



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

David A. Vaudt, CPA
Auditor of State

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NEWS RELEASE

FOR RELEASE _____ June 12, 2007

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the Iowa Centennial Memorial Foundation for the year ended May 31, 2007.

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, 2007, the Foundation reported net additions of \$35,204 from investment income, a 40% increase over the prior year. Investment income consisted of interest income of \$32,891 and an increase in the fair value of investments of \$2,313. The increase in additions was primarily due to an increase in interest earnings on investments.

Deductions for the year totaled \$34,594, a 19% decrease from the prior year, and consisted of 32 scholarships totaling \$32,000 and \$2,594 of other expenses. The decrease in deductions was primarily the result of a decrease in the number of scholarships awarded.

A copy of the audit report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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IOWA CENTENNIAL MEMORIAL FOUNDATION

**INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND
OTHER SUPPLEMENTARY INFORMATION**

MAY 31, 2007

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Iowa Centennial Memorial Foundation

Officials

Name

Title

Foundation

Honorable Thomas J. Vilsack	President (Ended during January 2007)
Honorable Chester J. Culver	President (Began during January 2007)
Honorable Michael L. Fitzgerald	Treasurer
Honorable Thomas J. Miller	Legal Counsel
Gene Vincent	Secretary
Honorable Thomas J. Vilsack	Member
Honorable Terry E. Branstad	Member
Honorable Robert Fulton	Member
Honorable Robert D. Ray	Member
Elaine Estes	Member
Patrick Lynch	Member
Nancy Nichols	Member
Emily Peebler	Member

State

Director, Department of Management

Michael L. Tramontina
(Ended during January 2007)

Charles J. Krogmeier
(Began during January 2007)

Director, Legislative Services Agency

Dennis C. Prouty

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 accompanying basic 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, 2007. 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards 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 our audit provides a reasonable basis for our opinion.

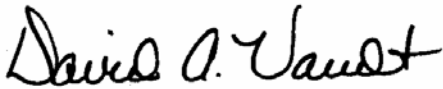
As discussed in note 1, the financial statements present the financial position and the changes in financial position of only that portion of the financial reporting entity of the State of Iowa that is attributable to the transactions of the Iowa Centennial Memorial Foundation. They do not purport to, and do not, present fairly the financial position of the State of Iowa and the changes in its financial position and its cash flows, where applicable, in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net assets of the Iowa Centennial Memorial Foundation at May 31, 2007, and the changes in fiduciary net assets 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 July 2, 2007 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, the articles of incorporation and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Foundation has not presented Management's Discussion and Analysis which introduces the basic financial statements by presenting certain financial information as well as management's analytical insights on information the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Iowa Centennial Memorial Foundation's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended May 31, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

July 2, 2007

Iowa Centennial Memorial Foundation

Statement of Fiduciary Net Assets

May 31, 2007

Assets

Cash		\$ 67,553
Accrued interest receivable		11,646
Certificates of deposit and investments:		
Certificates of deposit	\$ 469,014	
Federal National Mortgage Association	<u>200,000</u>	669,014
Inventory - Centennial Memorial coins		<u>436</u>

Total assets748,649**Liabilities**

None		<u>-</u>
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Net Assets

Restricted:		
Nonexpendable:		
Initial sale of centennial coins		198,008
Retained income		<u>522,477</u>
		720,485
Expendable		<u>28,164</u>

Total net assets\$ 748,649

See notes to financial statements.

Exhibit B

Iowa Centennial Memorial Foundation
Statement of Changes in Fiduciary Net Assets
Year ended May 31, 2007

Additions:	
Investment income:	
Interest income	\$ 32,891
Net increase in the fair value of investments	2,313
Net additions	<u>35,204</u>
Deductions:	
Scholarships	32,000
Other	2,594
Total deductions	<u>34,594</u>
Net increase in fiduciary net assets	610
Net assets beginning of year	<u>748,039</u>
Net assets end of year	<u>\$ 748,649</u>

See notes to financial statements.

Iowa Centennial Memorial Foundation

Notes to Financial Statements

May 31, 2007

(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, awards and medals 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 Education 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 Wells Fargo Bank Iowa, N.A., Des Moines, Iowa, stored with the 873 unsold Centennial coins.

The financial statements of the Foundation have been prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The more significant of the Foundation's accounting policies are described below.

A. Reporting Entity

The financial statements include all funds of the Foundation.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Foundation is accounted for using the economic resources measurement focus and the accrual basis of accounting. Additions are recorded when earned and deductions are recorded when a liability is incurred, regardless of the timing of related cash flows.

In reporting the financial activity of the Foundation, the Foundation applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

The Foundation is a fiduciary fund and is classified as a private purpose trust for financial statement purposes. A private purpose trust is used to report a trust arrangement under which income benefits individuals, private organizations or other governments. The Foundation is used to account for resources which may be expended only 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, awards and medals and by providing for historical exhibits.

C. Centennial Memorial Coins

The inventory of Centennial Memorial coins is valued at cost, which is fifty cents each, and represents a total of 873 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-two are reserved for the use of the Iowa Centennial Memorial Foundation for gifts, awards, etc.

D. 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 at May 31, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

At May 31, 2007, the Foundation had the following investments:

Type	Fair Value	Maturity
Federal Home Loan Bank	<u>\$ 200,000</u>	June 2009

Interest rate risk: The Foundation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk: The Foundation's FHLB investment at May 31, 2007 is rated Aaa by Moody's Investors Service and AAA by Standard & Poor's.

Concentration of credit risk: The Foundation's investment in the Federal Home Loan Bank is 29.9% of the Foundation's total certificates of deposit and investments.

In addition, the Foundation had certificates of deposits of \$469,014.

(3) Net Assets

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 (expendable) fund balance (net assets) 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 percent of its annual income to unrestricted (expendable) fund balance (net assets) until the Corporation shall have increased its assets to the value of \$1,000,000 or more. The restrictions contained herein shall not apply when the asset value exceeds \$1,000,000. The unrestricted (expendable) fund balance (net assets) may be used to carry out any and all objects and purposes of the Corporation.

For purposes of allocating its annual income between restricted (nonexpendable) and unrestricted (expendable) fund balance (net assets), 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 net assets are as follows:

	Restricted	
	Nonexpendable	Expendable
Balance June 1, 2006	\$ 709,950	38,089
25% of annual income earned in the year ended May 31, 2007	8,222	-
Net increase in fair value of investments	2,313	-
Balance of net income	-	(9,925)
Balance May 31, 2007	<u>\$ 720,485</u>	<u>28,164</u>

Iowa Centennial Memorial Foundation

Other Supplementary Information

Iowa Centennial Memorial Foundation
Certificates of Deposit and Investments

May 31, 2007

Description	Purchase Date
Certificate of Deposit – American Bank, LeMars 5.54% Due Jul 15, 2007	Dec 15, 2006
Certificate of Deposit – American Bank, LeMars 5.58% Due Sep 22, 2007	Feb 22, 2007
Certificate of Deposit – Ames Community Bank, Ames 4.99% Due Nov 16, 2007	Feb 16, 2006
Certificate of Deposit – First Bank, West Des Moines 5.75% Due Apr 19, 2008	Oct 19, 2006
Certificate of Deposit – First Bank, West Des Moines 5.75% Due Jun 14, 2008	Dec 14, 2006
Certificate of Deposit – First National Bank, Sioux Center 5.56% Due Oct 29, 2007	Jan 29, 2007
Certificate of Deposit – First State Bank, Webster City 5.66% Due Jul 11, 2007	Aug 11, 2006
Certificate of Deposit – Landmands National Bank, Audubon 5.45% Due May 21, 2008	Feb 27, 2007
Certificate of Deposit – People's Trust & Savings Bank, Jefferson 5.38% Due May 23, 2008	Apr 23, 2007
Certificate of Deposit – United Bank & Trust, Hampton 5.40% Due Aug 27, 2007	Sep 27, 2006
Federal Home Loan Bank (FHLB) 5.50% Due June 12, 2009	May 31, 2007
Total	

See accompanying independent auditor's report.

Par Value	Carrying Value	Fair Value
\$ 60,000	60,000	-
30,000	30,000	-
50,000	50,000	-
50,000	50,000	-
40,000	40,000	-
50,000	50,000	-
20,000	20,000	-
65,000	65,000	-
52,665	52,665	-
50,000	51,349	-
200,000	-	200,000
<u>\$ 667,665</u>	<u>469,014</u>	<u>200,000</u>

Schedule 2

Iowa Centennial Memorial Foundation

Scholarships Awarded

Year ended May 31, 2007

<u>Receiver</u>	<u>Amount</u>
Buena Vista University (Storm Lake)	\$ 1,000
Central College (Pella)	3,000
Coe College (Cedar Rapids)	1,000
Cornell College (Mount Vernon)	1,000
Drake University (Des Moines)	2,000
Grand View College (Des Moines)	1,000
Indian Hills Community College (Centerville)	500
Iowa State University (Ames)	6,500
Iowa Western Community College (Council Bluffs)	1,000
Kirkwood Community College (Cedar Rapids)	1,000
Luther College (Decorah)	1,000
Mount Mercy College (Cedar Rapids)	1,000
Scott Community College (Bettendorf)	2,000
Simpson College (Indianola)	1,000
Southeastern Community College (West Burlington)	1,000
University of Iowa (Iowa City)	2,000
University of Northern Iowa (Cedar Falls)	5,000
Wartburg College (Waverly)	<u>1,000</u>
Total	<u>\$ 32,000</u>

32 scholarships of \$1,000 each were awarded for a total of \$32,000. One scholarship was split between two schools. 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, 2001 through May 31, 2007

Year Ended May 31,	Additions	Deductions			Total
		Scholarships	Awards and Other Expense		
2001	\$ 63,544	22,000	657		22,657
2002	51,317	50,000	3,151		53,151
2003	47,348	34,000	956		34,956
2004	19,777	29,500	10,794		40,294
2005	17,769	30,000	881		30,881
2006	25,189	39,000	3,618		42,618
2007	35,204	32,000	2,594		34,594

See accompanying independent auditor's report.

Iowa Centennial Memorial Foundation



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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

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, 2007, and have issued our report thereon dated July 2, 2007. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Iowa Centennial Memorial Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Iowa Centennial Memorial Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Iowa Centennial Memorial Foundation's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Iowa Centennial Memorial Foundation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Iowa Centennial Memorial Foundation's financial statements that is more than inconsequential will not be prevented or detected by the Iowa Centennial Memorial Foundation's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Iowa Centennial Memorial Foundation's internal control.

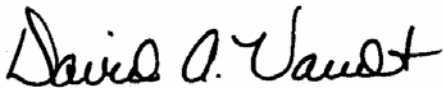
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of the section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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 the 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 or other matters that are required to be reported under Government Auditing Standards.

This report, a public record by law, is intended solely for the information and use of the officials of the Iowa Centennial Memorial Foundation 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.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

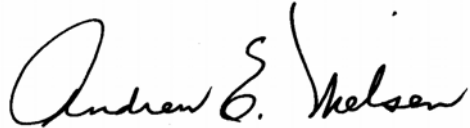
July 2, 2007

Iowa Centennial Memorial Foundation

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Manager
Jennifer L. Wall, Staff Auditor
Lori M. Dinville, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial 'A' and a distinct 'E'.

Andrew E. Nielsen, CPA
Deputy Auditor of State