



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

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Auditor of State

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**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_

July 16, 2003

Contact: Andy Nielsen  
515/281-5515

Auditor of State David A. Vaudt today released an audit report on the Iowa Centennial Memorial Foundation for the year ended May 31, 2003.

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, 2003, the Foundation reported revenues of \$47,348 from investment income, which is an 8% decrease in total revenues from the prior year. Investment income consisted of interest of \$55,538, net of a decrease in the fair value of investments of \$8,190. Expenses for the year totaled \$34,956, a 34% decrease from the prior year, and consisted of 34 scholarships totaling \$34,000 and \$956 of other expenses. The decrease in expenses was primarily the result of the decrease in the number of scholarships awarded.

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

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**IOWA CENTENNIAL MEMORIAL FOUNDATION**

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

**MAY 31, 2003**



## Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		5
Financial Statements:	<u>Exhibit</u>	
Balance Sheet	A	6
Statement of Revenues, Expenses and Changes in Fund Balance	B	7
Statement of Cash Flows	C	8
Notes to Financial Statements		9-11
Supplemental Information:	<u>Schedule</u>	
Certificates of Deposit and Investments	1	12-13
Scholarships Awarded	2	14
Comparative Analysis of Operations	3	15
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting		17
Staff		18



## 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 (deceased)	Member
John Nelson	Member
Nancy Nichols	Member
Elaine Estes	Member

### State

Cynthia P. Eisenhauer	Director, Department of Management
Dennis C. Prouty	Director, Legislative Services Agency

**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, 2003. 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, 2003, 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 24, 2003 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.

DAVID A. VAUDT, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

June 24, 2003

**Exhibit A**

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## Iowa Centennial Memorial Foundation

## Balance Sheet

May 31, 2003

**Assets**

Cash		\$ 47,785
Interest receivable		10,840
Certificates of deposit and investments:		
Certificates of deposit	\$ 464,131	
U.S. government obligations	<u>275,905</u>	740,036
Inventory - Centennial Memorial coins		<u>436</u>
<b>Total assets</b>		<b><u>\$ 799,097</u></b>

**Fund Balance**

Fund balance (note 3):		
Restricted:		
Initial sale of centennial coins		\$ 198,008
Retained income		<u>563,027</u>
		761,035
Unrestricted		<u>38,062</u>
<b>Total fund balance</b>		<b><u>\$ 799,097</u></b>

See notes to financial statements.

## Iowa Centennial Memorial Foundation

Statement of Revenues, Expenses and  
Changes in Fund Balance

Year ended May 31, 2003

Operating revenues:	
Investment income:	
Interest	\$ 55,538
Net decrease in the fair value of investments	<u>(8,190)</u>
Total operating revenues	<u>47,348</u>
Operating expenses:	
Scholarships	34,000
Other	<u>956</u>
Total operating expenses	<u>34,956</u>
Net income	12,392
Fund balance beginning of year	<u>786,705</u>
Fund balance end of year	<u>\$ 799,097</u>

See notes to financial statements.

**Exhibit C**

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## Iowa Centennial Memorial Foundation

## Statement of Cash Flows

Year ended May 31, 2003

Cash flows from operating activities:		
Cash received from investment income	\$ 56,466	
Cash payments for scholarships	(34,000)	
Cash payments for other expenses	<u>(4,240)</u>	
Net cash provided by operating activities		\$ 18,226
Cash flows from investing activities:		
Purchase of securities	(175,818)	
Proceeds from sale of securities	<u>160,503</u>	
Net cash used by investing activities		<u>(15,315)</u>
Net increase in cash		2,911
Cash beginning of year		<u>44,874</u>
Cash end of year		<u>\$ 47,785</u>
Reconciliation of net income to net cash provided by operating activities:		
Net income		\$ 12,392
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of discount		(993)
Net decrease in the fair value of investments		8,190
Changes in assets and liabilities:		
Decrease in interest receivable		928
Decrease in accounts payable		<u>(2,291)</u>
Net cash provided by operating activities		<u>\$ 18,226</u>
See notes to financial statements.		

Iowa Centennial Memorial Foundation

Notes to Financial Statements

May 31, 2003

**(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 the 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, 2003 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, 2003 are as follows:

	<u>Fair Value</u>
U.S. government obligations	<u>\$ 275,905</u>

In addition, the Foundation had certificates of deposits of \$464,131.

**(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 restrictions contained herein shall not apply when the asset value exceeds \$1,000,000. 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 include gross investment income but 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, 2002	\$ 747,151	39,554
25% of annual income earned in the year ended May 31, 2003	13,884	-
Balance of net income	<u>-</u>	<u>(1,492)</u>
Balance May 31, 2003	<u>\$ 761,035</u>	<u>38,062</u>

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Iowa Centennial Memorial Foundation  
Certificates of Deposit and Investments

May 31, 2003

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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 2.48% Due Nov 21, 2004	Nov 21, 2002
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 2.40% Due May 19, 2005	May 19, 2003
Certificate of Deposit - Iowa Savings Bank, Des Moines 1.99% Due May 28, 2005	May 28, 2003
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	96,168	-
90,000	90,000	-
35,000	35,000	-
45,818	45,818	-
77,000	94,307	-
60,000	77,838	-
<u>235,000</u>	<u>-</u>	<u>275,905</u>
<u>\$ 662,818</u>	<u>464,131</u>	<u>275,905</u>

**Schedule 2**

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## Iowa Centennial Memorial Foundation

## Scholarships Awarded

Year ended May 31, 2003

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Receiver	Amount
American Institute of Business (Des Moines)	\$ 1,000
Buena Vista University (Storm Lake)	2,000
Central College (Pella)	5,000
Coe College (Cedar Rapids)	1,000
Cornell College (Mount Vernon)	1,000
Des Moines University of Health (Des Moines)	1,000
Drake University (Des Moines)	4,000
Hamilton Business College (Cedar Falls)	1,000
Iowa State University (Ames)	7,000
Loras College (Dubuque)	1,000
Luther College (Decorah)	1,000
Mount Mercy College (Cedar Rapids)	1,000
Simpson College (Indianola)	1,000
University of Iowa (Iowa City)	5,000
Wartburg College (Waverly)	<u>2,000</u>
Total	<u>\$ 34,000</u>

34 scholarships of \$1,000 each were awarded for a total of \$34,000. This schedule names the schools the scholarship recipients attended.

See accompanying independent auditor's report.

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Iowa Centennial Memorial Foundation  
Comparative Analysis of Operations  
Years ended May 31, 1999 through May 31, 2003

Year Ended May 31,	Operating Revenues	Expenses		
		Scholarships	Awards and Other Expense	Total
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
2003	47,348	34,000	956	34,956

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, 2003, and have issued our report thereon dated June 24, 2003. 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.

DAVID A. VAUDT, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

June 24, 2003

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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