

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE _____

June 24, 2016

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released an audit report on the Iowa Centennial Memorial Foundation for the year ended May 31, 2016.

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, 2016, the Foundation reported additions of \$6,274 from investment income, an 18.1% increase from the prior year. The increase in additions was due to an increase in interest earnings on investments.

Deductions for the year totaled \$4,153, a 2.0% decrease from the prior year, and consisted of 4 scholarships totaling \$2,500 and \$1,653 of other expenses.

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 <https://auditor.iowa.gov/reports/1660-6553-0000>.

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IOWA CENTENNIAL MEMORIAL FOUNDATION

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

MAY 31, 2016

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Iowa Centennial Memorial Foundation

Officials

Name

Title

Foundation

Honorable Terry E. Branstad	President
Honorable Michael L. Fitzgerald	Treasurer
Honorable Thomas J. Miller	Legal Counsel
Charles C. Edwards, Jr.	President of the Iowa Board of Education
Honorable Chester J. Culver	Member
Honorable Thomas J. Vilsack	Member
Honorable Robert D. Ray	Member
Honorable Robert D. Fulton	Member
Elaine Estes	Member
Arvid Huisman	Member
Wayne Marty	Member
Janet Metcalf	Member

State

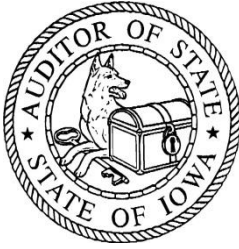
Director, Department of Management

David Roederer

Director, Legislative Services Agency

Glen P. Dickinson

Iowa Centennial Memorial Foundation



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Independent Auditor's Report

To the Members of the Iowa Centennial Memorial Foundation:

Report on the Financial Statements

We have audited the accompanying financial statements of the Iowa Centennial Memorial Foundation as of and for the year ended May 31, 2016, and the related Notes to Financial Statements, which collectively comprise the Foundation's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of 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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the 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 Foundation'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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Iowa Centennial Memorial Foundation as of May 31, 2016, and the respective changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis which U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such omitted information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this omitted information.


Supplementary Information


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 third paragraph of this report, the financial statements for the nine years ended May 31, 2015 (which are not presented herein) and expressed unmodified opinions on those financial statements. The 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.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 20, 2016 on our consideration of the Iowa Centennial Memorial Foundation's internal control over financial reporting and on 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 in considering the Iowa Centennial Memorial Foundation's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 20, 2016

Iowa Centennial Memorial Foundation

Statement of Fiduciary Net Position

May 31, 2016

Assets	
Cash	\$ 3,036
Accrued interest receivable	1,402
Certificates of deposit	750,559
Inventory - Centennial Memorial coins	<u>436</u>
Total assets	<u>755,433</u>
Liabilities	
Accounts payable	<u>675</u>
Net Position	
Restricted:	
Nonexpendable:	
Initial sale of centennial coins	198,008
Retained income	<u>552,246</u>
	750,254
Expendable	<u>4,504</u>
Total net position	<u><u>\$ 754,758</u></u>

See notes to financial statements.

Exhibit B

Iowa Centennial Memorial Foundation
Statement of Changes in Fiduciary Net Position
Year ended May 31, 2016

Additions:	
Investment income:	
Interest income	\$ 6,274
Deductions:	
Scholarships	2,500
Other	1,653
Total deductions	<u>4,153</u>
Net increase in fiduciary net position	2,121
Net position beginning of year	<u>752,637</u>
Net position end of year	<u><u>\$ 754,758</u></u>

See notes to financial statements.

Iowa Centennial Memorial Foundation

Notes to Financial Statements

May 31, 2016

(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 of State 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.

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.

(2) Cash and Certificates of Deposit

The Iowa Centennial Memorial Foundation's deposits at May 31, 2016 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.

The Foundation had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40 and No. 72.

At May 31, 2016, the Foundation had certificates of deposit totaling \$750,559.

(3) Net Position

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 position, previously referred to as 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 position) 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 position) 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 position), the Foundation Board has defined annual income earned to exclude market value changes for securities intended to be held until maturity.

The changes in net position are as follows:

	Restricted	
	Nonexpendable	Expendable
Balance June 1, 2015	\$ 748,685	3,952
25% of annual income earned in the year ended May 31, 2016	1,569	-
Balance of annual income	-	4,705
Scholarships	-	(2,500)
Other expenses	-	(1,653)
Balance May 31, 2016	\$ 750,254	4,504

Iowa Centennial Memorial Foundation

Supplementary Information

Schedule 1

Iowa Centennial Memorial Foundation

Certificates of Deposit

May 31, 2016

Description	Purchase Date	Cost
Certificate of Deposit – Danville State Savings Bank, Danville, 1.00% Due Aug 17, 2016	August 17, 2015	\$ 30,826
Certificate of Deposit – Farmers & Merchants Savings Bank, Waukon, 0.50% Due Aug 19, 2016	August 19, 2015	50,730
Certificate of Deposit – South Ottumwa Savings Bank, Ottumwa, 0.55% Due Oct 4, 2016	October 4, 2015	33,156
Certificate of Deposit – South Ottumwa Savings Bank, Ottumwa, 0.55% Due Oct 20, 2016	October 20, 2015	66,889
Certificate of Deposit – American Bank, LeMars, 0.95% Due Nov 21, 2016	November 21, 2014	32,537
Certificate of Deposit – Northwest Bank, Sioux Center, 0.75% Due Dec 14, 2016	May 14, 2015	53,296
Certificate of Deposit – United Bank & Trust, Hampton, 0.75% Due Feb 6, 2017	November 6, 2015	55,657
Certificate of Deposit – Danville State Savings Bank, Danville, 1.25% Due Feb 7, 2017	August 7, 2015	36,178
Certificate of Deposit – Danville State Savings Bank, Danville, 1.25% Due Feb 17, 2017	August 17, 2015	53,562
Certificate of Deposit – American Bank, Le Mars, 1.00% Due Mar 8, 2017	March 8, 2015	56,646
Certificate of Deposit – Danville State Savings Bank, Danville, 1.00% Due Mar 26, 2017	March 26, 2016	35,352
Certificate of Deposit – Denver Savings Bank, Denver, 1.29% Due Mar 30, 2017	March 30, 2016	85,597
Certificate of Deposit – Northwest Bank, Sioux Center, 1.15% Due May 12, 2017	February 12, 2016	35,305
Certificate of Deposit – Danville State Savings Bank, Danville, 1.00% Due May 22, 2017	May 22, 2016	58,583
Certificate of Deposit – American Bank, Le Mars, 1.10% Due Aug 15, 2017	May 15, 2016	66,245
Total		<u>\$ 750,559</u>

See accompanying independent auditor's report.

Iowa Centennial Memorial Foundation

Scholarships Awarded

Year ended May 31, 2016

Receiver	Amount
Central College (Pella)	\$ 500
Coe College (Cedar Rapids)	500
Iowa State University (Ames)	500
University of Iowa (Iowa City)	<u>1,000</u>
Total	<u>\$ 2,500</u>

3 scholarships of \$500 each and 1 scholarship of \$1,000 each were awarded, for a total of \$2,500. This schedule names the schools the scholarship recipients attended.

See accompanying independent auditor's report.

Schedule 3

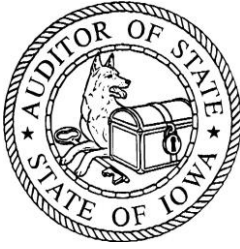
Iowa Centennial Memorial Foundation

Comparative Analysis of Operations

Years ended May 31, 2007 through May 31, 2016

Year Ended May 31,	Additions	Deductions			Total
		Scholarships	Awards and Other Expenses		
2007	\$ 35,204	32,000	2,594	34,594	
2008	33,721	25,000	3,201	28,201	
2009	20,776	20,000	5,023	25,023	
2010	17,632	12,000	4,586	16,586	
2011	11,848	9,965	1,634	11,599	
2012	9,762	7,000	1,545	8,545	
2013	8,325	6,000	2,301	8,301	
2014	5,517	5,000	1,322	6,322	
2015	5,311	3,000	1,237	4,237	
2016	6,274	2,500	1,653	4,153	

See accompanying independent auditor's report.



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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 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, the financial statements of the Iowa Centennial Memorial Foundation as of and for the year ended May 31, 2016, and the related Notes to Financial Statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated June 20, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Iowa Centennial Memorial Foundation's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Iowa Centennial Memorial Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Iowa Centennial Memorial Foundation's internal control.

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

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


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.

Purpose of this Report

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

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.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

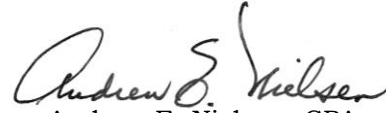
June 20, 2016

Iowa Centennial Memorial Foundation

Staff

This audit was performed by:

Brian R. Brustkern, CPA, Manager
Melissa A. Hastert, CPA, Staff Auditor



Andrew E. Nielsen, CPA
Deputy Auditor of State