OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

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NEWS RELEASE

Contact: Andy Nielsen
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FOR RELEASE July 22, 2004

Auditor of State David A. Vaudt today released an audit report on the Iowa Centennial Memorial Foundation for the year ended May 31, 2004.

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, 2004, the Foundation reported net additions of $19,777 from investment income, which is a 58% decrease in total additions from the prior year. Investment income consisted of interest of $45,236, net of a decrease in the fair value of investments of $25,459. The decrease in additions was the result of the net decrease in fair value of investments due to the decline in the market value of the U.S. government obligations.

Deductions for the year totaled $40,294, a 15% increase from the prior year, and consisted of 30 scholarships totaling $29,500 and $10,794 of other expenses. The increase in deductions was primarily the result of expenses incurred to develop and implement an on-line application process.

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

# # #

IOWA CENTENNIAL MEMORIAL FOUNDATION

INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

MAY 31, 2004

0460-6553-0000

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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
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 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, 2004. 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 our audit provides a reasonable basis for our opinion.

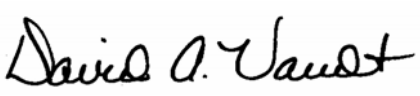
In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net assets of the Iowa Centennial Memorial Foundation at May 31, 2004, and the changes in fiduciary net assets for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note 4 to the financial statements, during the year ended May 31, 2004, the Iowa Centennial Memorial Foundation adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures.

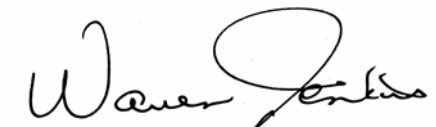
In accordance with Government Auditing Standards, we have also issued our report dated June 29, 2004 on our consideration of the Iowa Centennial Memorial Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and its articles 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.

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 four years ended May 31, 2003 (which are not presented herein) and expressed unqualified 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. Such information has been subjected to the auditing procedures applied in the 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

June 29, 2004

Iowa Centennial Memorial Foundation

Statement of Fiduciary Net Assets

May 31, 2004

Assets		
Cash		$ 39,680
Accrued interest receivable		10,032
Certificates of deposit and investments:		
Certificates of deposit	$ 477,055	
U.S. government obligations	251,377	728,432
Inventory - Centennial Memorial coins		436
Total assets		778,580
Liabilities		
None		–
Net Assets		
Restricted:		
Nonexpendable:		
Initial sale of centennial coins		198,008
Retained income		519,137
		717,145
Expendable		61,435
Total net assets		$ 778,580

See notes to financial statements.

Iowa Centennial Memorial Foundation

Statement of Changes in Fiduciary Net Assets

Year ended May 31, 2004

Additions:	
Investment income:	
Interest	$ 45,236
Net decrease in the fair value of investments	(25,459)
Net additions	19,777
Deductions:	
Scholarships	29,500
On-line application development	10,095
Other	699
Total deductions	40,294
Net decrease in fiduciary net assets	(20,517)
Net assets beginning of year	799,097
Net assets end of year	$ 778,580

See notes to financial statements.

(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 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.

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 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.

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 throughout the period and at May 31, 2004 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 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, 2004 are as follows:

	Fair Value
U.S. government obligations	$ 251,377

In addition, the Foundation had certificates of deposits of $477,055.

(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, 2003, as restated (note 4)	$ 731,295	67,802
25% of annual income earned in the year ended May 31, 2004	11,309	-
Net decrease in fair value of investments	(25,459)	-
Balance of net income	-	(6,367)
Balance May 31, 2004	$ 717,145	61,435

(4) Accounting Change and Restatement

For the year ended May 31, 2004, the Foundation implemented Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures.

Implementation of these statements had no effect on the beginning net assets of the Foundation.

The Nonexpendable and Expendable net assets have been restated to adjust prior allocations of the change in fair value of the Foundation's investments at May 31, 2003, as follows:

	Restricted	
	Nonexpendable	Expendable
Net assets at May 31, 2003, as previously reported	$ 761,035	38,062
Adjustment to correct prior year allocations of the change in fair value	(29,740)	29,740
Net assets at June 1, 2003, as restated	$ 731,295	67,802

Iowa Centennial Memorial Foundation

Supplementary Information

Iowa Centennial Memorial Foundation

Certificates of Deposit and Investments

May 31, 2004

Description	Purchase Date
Certificate of Deposit – First Bank, West Des Moines 2.40% Due Jun 11, 2005	Jun 11, 2003
Certificate of Deposit – First Federal Bank, West Des Moines 2.48% Due Nov 21, 2004	Nov 21, 2002
Certificate of Deposit – First State Bank, Stuart 2.08% Due Jun 9, 2005	Jun 9, 2003
Certificate of Deposit – First Bank, West Des Moines 2.40% Due May 19, 2005	May 19, 2003
Certificate of Deposit – Iowa Savings Bank, West Des Moines 1.99% Due May 28, 2005	May 28, 2003
Certificate of Deposit – Waukee State Bank, Waukee 2.47% Due Feb 3, 2006	Nov 3, 2003
Certificate of Deposit – Iowa Savings Bank, West Des Moines 6.59% Due Mar 9, 2005	Mar 9, 2000
U.S. Treasury 11.75% Bonds Due Feb 15, 2010	Apr 2, 1982
Total	

See accompanying independent auditor's report.

	Par Value	Carrying Value	Fair Value
$	25,000	25,000	-
	95,000	98,575	-
	90,000	90,000	-
	35,000	35,000	-
	45,817	46,594	-
	97,577	98,780	-
	63,713	83,106	-
	235,000	-	251,377
$	687,107	477,055	251,377

Iowa Centennial Memorial Foundation

Scholarships Awarded

Year ended May 31, 2004

Receiver	Amount
Allen College (Waterloo)	$ 1,000
Buena Vista University (Storm Lake)	2,000
Central College (Pella)	2,000
Coe College (Cedar Rapids)	2,000
Cornell College (Mount Vernon)	1,000
Des Moines University of Health (Des Moines)	2,000
Dordt College (Sioux Center)	1,000
Drake University (Des Moines)	1,000
Faith Baptist Bible College (Ankeny)	1,000
Hamilton Business College (Mason City)	1,000
Iowa State University (Ames)	4,000
Luther College (Decorah)	1,000
Morningside College (Sioux City)	1,000
Saint Ambrose University (Davenport)	1,000
University of Iowa (Iowa City)	3,500
University of Northern Iowa (Cedar Falls)	3,000
Wartburg College (Waverly)	2,000
Total	$ 29,500

29 scholarships of $1,000 each and 1 scholarship of $500 were awarded for a total of $29,500. 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, 2000 through May 31, 2004

Year Ended May 31,	Additions	Deductions		
		Scholarships	Awards and Other Expense	Total
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
2004	19,777	29,500	10,794	40,294

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, 2004, and have issued our report thereon dated June 29, 2004. 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
DAVID A. VAUDT, CPA
Auditor of State

Warren Jenkins
WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 29, 2004

Iowa Centennial Memorial Foundation

Staff

This audit was performed by:

Cynthia L. Weber, CPA, Manager
Jake P. Keegan, Assistant Auditor

Andrew E. Nielsen, CPA
Deputy Auditor of State