Iowa League of Cities

Financial Report
June 30, 2026

Contents

Independent auditor's report	1-2
Financial statements	
Statements of financial position	3
Statements of activities	4
Statements of cash flows	5
Notes to financial statements	6-13
Supplementary information	
Executive board and staff (unaudited)	14

RSM US LLP

Independent Auditor's Report

Executive Board
Iowa League of Cities

Opinion

We have audited the financial statements of Iowa League of Cities (the League), which comprise the statements of financial position as of June 30, 2026 and 2025, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the League as of June 30, 2026 and 2025, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the League and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the League's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 League's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the League's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Supplementary Information
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

RSM US LLP

Des Moines, Iowa
October 16, 2026

Iowa League of Cities

Statements of Financial Position
June 30, 2026 and 2025

	2026	2025
Assets		
Current assets:		
Cash	**$ 458,376**	$ 524,696
Certificates of deposit	**1,556,016**	1,750,013
Receivables:		
Trade	**33,736**	48,020
Affiliate	**75,389**	243,332
Interest	**33,105**	45,355
Prepaid expenses	**163,769**	241,690
Total current assets	**2,320,391**	2,853,106
Furniture, fixtures and equipment, net	**123,422**	174,858
Certificates of deposit	**2,885,070**	2,091,061
Right-of-use asset	**707,714**	801,279
Total assets	**$ 6,036,597**	$ 5,920,304
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	**$ 378,743**	$ 428,576
Deferred income	**329,872**	454,367
Operating lease liability	**93,373**	85,984
Total current liabilities	**801,988**	968,927
Long-term lease liability	**640,920**	734,293
Total liabilities	**1,442,908**	1,703,220
Net assets:		
Without donor restrictions (undesignated)	**2,799,689**	2,548,084
Without donor restrictions (board-designated)	**1,794,000**	1,669,000
Total net assets	**4,593,689**	4,217,084
Total liabilities and net assets	**$ 6,036,597**	$ 5,920,304

See notes to financial statements.

Iowa League of Cities

Statements of Activities
Years Ended June 30, 2026 and 2025

	2026	2025
Revenue:		
Membership dues	**$ 1,268,186**	$ 1,226,427
Partner dues	**123,200**	128,494
Associate dues	**55,367**	54,070
Advertising	**63,142**	69,128
Sponsorship	**43,450**	49,233
Subscriptions	**6,660**	8,880
Registrations	**352,881**	230,400
Fees and royalties	**3,732,346**	3,670,465
Grants	**-**	28,636
Interest	**196,664**	195,010
Loss on disposal of furniture, fixtures and equipment	**-**	(155,132)
Other	**22,324**	19,733
	5,864,220	5,525,344
Expenses:		
Salaries, payroll taxes and fringe benefits	**4,108,659**	3,692,630
Rent	**260,550**	257,230
Telephone	**13,268**	13,316
Travel	**46,826**	36,681
Legal and accounting fees	**40,182**	67,635
Consulting fees	**337,754**	382,180
Dues and subscriptions	**140,780**	141,020
Insurance	**82,533**	99,413
Equipment and computer	**911**	310
Printing	**49,138**	49,252
Postage	**32,617**	31,454
Supplies	**34,312**	29,881
Meeting	**241,764**	234,582
Training	**22,585**	6,173
Online registrations	**10,821**	8,975
Depreciation	**59,932**	85,734
Miscellaneous	**4,983**	4,279
	5,487,615	5,140,745
Change in net assets without donor restrictions	**376,605**	384,599
Net assets without donor restrictions:		
Beginning	**4,217,084**	3,832,485
Ending	**$ 4,593,689**	$ 4,217,084

See notes to financial statements.

Iowa League of Cities

Statements of Cash Flows
Years Ended June 30, 2026 and 2025

	2026	2025
Cash flows from operating activities:		
Change in net assets without donor restrictions	**$ 376,605**	$ 384,599
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation	**59,932**	85,734
Loss on disposal of furniture, fixtures and equipment	**-**	155,132
Noncash lease expense	**93,565**	89,551
Change in working capital components:		
Receivables	**26,534**	(10,151)
Related-party receivables	**167,943**	(94,994)
Prepaid expenses	**77,921**	(52,456)
Accounts payable and accrued expenses	**(49,833)**	111,464
Deferred income	**(124,495)**	59,090
Operating lease liability	**(85,984)**	(78,947)
Net cash provided by operating activities	**542,188**	649,022
Cash flows from investing activities:		
Purchase of furniture, fixtures and equipment	**(8,496)**	(55,098)
Purchase of certificates of deposit	**(2,350,012)**	(2,433,022)
Proceeds from redemption of certificates of deposit	**1,750,000**	1,410,000
Proceeds from sale of furniture, fixtures and equipment	**-**	9,500
Net cash used in investing activities	**(608,508)**	(1,068,620)
Net decrease in cash	**(66,320)**	(419,598)
Cash:		
Beginning	**524,696**	944,294
Ending	**$ 458,376**	$ 524,696
Schedule of noncash financing and investing activities:		
Cash paid for amounts included in measurement of operating lease liability	**$ 122,778**	$ 119,762

See notes to financial statements.

Note 1. Nature of League and Significant Accounting Policies

Nature of organization: The League of Iowa Municipalities was founded in 1898, changed its name to the Iowa League of Cities (the League) in 1996, and is a grassroots organization controlled by its members. The purpose of the League is the improvement of municipal government and the administration thereof through cooperative effort and the promotion of the general welfare of the cities of Iowa. The members elect the League's officers and Executive Board (the Board of Directors or the Board) and determine, by direct vote, what the League's policies will be from year to year. The League is governed by a Board of Directors. A majority of the Board members must be elected officials, and representation on the Board must come from cities of all sizes. Officers are elected to a one-year term and Board members are elected to a two-year term at the League's annual meeting each fall.

Significant accounting policies are as follows:

Accounting estimates and assumptions: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Certificates of deposit: Investments in certificates of deposit are recorded at cost, plus accrued interest. Certificates of deposit have original maturities greater than three months. Certificates of deposit that mature within one year of the League's fiscal year-end are classified as current assets on the statements of financial position. Certificates of deposit that mature greater than one year from the League's fiscal year-end are classified as noncurrent assets on the statements of financial position.

Trade receivables: Trade receivables are carried at original invoice amount less an estimate made for credit losses. Management performs initial and periodic credit evaluations of its customers and maintains allowances for potential credit losses. The establishment of a receivable allowance and related bad debt expense is based on historical experience and estimated exposure on specific accounts. Receivables are written off when determined to be uncollectible. Recoveries of receivables previously written off are recorded when received. As of June 30, 2026 and 2025, management determined that no allowance was necessary.

Furniture, fixtures and equipment: Furniture, fixtures and equipment are stated at cost. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets ranging from three to 10 years.

Leases: Under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, Leases, lessees recognize right-of-use assets and lease liabilities on the statements of financial position. The League elected the practical expedient to not record a right-of-use asset or lease liability for leases with a term of 12 months or less.

The League also elected the practical expedient under ASC 842 to combine lease and non-lease components into a single lease component when measuring right-of-use assets and lease liabilities. The League's operating lease provides for non-lease component costs related to maintenance, insurance and taxes. Any variable costs are excluded from the measurement of the right-of-use asset and lease liability.

Note 1. Nature of League and Significant Accounting Policies (Continued)

Operating lease liabilities are recorded at the present value of remaining lease payments not yet paid for the lease term using the applicable discount rate. Under ASC 842, the League made the accounting policy election to use a risk-free discount rate for all leases when the rate implicit to the lease is not available.

Revenue recognition: The League recognizes revenue in accordance with FASB ASC 606, Revenue From Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers as follows: (1) identify the contract, (2) identify the performance obligations, (3) determine the transaction price, (4) allocate the transaction price and (5) recognize revenue. Revenue is recognized when promised goods or services are transferred to the customers in an amount that reflects the consideration expected in exchange for those goods or services.

Membership dues, associate dues and partner dues are considered exchange transactions based on the value of benefits provided. Dues are fixed fees, with rates by member type established by the Board annually. The League recognizes dues revenue over the annual membership period as the member benefits are conveyed and the performance obligation is satisfied, which matches the League's fiscal year.

Revenue from royalties is recognized in the period earned. Revenue from certain royalty agreements is earned over the term of the agreements and is recognized using the straight-line method over the term of the agreements. The transaction price is established, as described in Note 5, and agreements are renegotiated annually. In instances where the agreement stipulates variable consideration, such as fees and royalties based on expenses incurred or as a percentage of a benchmark, management estimates the amount of revenue expected to be earned, if any, during the contract period as the constraints on variable consideration are removed and revenue is recognized over time as services are provided over time.

Registrations are fees paid to attend conferences and seminars presented to members. Advertising and sponsorships relate to fees paid to advertise at or sponsor League events or publications. Revenue from registrations, advertising and sponsorships are recognized at a point in time when the related performance obligation is satisfied.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized when the related allowable expenses are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance. Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

The payment terms and conditions in contracts vary and contain no financing component. Payments in general are required to be made in advance, prior to the beginning of the membership period, in advance of the event, or as stated per the agreement. Differences between the timing of billings and the recognition of revenue are recognized as either accounts receivable or deferred income in the statements of financial position. Prepayments for membership dues and other fees are classified as deferred income and recognized over future periods, in accordance with the applicable contract and the League's revenue recognition policy.

Deferred income: Deferred income represents conference registration, conference sponsorship payments, member dues, partner dues and associate dues paid in advance. Conference registration and conference sponsorships revenue is recognized when the conference occurs. Dues revenue is recognized over the annual membership period.

Note 1. Nature of League and Significant Accounting Policies (Continued)

Contract assets and liabilities: The League records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not been recognized, a contract liability (deferred revenue) is also recorded.

Payment terms on invoiced amounts are typically 30 days. In instances where the timing of revenue recognition differs from the timing of the right to invoice, the League has determined that a significant financing component generally does not exist. The primary purpose of the League's invoicing terms is to provide customers with simplified and predictable ways of providing room accommodations, and not to receive financing from or provide financing to the customer.

Contract assets and liabilities for the past three years were as follows:

	June 30		July 1,
	2026	2025	2024
Contract assets:			
Accounts receivable	$ 109,125	$ 291,352	$ 190,650
Contract liabilities:			
Deferred revenue	$ 329,872	$ 454,367	$ 395,277

Income taxes: The League is exempt from federal and state income taxes under section 501(c)(4), and is not subject to federal income tax under the provisions of section 115(1) of the Internal Revenue Code and a similar section of Iowa law. The League currently has an opinion that it is exempt from IRS requirements for filing any reports, including Forms 990 and 990T. Therefore, there are no income tax filing requirements of the League.

Net assets without donor restrictions: The League's net assets are not subject to donor-imposed stipulations, and are available for use in general operations. The League's governing Board may earmark portions of its net assets without donor restrictions as Board-designated for various purposes. There were no board designated net assets without donor restrictions as of June 30, 2026 or 2025.

Reclassifications: Certain prior-year amounts have been reclassified to conform to the current-year presentation. These reclassifications had no effect on previously reported total net assets, change in net assets, or cash flows.

Subsequent events: Management has evaluated potential subsequent events through October 16, 2026, which is the date that the financial statements were available to be issued. Through that date, there were no events requiring disclosure.

Note 2. Liquidity

The League regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. As of June 30, 2026 and 2025, the following financial assets were available to meet annual operating needs of the following fiscal year:

	2026	2025
Cash	$ 458,376	$ 524,696
Accounts receivable	142,230	336,707
Certificates of deposit, current	1,556,016	1,750,013
	$ 2,156,622	$ 2,611,416

The League has various sources of liquidity at its disposal, including cash, accounts receivable and certificates of deposit maturing within one year. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The accounts receivable are subject to implied time restrictions, but are expected to be collected within one year.

The League's Board has established a contingency reserve fund policy as part of managing its liquidity to cover fixed costs and preserve essential services during periods of financial stress, to provide resources to undertake a major initiative which cannot be fully funded through the operating budget or with designated funds, to ensure adequate cash flow to meet operating needs, to minimize borrowing related to capital purchases and to generate investment income to reduce pressure on member dues. The contingency reserve is established as an amount equal to, or in excess of, a percentage of the annual operating budget. The Board established contingency reserve totaled $1,794,000 and $1,669,000 as of June 30, 2026 and 2025, respectively. The contingency reserve is included in the certificates of deposit balance on the statements of financial position.

Note 3. Furniture, Fixtures and Equipment

Details of furniture, fixtures and equipment is as follows at June 30, 2026 and 2025:

	2026	2025
Furniture and fixtures	$ 207,872	$ 204,456
Computer equipment	837,341	832,259
Autos	134,690	134,690
Other equipment	95,691	95,691
	1,275,594	1,267,096
Accumulated depreciation	1,152,172	1,092,238
	$ 123,422	$ 174,858

During the year ended June 30, 2025, the software in progress was fully written off once the League determined to stop any further progress on the software. The League recognized a loss of $164,100 included in loss on disposal of furniture, fixtures and equipment on the statement of activities.

Note 4. Retirement Benefits

The League has a noncontributory retirement plan covering all full-time employees who have completed 90 days of service. The League pays approximately 10% of gross salary into the plan, in lieu of social security. Employer contributions totaled approximately $318,000 and $280,000 for the years ended June 30, 2026 and 2025, respectively. The League also has a contributory retirement plan covering all full-time employees. Employees may contribute a dollar amount or percent per pay period. The League matches 50 cents on the dollar, up to 2% of gross salary. Employer contributions totaled approximately $59,000 and $52,000 for the years ended June 30, 2026 and 2025, respectively.

Note 5. Related-Party Transactions

Approximate revenues for the years ended June 30, 2026 and 2025, include fees and royalties from the following related parties, together with the approximate receivables due from these affiliates, are as follows:

	Fees and Royalties		Receivables	
	2026	2025	2026	2025
Iowa Communities Assurance Pool royalty fee	$ 630,000	$ 580,000	$ 14,000	$ 193,000
Iowa Municipalities Workers' Compensation Association management fee	2,291,000	2,310,000	6,000	15,000
Iowa Municipalities Workers' Compensation Association royalty fee	151,000	169,000	-	-
Iowa Public Agency Investment Trust royalty fee	544,000	507,000	50,000	35,000
Iowa City/County Management Association service fee	29,000	25,000	5,000	-
Iowa Municipal Attorneys Association service fee	9,000	9,000	-	-

The League has a cooperation agreement with the Iowa Communities Assurance Pool (ICAP) that provides for royalty fees to be paid to the League. The agreement is subject to termination by either party annually, upon 90 days' written notice. The League's executive director serves as a nonvoting member of the Board of Directors of ICAP.

The League has a management agreement with the Iowa Municipalities Workers' Compensation Association (IMWCA), an affiliate that provides for a management fee of approximately $191,000 per month at June 30, 2026. The agreement is subject to termination by either party, upon six months' written notice. In addition, the League at times will purchase vehicles on behalf of IMWCA.

The League also has an agreement with IMWCA that provides the League a fee for institutional value equal to a percentage of the annual net premium for the participating member cities of the workers' compensation program for as long as the agreement is in effect.

The League and Iowa Public Agency Investment Trust (IPAIT) have a license agreement that provides for royalty payments. This agreement is subject to termination by either party, upon 60 days' written notice. The League's executive director serves as a nonvoting board member for IPAIT.

The League has a contract with the Iowa City/County Management Association (IaCMA) to provide membership services. The contract is subject to termination annually, with 60 days' written notice. The League's executive director serves as the nonvoting secretary/treasurer of IaCMA.

Note 5. Related-Party Transactions (Continued)

The League has a contract with the Iowa Municipal Attorneys Association (IMAA) to provide membership services. The contract is subject to termination annually, with 60 days' written notice. The League's executive director serves as the nonvoting treasurer of IMAA.

Note 6. Leases

The League leases office space under a nine-year operating lease that expires in October 2032. The lease includes a termination option after the sixth year of the lease term. At the time of lease commencement, the League was not reasonably certain to exercise the termination option.

The League recorded the following lease costs, included in rent on the statements of activities, for the years ended June 30, 2026 and 2025:

	2026	2025
Operating lease cost	$ 130,357	$ 130,357
Variable lease cost	130,193	126,873

The following is a schedule of future minimum rental payments required under the operating lease as of June 30, 2026:

Years ending June 30:	
2027	$ 125,889
2028	129,049
2029	132,303
2030	135,606
2031	139,005
Thereafter	190,321
Total minimum lease payments	852,173
Less interest	117,880
Present value of operating lease liability	$ 734,293

The weighted-average remaining lease term and discount rate as of June 30, 2026 and 2025, are as follows:

	2026	2025
Weighted-average remaining lease term (years)	6.34	7.34
Weighted-average discount rate	4.77%	4.77%

Note 7. Functional Expenses

The following reflects the classification of the League's expenses, by both the underlying nature of the expense and function. An individual expense is allocated to the underlying activity through which it was incurred. Expenses for program services and general and administrative supporting activities for the years ended June 30, 2026 and 2025, are as follows:

	2026		
	Program Service	General and Administrative	Total
Salaries, payroll taxes and fringe benefits	$ 3,071,556	$ 1,037,103	$ 4,108,659
Rent	135,199	125,351	260,550
Telephone	-	13,268	13,268
Travel	17,227	29,599	46,826
Legal and accounting fees	7,722	32,460	40,182
Consulting fees	218,527	119,227	337,754
Dues and subscriptions	29,767	111,013	140,780
Insurance	54,700	27,833	82,533
Equipment and computer	-	911	911
Printing	49,138	-	49,138
Postage	26,411	6,206	32,617
Supplies	22,871	11,441	34,312
Meeting	227,474	14,290	241,764
Training	4,450	18,135	22,585
Online registrations	-	10,821	10,821
Depreciation	18,116	41,816	59,932
Miscellaneous	550	4,433	4,983
Total	$ 3,883,708	$ 1,603,907	$ 5,487,615

Note 7. Functional Expenses (Continued)

	2025		
	Program Service	General and Administrative	Total
Salaries, payroll taxes and fringe benefits	$ 2,792,555	$ 900,075	$ 3,692,630
Rent	146,922	110,308	257,230
Telephone	-	13,316	13,316
Travel	14,059	22,622	36,681
Legal and accounting fees	3,000	64,635	67,635
Consulting fees	330,131	52,049	382,180
Dues and subscriptions	20,128	120,892	141,020
Insurance	57,921	41,492	99,413
Equipment and computer	-	310	310
Printing	49,252	-	49,252
Postage	27,319	4,135	31,454
Supplies	18,339	11,542	29,881
Meeting	213,145	21,437	234,582
Training	60	6,113	6,173
Online registrations	-	8,975	8,975
Depreciation	37,310	48,424	85,734
Miscellaneous	366	3,913	4,279
Total	$ 3,710,507	$ 1,430,238	$ 5,140,745

Lobbying expenses for the years ended June 30, 2026 and 2025, totaled approximately $173,000 and $129,000, respectively.

Iowa League of Cities

Executive Board and Staff
(Unaudited)

Name	Title	Board Term Expires
	EXECUTIVE BOARD	
Christina Eicher	President	Sep-26
Steve Richardson	President-Elect	Sep-26
Brad Cavanagh	Immediate Past President	Sep-26
Ashley Vanorny	Past President	Sep-27
Donny Hobbs	Past President	Sep-26
Barb Barrick	Director	Sep-26
Aaron Burnett	Director	Sep-27
Courtney Clarke	Director	Sep-27
Matt Davis	Director	Sep-26
LaVern Dirkx	Director	Sep-27
Tammi Goerdt	Director	Sep-27
Laurie Goodrich	Director	Sep-27
Anthony Heddlesten	Director	Sep-26
Cynthia Loots	Director	Sep-26
Dylan Mulfinger	Director	Sep-27
Elaine Otte	Director	Sep-27
Cami Rasmussen	Director	Sep-26
John Westergaard	Director	Sep-27
Tom Wieseler	Director	Sep-27
	STAFF	
Alan Kemp	Executive Director	Indefinite