



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

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Warren G. Jenkins, CPA
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NEWS RELEASE

FOR RELEASE

September 4, 2002

Contact: Andy Nielsen
515/281-5515

Auditor of State Richard Johnson today released an audit report on the Iowa Centennial Memorial Foundation for the year ended May 31, 2002.

The Iowa Centennial Memorial Foundation was incorporated January 5, 1949, and was established as a result of an executive order transferring the assets of the Iowa Centennial Committee to the Foundation. A fund was established to recognize and encourage outstanding ability and leadership as a permanent observance of the Centennial.

For the year ended May 31, 2002, the Foundation reported revenues of \$51,317 from investment income, which is a 19% decrease in total revenues from the prior year. The decrease in revenues was the result of the net decrease in fair value of investments due to the decline in the market value of the underlying U.S. government obligations. Investment income consisted of interest revenue of \$58,323 and a net decrease in the fair value of investments of \$7,006. Expenses consisted of 64 scholarships totaling \$50,000, and \$3,151 of other expenses. Expenses for the year totaled \$53,151, a 135% increase from the prior year. The increase in expenses was primarily the result of the increase in the number of scholarships awarded.

A copy of the audit report is available for review in the office of the Auditor of State.

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IOWA CENTENNIAL MEMORIAL FOUNDATION

**INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

MAY 31, 2002

0260-6553-0001

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Iowa Centennial Memorial Foundation

Officials

Name

Title

Foundation

Honorable Thomas J. Vilsack	President
Honorable Michael L. Fitzgerald	Treasurer
Honorable Thomas J. Miller	Legal Counsel
Owen J. Newlin	Secretary
Honorable Terry E. Branstad	Member
Honorable Robert Fulton	Member
Honorable Robert D. Ray	Member
Murray Goodman	Member
John Nelson	Member
Nancy Nichols	Member
Elaine Estes	Member

State

Cynthia P. Eisenhauer	Director, Department of Management
Dennis C. Prouty	Director, Legislative Fiscal Bureau

Iowa Centennial Memorial Foundation



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Independent Auditor's Report

To the Members of the Iowa Centennial
Memorial Foundation:

We have audited the financial statements, listed as exhibits in the table of contents of this report, of the Iowa Centennial Memorial Foundation, as of and for the year ended May 31, 2002. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Iowa Centennial Memorial Foundation at May 31, 2002, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated June 18, 2002 on our consideration of the Iowa Centennial Memorial Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and its articles of incorporation. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended May 31, 2002 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The accompanying financial information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

RICHARD D. JOHNSON, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 18, 2002

Exhibit A

Iowa Centennial Memorial Foundation

Balance Sheet

May 31, 2002

Assets

Cash		\$ 44,874
Interest receivable		11,768
Certificates of deposit and investments:		
Certificates of deposit	\$ 448,816	
U.S. government obligations	<u>283,102</u>	731,918
Inventory - Centennial Memorial coins		<u>436</u>
Total assets		<u>\$ 788,996</u>

Liabilities and Fund Balance

Accounts payable		<u>\$ 2,291</u>
Fund balance (note 3):		
Restricted:		
Initial sale of centennial coins		198,008
Retained income		<u>549,143</u>
		747,151
Unrestricted		<u>39,554</u>
Total fund balance		<u>786,705</u>
Total liabilities and fund balance		<u>\$ 788,996</u>

See notes to financial statements.

Iowa Centennial Memorial Foundation

Statement of Revenues, Expenses and
Changes in Fund Balance

Year ended May 31, 2002

Operating revenues:	
Investment income:	
Interest	\$ 58,323
Net decrease in the fair value of investments	<u>(7,006)</u>
Total operating revenues	<u>51,317</u>
Operating expenses:	
Scholarships	50,000
Other	<u>3,151</u>
Total operating expenses	<u>53,151</u>
Net loss	(1,834)
Fund balance beginning of year	<u>788,539</u>
Fund balance end of year	<u>\$ 786,705</u>

See notes to financial statements.

Exhibit C

Iowa Centennial Memorial Foundation

Statement of Cash Flows

Year ended May 31, 2002

Cash flows from operating activities:		
Cash received from investment income	\$ 58,541	
Cash payments for scholarships	(50,000)	
Cash payments for other expenditures	<u>(2,543)</u>	
Net cash provided by operating activities		\$ 5,998
Cash flows from investing activities:		
Purchase of securities	(102,853)	
Proceeds from sale of securities	<u>90,000</u>	
Net cash used by investing activities		<u>(12,853)</u>
Net decrease in cash		(6,855)
Cash beginning of year		<u>51,729</u>
Cash end of year		<u>\$ 44,874</u>
Reconciliation of net loss to net cash provided by operating activities:		
Net loss		\$ (1,834)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Amortization of discount		(1,683)
Net decrease in the fair value of investments		7,006
Changes in assets and liabilities:		
Decrease in interest receivable		218
Increase in accounts payable		<u>2,291</u>
Net cash provided by operating activities		<u>\$ 5,998</u>
See notes to financial statements.		

Iowa Centennial Memorial Foundation

Notes to Financial Statements

May 31, 2002

(1) Summary of Significant Accounting Policies

The Iowa Centennial Memorial Foundation, a part of the State of Iowa, was incorporated January 5, 1949. It was established as a result of an executive order transferring the assets of the Iowa Centennial Committee to the Foundation. The funds were originally accumulated by selling an Iowa Centennial fifty cent silver coin for \$2.50 to \$3.00 each. The intention was to use the funds for the observance of the Centennial. However, the coins were received too late to fulfill the original intention. Therefore, a fund was established to recognize and encourage outstanding ability and potential leadership, as well as to encourage and recognize outstanding service of Iowa citizens, as a permanent observance of the Centennial. This is to be accomplished by the use of scholarships; by the use of awards, medals, etc.; and by providing for historical exhibits.

It is the duty of the Governor to serve as president of the Iowa Centennial Memorial Foundation; it is the duty of the Treasurer to serve as treasurer of the Iowa Centennial Memorial Foundation; it is the duty of the Attorney General to serve as legal counsel of the Iowa Centennial Memorial Foundation; and it is the duty of the president of the State Board of Regents to serve as secretary of the Iowa Centennial Memorial Foundation. In addition to the above, all former Governors of the state residing or maintaining their legal residence within the state and four citizens of the state who do not hold elective or full-time appointive positions shall administer the Foundation.

Two bound volumes of the history of the Iowa Centennial coin have been prepared. One copy of the history is at the University Library at the State University of Iowa, Iowa City, and the other is in the Archives in the Iowa State Historical Building.

A detailed report of the coins is in the vault of the Wells Fargo Bank Iowa, N.A., Des Moines, Iowa, stored with the 843 unsold Centennial coins, while 29 unsold coins are currently maintained in the Treasurer's Office vault.

A. Reporting Entity

The financial statements include all funds of the Foundation.

B. Measurement Focus

The financial activities of the Foundation are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with the Foundation are included on the Foundation's balance sheet. The operating statements present increases (revenue) and decreases (expenses) in net total assets.

C. Basis of Accounting

The financial statements of the Foundation are prepared using the accrual basis of accounting. Revenues are recognized when they are earned and become measurable and expenses are recognized when they are incurred, if measurable.

D. Fund Accounting

The Foundation's accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

E. Centennial Memorial Coins

The inventory of Centennial Memorial coins is valued at cost, which is fifty cents each and represents a total of 872 coins. Three hundred fifty-one coins are currently for sale in commemoration of Iowa Statehood. Five hundred are to be sold in 2046 to pay expenses of celebrating the 200th anniversary of Statehood. Twenty-one are reserved for the use of Iowa Centennial Memorial Foundation for gifts, awards, etc.

F. Investments

Investments are stated at fair value except for certificates of deposit which are stated at cost.

(2) Cash, Certificates of Deposit and Investments

The Iowa Centennial Memorial Foundation's deposits throughout the period and at May 31, 2002 were entirely covered by federal depository insurance.

The Iowa Centennial Memorial Foundation's investments are categorized to give an indication of the level of risk assumed by the Iowa Centennial Memorial Foundation at year end. The Iowa Centennial Memorial Foundation's investments are all Category 1 which means that the investments are insured or registered, or the securities are held by the Iowa Centennial Memorial Foundation or its agent in the Iowa Centennial Memorial Foundation's name.

The Foundation's investments at May 31, 2002 are as follows:

	<u>Fair Value</u>
U.S. government obligations	<u>\$ 283,102</u>

In addition, the Foundation had certificates of deposits of \$448,816.

(3) Fund Balance

Article V of the Foundation's Articles of Incorporation states:

This Corporation shall allocate no more than fifty percent of its annual income to unrestricted fund balance until such time as the assets held by this Corporation have been increased to the value of \$500,000 and it shall allocate no more than seventy-five of its annual income to unrestricted fund balance until the Corporation shall have increased its assets to the value of \$1,000,000 or more. The unrestricted fund balance may be used to carry out any and all objects and purposes of the Corporation.

For purposes of allocating its annual income between restricted and unrestricted fund balance, the Foundation Board has defined annual income earned to exclude market value changes for securities intended to be held until maturity.

The changes in the fund balance are as follows:

	<u>Restricted</u>	<u>Unrestricted</u>
Balance June 1, 2001	\$ 732,570	55,969
25% of annual income earned in the year ended May 31, 2002	14,581	-
Balance of net income	<u>-</u>	<u>(16,415)</u>
Balance May 31, 2002	<u>\$ 747,151</u>	<u>39,554</u>

Iowa Centennial Memorial Foundation
Certificates of Deposit and Investments

May 31, 2002

Description	Purchase Date
Certificate of Deposit - First Bank of West Des Moines, West Des Moines 7.05% Due Jun 5, 2003	Jun 5, 2000
Certificate of Deposit - First Federal Bank, Sioux City 6.75% Due Nov 21, 2002	Nov 21, 2000
Certificate of Deposit - First State Bank, Stuart 4.89% Due Jun 9, 2003	Jun 9, 2001
Certificate of Deposit - First Bank of West Des Moines, West Des Moines 6.75% Due May 9, 2003	May 9, 2000
Certificate of Deposit - Iowa Savings Bank, Des Moines 6.01% Due May 28, 2003	May 28, 1998
Certificate of Deposit - Waukee State Bank, Waukee 6.82% Nov 2, 2003	May 2, 2000
Certificate of Deposit - Iowa Savings Bank, Des Moines 6.59% Due Mar 9, 2005	Jan 8, 1999
U.S. Treasury 11.75% Bonds Due Feb 15, 2010	Apr 2, 1982

Total

See accompanying independent auditor's report.

<u>Par Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
\$ 25,000	25,000	-
95,000	95,000	-
90,000	90,000	-
35,000	35,000	-
34,000	42,763	-
77,000	88,140	-
60,000	72,913	-
<u>235,000</u>	<u>-</u>	<u>283,102</u>
<u>\$ 651,000</u>	<u>448,816</u>	<u>283,102</u>

Schedule 2

Iowa Centennial Memorial Foundation

Scholarships Awarded

Year ended May 31, 2002

Receiver	Amount
American Institute of Business (Des Moines)	\$ 500
Buena Vista University (Storm Lake)	3,500
Central College (Pella)	1,000
Clarke College (Dubuque)	1,500
Coe College (Cedar Rapids)	500
Des Moines University of Health (Des Moines)	2,000
Drake University (Des Moines)	4,500
Faith Baptist Bible College (Ankeny)	1,500
Graceland College (Lamoni)	1,000
Indian Hills Community College (Ottumwa)	500
Iowa Lakes Communtiy College (Emmetsburg)	500
Iowa State University (Ames)	10,500
Iowa Western Community College (Council Bluffs)	500
Kirkwood Community College (Cedar Rapids)	1,000
Loras College (Dubuque)	500
Luther College (Decorah)	500
Mount Mercy College (Cedar Rapids)	500
Northeast Iowa Community College (Calmar)	500
Northwestern College (Orange City)	2,000
Simpson College (Indianola)	3,000
St. Lukes School of Nursing (Sioux City)	1,000
University of Dubuque (Dubuque)	500
University of Iowa (Iowa City)	3,500
University of Northern Iowa (Cedar Falls)	4,000
Waldorf College (Forest City)	500
Wartburg College (Waverly)	3,500
William Penn University (Oskaloosa)	<u>1,000</u>
Total	<u>\$ 50,000</u>

36 scholarships of \$1,000 and 28 at \$500 each were awarded for a total of \$50,000. This schedule names the schools the scholarship recipients attended.

See accompanying independent auditor's report.

Iowa Centennial Memorial Foundation
Comparative Analysis of Operations
Years ended May 31, 1998 through May 31, 2002

Year Ended May 31,	Operating Revenues	Expenses		
		Scholarships	Awards and Other Expense	Total
1998	60,866	39,600	542	40,142
1999	41,064	39,900	1,010	40,910
2000	34,258	27,000	5,212	32,212
2001	63,544	22,000	657	22,657
2002	51,317	50,000	3,151	53,151

See accompanying independent auditor's report.

Iowa Centennial Memorial Foundation



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**Independent Auditor's Report on Compliance and
on Internal Control over Financial Reporting**

To the Members of the Iowa Centennial
Memorial Foundation:

We have audited the financial statements of the Iowa Centennial Memorial Foundation as of and for the year ended May 31, 2002, and have issued our report thereon dated June 18, 2002. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Iowa Centennial Memorial Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and its articles of incorporation, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. 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 non-compliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Iowa Centennial Memorial Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Iowa Centennial Memorial Foundation, citizens of the State of Iowa and other parties to whom the Iowa Centennial Memorial Foundation may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Iowa Centennial Memorial Foundation during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

RICHARD D. JOHNSON, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 18, 2002

Iowa Centennial Memorial Foundation

Staff

This audit was performed by:

Suzanne R. Hanft, CPA, Manager
Sarah M. Wright, Staff Auditor

Andrew E. Nielsen, CPA
Deputy Auditor of State