,799,016
Pledges receivables, net	166,807,155
Investments	1,484,110,467
Assets in trusts and gift annuities	61,273,490
Beneficial interests in perpetual trusts	20,289,982
Cash value of life insurance	7,549,040
Financial assets as of June 30	1,842,829,150
Less amounts not available to meet cash needs for general expenditures within one year:	
Donor-restricted for endowment, purpose and/or time	1,694,408,711
Amounts held on behalf of others	99,558,685
Financial assets available to meet cash needs for general expenditures within one year	$ 48,861,754

The UICA regularly monitors liquidity required to meet its operating needs and other contractual commitments while also striving to maximize return on investment of its donor restricted funds. As UICA's donor restricted net assets requires resources to be used in a particular manner or in a future period, these financial assets including amounts which will become spendable, are not available for general expenditure within one year.

Note 11: Disclosures about Fair Value of Assets and Liabilities

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2021:

		Fair Value Measurements Using			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV (A)
Investments					
U.S. Government securities	$ 4,024,477	$ 4,024,477	$ -	$ -	$ -
Corporation stocks, primarily common stocks	21,170,575	21,170,575	-	-	-
Managed separate investment accounts					
Global equities	805,537,997	449,964,942	-	-	355,573,055
Global fixed income	322,124,132	112,113,787	-	-	210,010,345
Real assets	189,610,711	29,995,179	-	-	159,615,532
Diversifying strategies	141,642,575	-	-	-	141,642,575
	1,484,110,467	617,268,960	-	-	866,841,507
Assets in trusts and gift annuities	61,273,490	61,273,490	-	-	-
Beneficial interest in perpetual and remainder trusts	20,289,982	-	-	20,289,982	-
Money market funds, included in cash and cash equivalents	97,025,967	97,025,967	-	-	-
	$ 1,662,699,906	$ 775,568,417	$ -	$ 20,289,982	$ 866,841,507

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2021. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

The following information is provided for investments that are valued using the net asset value (NAV) per share as a practical expedient:

Description	Fair Value	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
Other Investments (a)				
Global equities	$ 91,493,165	$ -	Bi-Weekly/Monthly	10 days
Global fixed income	149,650,905	-	Daily	1 day
Real assets	23,669,542	-	Daily/Monthly	5-30 days
Hedge funds				
Global fixed income (b)	28,945,716	-	Quarterly/Annually	1-120 days
Diversifying strategies (c)	74,870,190	-	Daily/Monthly/Quarterly/ Semi-Annually/Annually	3-65 days
Private capital funds (d)				
Private equities	264,079,890	143,935,452	Not eligible	N/A
Private credit	31,413,724	27,779,479	Not eligible	N/A
Private real assets	135,945,990	57,588,933	Not eligible	N/A
Private diversifying strategies	66,772,385	54,276,638	Not eligible	N/A
Total	$ 866,841,507	$ 283,580,502		

a) This category includes investments in common stocks, fixed income securities, commodity futures, and real estate investment trusts. There were no restrictions as of June 30, 2021.

b) This category includes investments in hedge funds that invest both long and short primarily in fixed income securities. Management of the hedge funds has the ability to shift investments from a net long position to a net short position. There were no restricted investments as of June 30, 2021.

c) This category invests in hedge funds that pursue multiple strategies to diversify risk and reduce volatility. There were no restricted investments as of June 30, 2021.

d) This category includes several private capital funds that invest primarily in equity and debt investments. The nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the fund. Remaining commitments to private capital funds will be drawn over the next 5 years. If these investments were held, it is estimated that the majority of the underlying assets of the funds would be liquidated over 10 to 12 years.

Beneficial Interests in Trusts

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement, which is equivalent to the fair value of the trust assets. Beneficial interests are classified within Level 2 of the hierarchy if the fair values of the underlying investments are determined through quoted market prices or other observable inputs and the UICA expects to have the ability to redeem the trust assets in the near term. Beneficial interests in which the UICA will never have the ability to redeem are classified within Level 3 of the hierarchy.

The estimated value of the expected future cash flows is $20,289,982 which represents the fair value of the trust assets at June 30, 2021. The income from these trusts for 2021 was $9,938,085.

Level 3 Reconciliation

Total gains for the period included in the change in net assets attributable to the change in unrealized gains related to assets and liabilities still held at the reporting date were $3,565,171. These gains were included in beneficial interest in perpetual and remainder trusts on the Statements of Financial Position.

Realized and unrealized gains and losses for items reflected in the table above are included in investment return on the statement of activities.

Unobservable (Level 3) Inputs

The following tables present quantitative information about unobservable inputs used in recurring Level 3 fair value measurements.

	Fair Value 6/30/2021	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Beneficial interests in trusts	$ 20,289,982	Estimated value of the expected future cash flows	Fair value of the underlying assets as reported by the trustee	N/A

Note 12: Functional Expenses

The UICA allocated expenses across the following functions as follows for the year ended June 30, 2021:

	Program Services	Fundraising Expenses	Management and General	Total Expenses
Transfers to and expenses of the University of Iowa				
Student support	$ 23,690,904	$ -	$ -	$ 23,690,904
Faculty support	17,717,148	-	-	17,717,148
Research	21,223,276	-	-	21,223,276
Facilities and equipment	19,660,528	-	-	19,660,528
Program support	14,302,808	-	-	14,302,808
Support services	-	5,267,798	-	5,267,798
	96,594,664	5,267,798	-	101,862,462
Less amounts attributed to others	(3,336,815)			(3,336,815)
Total transfers to the University of Iowa	93,257,849	5,267,798	-	98,525,647
Operating Expenses				
Salaries and benefits	3,274,206	16,422,480	8,524,051	28,220,737
Professional fees	-	18,514	290,013	308,527
Donor cultivation and events	64,459	93,036	-	157,495
Office expense	1,294	3,871	381,924	387,089
Information technology	148,825	737,810	412,112	1,298,747
Occupancy	98,401	487,829	272,483	858,713
Travel	-	43,917	-	43,917
Depreciation	-	-	804,043	804,043
Staff development	21,244	105,318	58,826	185,388
Printing and postage	355,708	207,497	29,642	592,847
Other expense	-	31,562	310,520	342,082
	3,964,137	18,151,834	11,083,614	33,199,585
	$ 97,221,986	$ 23,419,632	$ 11,083,614	$ 131,725,232

Note 13: Significant Concentrations

The UICA invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

Note 14: Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606),* that replaces existing revenue recognition guidance. The new standard requires companies to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, Topic 606 requires disclosures of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The UICA adopted this standard on July 1, 2020, using a modified retrospective approach. There was no cumulative effect of initially applying the new standard to recognize in net assets at the beginning of the year of adoption. The UICA has applied the new standard to all contracts.

Performance Obligations

Performance obligations are determined based on the nature of the goods or services provided by the UICA in accordance with the contract. Revenue for performance obligations satisfied over time is recognized ratably over the period based on time elapsed. The UICA believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Revenue recognized over a period of time includes management support and miscellaneous royalties and commissions.

Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to customers at a single point in time and the UICA does not believe it is required to provide additional goods or services related to that sale. Other revenue recognized at a point-in-time includes magazine advertising and other miscellaneous items.

Management Support

The UICA provides professional and administrative services to other foundations and affiliations of The University of Iowa. Services include financial services, regulatory compliance, marketing, registration, and other miscellaneous services as necessary. Revenue is recognized as performance obligations are satisfied, which is ratably over the membership term.

An early termination notice must provide notice, this cancellation notice ranges from 180 days to 1 year in advance, depending on the agreement.

Transaction Price and Recognition

The UICA determines the transaction price based on standard charges for goods and services provided, reduced by discounts provided in accordance with the UICA's policy and implicit price concessions provided to customers. The UICA determines its estimates of explicit price concessions based on its discount policies. The UICA determines its estimate of implicit price concessions based on its historical collection experience with this class of customers.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change. For the year ended June 30, 2021, no changes were recognized due to changes in its estimates of implicit price concessions, discounts and contractual adjustments for performance obligations satisfied in prior years.

The UICA has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors:

- Payors (for example, customer, governmental programs and others) that have different reimbursement and payment methodologies
- Geography of the service location
- UICA's line of business that provided the service

For the year ended June 30, 2021, the UICA recognized revenue of $322,505 from goods and services that transfer to the customer over time, and $179,419 from goods and services that transfer to the customer at a point in time.

Practical Expedients Elected

For measuring progress for revenue recognized over time, the UICA elected to use the right to invoice practical expedient. This practical expedient allows an entity to recognize revenue in the amount of consideration to which the entity has the right to invoice when the amount that the entity has the right to invoice corresponds directly to the value transferred to the customer. That is, the invoice practical expedient cannot be applied in all circumstances because the right to invoice a certain amount does not always correspond to the progress toward satisfying the performance obligation. Therefore, an entity should demonstrate its ability to apply the invoice practical expedient to performance obligations satisfied over time.

Note 15: Future Change in Accounting Principle

Accounting for Leases

The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the statements of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statements of activities recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2021, and any interim periods within annual reporting periods that begin after December 15, 2022. The UICA is evaluating the effect the standard will have on the financial statements; however, the standard is expected to have a material effect on the financial statements due to the recognition of additional assets and liabilities for operating leases.

Accounting for Financial Instruments – Credit Losses

The Financial Accounting Standards Board amended its standards related to the accounting for credit losses on financial instruments. This amendment introduces new guidance for accounting for credit losses on instruments including trade receivables and finance receivables. The new standard is effective for fiscal years beginning after December 15, 2022, including interim periods within those years. The UICA is in the process of evaluating the effect the amendment will have on the financial statements.

Note 16: Subsequent Events

Subsequent events were evaluated through October 7, 2021, which is the date the consolidated financial statements were available to be issued.