



**INDIANAPOLIS-MARION COUNTY PUBLIC
LIBRARY FOUNDATION, INC.
d/b/a
THE INDIANAPOLIS PUBLIC LIBRARY FOUNDATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

CPAs / ADVISORS



INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY FOUNDATION, INC.
d/b/a
THE INDIANAPOLIS PUBLIC LIBRARY FOUNDATION

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Indianapolis-Marion County
Public Library Foundation, Inc.
d/b/a The Indianapolis Public Library Foundation
Indianapolis, Indiana

Opinion

We have audited the accompanying financial statements of Indianapolis-Marion County Public Library Foundation, Inc. d/b/a The Indianapolis Public Library Foundation (the "Foundation"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021 and 2020, 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. 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 Foundation 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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

REPORT OF INDEPENDENT AUDITORS
(Continued)

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 generally accepted auditing standards 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 Foundation'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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.

Blue & Co., LLC

Carmel, Indiana
April 13, 2022

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY FOUNDATION, INC.**d/b/a****THE INDIANAPOLIS PUBLIC LIBRARY FOUNDATION**

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

ASSETS		
	2021	2020
Cash and cash equivalents	\$ 2,254,498	\$ 1,858,388
Prepaid expenses	18,691	20,697
Investments	12,131,942	11,822,379
Due from library	54,032	4,481
Pledges receivable, net	279,465	182,741
Other assets	43,143	43,418
Property and equipment, net	6,897	5,989
Beneficial interest in assets held by others	11,911,129	9,622,297
	<u>\$ 26,699,797</u>	<u>\$ 23,560,390</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 20,554	\$ 26,357
Accrued expenses	32,264	35,496
Note payable - PPP loan	-0-	108,214
Total liabilities	52,818	170,067
Net assets		
Without donor restrictions	5,192,101	4,468,625
With donor restrictions		
Purpose and time	7,443,063	7,354,710
Endowment	14,011,815	11,566,988
	<u>21,454,878</u>	<u>18,921,698</u>
Total net assets	<u>26,646,979</u>	<u>23,390,323</u>
	<u>\$ 26,699,797</u>	<u>\$ 23,560,390</u>

See accompanying notes to financial statements.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY FOUNDATION, INC.
d/b/a
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STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021
(With Comparative Total for the Year Ended December 31, 2020)

	2021					2020
	With Donor Restrictions					
	Without Donor Restrictions	Purpose and Time	Endowment	Total With Donor Restrictions	Total	Total
Revenues, gains, and support						
Contributions, net	\$ 648,514	\$ 1,898,603	\$ 39,283	\$ 1,937,886	\$ 2,586,400	\$ 1,947,414
Book sales	171,892	-0-	-0-	-0-	171,892	154,420
Gain on forgiveness of PPP loan	108,214	-0-	-0-	-0-	108,214	-0-
Dividends and interest, net	221,113	168,858	78,672	247,530	468,643	242,075
Realized and unrealized gains on investments, net	444,648	358,430	168,897	527,327	971,975	1,063,421
Change in value of beneficial interest in assets held by others	32,725	-0-	2,629,922	2,629,922	2,662,647	891,507
	1,627,106	2,425,891	2,916,774	5,342,665	6,969,771	4,298,837
Net assets released from restrictions	2,809,485	(2,337,538)	(471,947)	(2,809,485)	-0-	-0-
Total revenues, gains and support	4,436,591	88,353	2,444,827	2,533,180	6,969,771	4,298,837
Expenses						
Program services	2,932,876	-0-	-0-	-0-	2,932,876	2,729,566
Management and general	311,924	-0-	-0-	-0-	311,924	330,553
Fundraising	468,315	-0-	-0-	-0-	468,315	405,878
Total expenses	3,713,115	-0-	-0-	-0-	3,713,115	3,465,997
Change in net assets	723,476	88,353	2,444,827	2,533,180	3,256,656	832,840
Net assets, beginning of year	4,468,625	7,354,710	11,566,988	18,921,698	23,390,323	22,557,483
Net assets, end of year	\$ 5,192,101	\$ 7,443,063	\$ 14,011,815	\$ 21,454,878	\$ 26,646,979	\$ 23,390,323

See accompanying notes to financial statements.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY FOUNDATION, INC.
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STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

		With Donor Restrictions			
	Without Donor Restrictions	Purpose and Time	Endowment	Total With Donor Restrictions	Total
Revenues, gains, and support					
Contributions, net	\$ 473,710	\$ 1,412,811	\$ 60,893	\$ 1,473,704	\$ 1,947,414
Book sales	154,420	-0-	-0-	-0-	154,420
Dividends and interest, net	115,335	92,612	34,128	126,740	242,075
Realized and unrealized gains on investments, net	502,543	392,601	168,277	560,878	1,063,421
Change in value of beneficial interest in assets held by others	10,918	-0-	880,589	880,589	891,507
	<u>1,256,926</u>	<u>1,898,024</u>	<u>1,143,887</u>	<u>3,041,911</u>	<u>4,298,837</u>
Net assets released from restrictions	<u>2,486,896</u>	<u>(2,148,296)</u>	<u>(338,600)</u>	<u>(2,486,896)</u>	<u>-0-</u>
Total revenues, gains and support	3,743,822	(250,272)	805,287	555,015	4,298,837
Expenses					
Program services	2,729,566	-0-	-0-	-0-	2,729,566
Management and general	330,553	-0-	-0-	-0-	330,553
Fundraising	<u>405,878</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>405,878</u>
Total expenses	<u>3,465,997</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,465,997</u>
Change in net assets	277,825	(250,272)	805,287	555,015	832,840
Net assets, beginning of year	<u>4,190,800</u>	<u>7,604,982</u>	<u>10,761,701</u>	<u>18,366,683</u>	<u>22,557,483</u>
Net assets, end of year	<u>\$ 4,468,625</u>	<u>\$ 7,354,710</u>	<u>\$ 11,566,988</u>	<u>\$ 18,921,698</u>	<u>\$ 23,390,323</u>

See accompanying notes to financial statements.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY FOUNDATION, INC.

d/b/a

THE INDIANAPOLIS PUBLIC LIBRARY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

(With Comparative Total for the Year Ended December 31, 2020)

	2021				2020
	Program Services	Management and General	Fundraising	Total	Total
Grants and program support for:					
Adult and lifelong learning	\$ 45,502	\$ -0-	\$ -0-	\$ 45,502	\$ 58,992
Children's initiatives	427,610	-0-	-0-	427,610	478,044
Collections and information technology	1,572,188	-0-	-0-	1,572,188	1,486,281
Cultural and community	403,321	-0-	-0-	403,321	296,091
Lectures	5,000	-0-	-0-	5,000	12,000
Library materials, branch projects, and other programs	393,287	-0-	-0-	393,287	332,137
Recognitions	14,972	-0-	-0-	14,972	5,068
Foundation fundraising events	-0-	-0-	-0-	-0-	14,209
Salaries and wages	54,038	176,043	310,296	540,377	473,229
Employee benefits and taxes	16,958	56,103	97,107	170,168	137,924
Branding and marketing	-0-	-0-	3,587	3,587	5,825
Donor cultivation	-0-	-0-	32,019	32,019	31,135
Printing and mailing	-0-	3,380	14,881	18,261	18,536
Computer maintenance	-0-	8,154	7,903	16,057	14,881
Travel and parking	-0-	-0-	807	807	405
Office expense	-0-	919	-0-	919	1,552
Insurance	-0-	7,082	-0-	7,082	3,882
Professional fees	-0-	39,523	-0-	39,523	38,746
Payroll and human resources service	-0-	7,064	-0-	7,064	6,923
Allowance for doubtful accounts	-0-	181	-0-	181	1,500
Training and membership dues	-0-	11,552	-0-	11,552	7,024
Miscellaneous	-0-	374	-0-	374	2,034
Depreciation	-0-	1,549	-0-	1,549	1,416
Annual meeting dinner	-0-	-0-	1,715	1,715	-0-
Strategic plan/fundraising tune-up	-0-	-0-	-0-	-0-	38,163
Total expenses	<u>\$ 2,932,876</u>	<u>\$ 311,924</u>	<u>\$ 468,315</u>	<u>\$ 3,713,115</u>	<u>\$ 3,465,997</u>

See accompanying notes to financial statements.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY FOUNDATION, INC.**d/b/a****THE INDIANAPOLIS PUBLIC LIBRARY FOUNDATION****STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	Program Services	Management and General	Fundraising	Total
Grants and program support for:				
Adult and lifelong learning	\$ 58,992	\$ -0-	\$ -0-	\$ 58,992
Children's initiatives	478,044	-0-	-0-	478,044
Collections and information technology	1,486,281	-0-	-0-	1,486,281
Cultural and community	296,091	-0-	-0-	296,091
Lectures	12,000	-0-	-0-	12,000
Library materials, branch projects, and other programs	332,137	-0-	-0-	332,137
Recognitions	5,068	-0-	-0-	5,068
Foundation fundraising events	-0-	-0-	14,209	14,209
Salaries and wages	47,323	172,755	253,151	473,229
Employee benefits and taxes	13,630	45,240	79,054	137,924
Branding and marketing	-0-	-0-	5,825	5,825
Donor cultivation	-0-	-0-	31,135	31,135
Printing and mailing	-0-	5,115	13,421	18,536
Computer maintenance	-0-	7,529	7,352	14,881
Travel and parking	-0-	-0-	405	405
Office expense	-0-	1,552	-0-	1,552
Insurance	-0-	3,882	-0-	3,882
Professional fees	-0-	38,746	-0-	38,746
Payroll and human resources service	-0-	6,923	-0-	6,923
Allowance for doubtful accounts	-0-	1,500	-0-	1,500
Training and membership dues	-0-	7,024	-0-	7,024
Miscellaneous	-0-	708	1,326	2,034
Depreciation	-0-	1,416	-0-	1,416
Strategic plan/fundraising tune-up	-0-	38,163	-0-	38,163
Total expenses	<u>\$ 2,729,566</u>	<u>\$ 330,553</u>	<u>\$ 405,878</u>	<u>\$ 3,465,997</u>

See accompanying notes to financial statements.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY FOUNDATION, INC.

d/b/a

THE INDIANAPOLIS PUBLIC LIBRARY FOUNDATION

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Operating activities		
Change in net assets	\$ 3,256,656	\$ 832,840
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Gain on forgiveness of PPP loan	(108,214)	-0-
Depreciation	1,549	1,416
Change in present value discount on pledges receivable	1,144	(4,891)
Realized and unrealized gains on investments, net	(971,975)	(1,063,421)
Change in value of beneficial interest in assets held by others	(2,662,647)	(891,507)
Contributions restricted for investment in endowment	(61,006)	(121,863)
Changes in operating assets and liabilities:		
Due from Library	(49,551)	(1,391)
Pledges receivable	(97,868)	118,934
Prepaid expenses and other assets	2,281	1,065
Accounts payable and accrued expenses	(9,035)	19,553
Net cash flows from operating activities	(698,666)	(1,109,265)
Investing activities		
Proceeds from sale of investments	2,130,505	3,929,125
Purchase of investments	(1,468,093)	(4,043,753)
Capital expenditures	(2,457)	-0-
Distributions from CICF	439,515	325,366
Transfer of funds to CICF	(65,700)	(82,550)
Net cash flows from investing activities	1,033,770	128,188
Financing activities		
Borrowings under PPP loan	-0-	108,214
Contributions restricted for investment in endowment	61,006	121,863
Net cash flows from financing activities	61,006	230,077
Change in cash and cash equivalents	396,110	(751,000)
Cash and cash equivalents, beginning of year	1,858,388	2,609,388
Cash and cash equivalents, end of year	\$ 2,254,498	\$ 1,858,388
Supplemental disclosure for non-cash financing activities		
Forgiveness of PPP loan	\$ 108,214	\$ -0-

See accompanying notes to financial statements.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

1. NATURE OF ACTIVITIES

The Indianapolis-Marion County Public Library Foundation, Inc. (the Foundation) was incorporated in Indiana in 1969. In 2011, as part of a rebranding campaign with the Indianapolis-Marion County Public Library (the Library), the Foundation began doing business as The Indianapolis Public Library Foundation.

Its mission, revised and adopted by the Board in February 2021 as part of the Foundation's new 2021-23 Strategic Plan, is to partner with donors to enrich lives, foster lifelong learning and engage our diverse community through the Library. Support for the Foundation is derived from contributions, grants, book sales, corporate sponsorships, investment income and bequests. The main program service areas include:

Adult and Lifelong Learning Programs

These free programs for adults help bolster workplace skills, provide training with the latest technology as well as provide outlets for learning about topics that are of general interest. Many of the Library's lifelong learning programs occur in neighborhoods with high concentrations of adults living in poverty or with high rates of unemployment. Major examples of programs include:

- **Nonprofit Workshops:** Programs held at Central Library and virtually provided information about fundraising, board governance, program evaluation and more for those interested in starting a nonprofit organization or ongoing learning for those who work in new or small organizations.
- **Adult Summer Reading Program:** Adults engaged in pleasure reading and civic activities, such as registering to vote, to foster ongoing learning and a lifelong love of reading.
- **Technology Programs:** Adults participated in programs about technology in a variety of formats. Programs included computer classes taught in Spanish and workshops at a variety of skill levels for adults exploring coding.
- **Branch Programs:** Adults engaged in learning programs at branches and virtually throughout the year, including workshops on gardening, cooking and crafts with take-home kits.

Children's Initiatives

This series of free programs and outreach efforts is designed to help children become more capable, enthusiastic readers and savvy, productive users of technology. Offered at 24 locations throughout the city, these programs are highly accessible and reach underserved audiences as nearly 25 percent of Marion County children live in poverty. Examples of major children's programs are:

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- **Summer Reading Program:** This program, which rewards children for reading over the summer months, enrolled 19,000 youth participants who read more than 13.5 million minutes.
- **Ready to Read:** This multi-faceted initiative helps children under the age of five develop early literacy and technology skills needed for a successful start in school. Specific programs offered in 2021 included:
 - On the Road to Reading: Each month, the Library provided story programs to approximately 50 home and faith-based daycares in low- and moderate-income areas. Each session consisted of a story program and a delivery of Bunny Bags filled with picture books for the children to enjoy between visits. Staff members have continued materials delivery and created special story time kits for providers to use when staff could not visit because of pandemic restrictions.
 - Preschool Programs/Preschool Art Kits: Because in-person programming was still paused in spring 2021 due to the pandemic, the Library provided virtual preschool programs. Through a combination of special programs and a new, every-Friday series for teachers called Reading Ready Time, preschoolers could experience art, music, sports and more. In the fall, programming resumed in person briefly before being moved back to a virtual format to keep children safer.
 - 1,000 Books by Kindergarten: Families were encouraged to read 1,000 books to young children before they enter kindergarten. The program was moved to tracking in an app and was rebranded to be more inclusive. This program reaches families across multiple years.
 - Staff: Private funds supported the Library's Herbert Simon Early Literacy Specialist who oversees and evaluates Reading Ready programming.

Collections and Information Technology

In 2021, the Foundation assisted the Library by funding special collections and technology to provide resources for patrons. Major examples of programs include:

- **Marion County Internet Library:** This collection of online databases was searched more than 470,000 times.
- **Digitization Projects:** With Foundation support, the Library continued its work to digitize the history of the Indianapolis Parks and Recreation Department, along with updates to existing digital collections (<https://www.digitalindy.org/digital/custom/home>).

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- **Digital Encyclopedia of Indianapolis:** In partnership with the Polis Center at Indiana University–Purdue University Indianapolis, the Library continued to develop and publicly launched the digital Encyclopedia of Indianapolis (<https://indyencyclopedia.org/>).
- **Axis 360:** The Library is adding additional titles to its e-book and e-audiobook platform for children and teens that can be shared among schools and public patrons.

Cultural and Community Programs, and Lectures

In 2021, the Foundation assisted the Library by funding special public programs highlighting the cultures and unique communities in Indianapolis. Examples of major programs include:

- **Meet the Artists:** This program celebrated the arts, culture and heritage of the city's African American community. Because of the pandemic, the event was held in a virtual format with a series of recorded performances, author talks and art workshops to engage with audiences instead of a large in-person event.
- **Art and Music Workshops:** Summertime workshops were held in person for children to explore various art forms and activities as part of the Summer Reading Program.
- **Concert Series:** Musicians from the Indianapolis Symphony Orchestra and other local music groups performed free concerts throughout the year at Central Library and other branches and through video recordings broadcasted online. These concerts exposed patrons to a variety of music styles in a free and open setting.
- **Center for Black Literature & Culture:** A dedicated space at Central Library celebrated the vibrant heritage and triumphs of those born of African roots and provided a place for all who are interested in exploring this rich culture and heritage through collections, resources and programs.
- **Branch programs:** Many Library branches held programs that were specific to the needs of their communities. Because of ongoing concerns with public health, some programs stayed virtual or continued to involve kits that patrons could pick up.

Library Materials, Branch Projects, and Other Programs

Annually, the Foundation provides support for branch initiatives (including aquariums), additional branch materials, books purchased through memorial gifts and other enhancements to Library programs. The Foundation also provided support for public art outside Central Library and new author name engravings inside. In addition, the Foundation provides support for Library staffing costs associated with implementing the aforementioned programs and also supports professional development opportunities for Library staff.

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DECEMBER 31, 2021 AND 2020

Recognitions

This program area includes awards, events and recognition activities to show appreciation to Library volunteers and staff for their contributions and efforts throughout the year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Net assets, support, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation are classified and reported as follows:

Net assets without donor restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of such net assets are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of business.

Net assets with donor restrictions – Net assets with donor restrictions are net assets subject to donor stipulations for specific operating purposes or time restrictions. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with investment return available for operations or specific purposes.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Estimates

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 support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Foundation considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents, but excludes cash equivalents held by various

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DECEMBER 31, 2021 AND 2020

fund managers which are included in investments. Cash equivalents are carried at cost, which approximates fair value, and primarily consist of bank savings accounts.

Investments and Investment Return

Investments having a readily determinable market value are carried at fair value. Realized gains or losses upon the sale of investments are based on the cost of specifically identified securities. Changes in unrealized appreciation or depreciation of investments are reflected in the Statements of Activities as unrealized gains or losses in the period in which such changes occur. Dividend and interest income is recorded when earned.

The Foundation maintains an investment pool for its endowments and other invested funds. Dividends and interest and realized and unrealized gains and losses from securities are allocated to the individual endowments or other funds based on the relationship of the market value of each endowment or fund to the total market value of the investment pool, as adjusted for additions or deductions from those accounts.

Pledges Receivable

Unconditional promises to give are carried at net realizable value, discounted to present value using United States Treasury Bill rates with maturities commensurate to the time period of expected collection of the pledges. Amortization of the discount is included in contributions.

Management estimates an allowance for uncollectible pledges based on an evaluation of historical losses, current economic conditions, and other factors unique to its donor base. Periodically, management reviews pledges receivable, records an allowance based on current circumstances, and charges off the receivable against the allowance when all attempts to collect the receivable are deemed to have failed in accordance with the Foundation's collection policy. Management has estimated and recorded an allowance for uncollectible pledges of \$3,000 at both December 31, 2021 and 2020.

Property and Equipment

The Foundation capitalizes all significant purchases of property and equipment at cost. Costs of ordinary maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to seven years.

Gifts of property and equipment are recorded as support at fair value at the date of donation. Such gifts are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose or stipulated how long those assets must be used.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY FOUNDATION, INC.

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NOTES TO FINANCIAL STATEMENTS

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Beneficial Interest in Assets Held by Others

The beneficial interest in assets held by others in the Statements of Financial Position represents the Foundation's interest in eleven designated endowment funds held at Central Indiana Community Foundation (CICF) (Note 6). This asset is increased with additional deposits by the Foundation to the endowments or by new contributions to the endowments, and is decreased by distributions from the endowments to the Foundation. The change in value of beneficial interest in assets held by others in the Statements of Activities includes realized and unrealized gains and losses, dividends and interest, and administration and investment fees allocated to each fund by CICF.

Accounting for Contributions

The Foundation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions, consistent with the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions.

In-Kind Contributions

Donated services are recognized if the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. The value of the donated services is recognized in the Statements of Activities both as support and expense and does not affect the Foundation's change in net assets. Donated property and equipment, materials, and other non-cash donations are recorded as support at their fair value at the date of donation. Total in-kind contributions recorded during 2021 and 2020 were \$7,117 and \$1,516, respectively.

In addition, a substantial number of volunteers donate significant amounts of their time in relation to the Foundation's program services; however, no amounts are reflected in the accompanying financial statements for the value of these donated services because they do not meet the recognition criteria.

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Book Sales Revenue Recognition

Revenue from book sales is recognized at the point of sale, when control of the book is transferred to the customer.

Functional Allocation of Expenses

The costs of providing the programs and services of the Foundation have been summarized on a functional basis in the Statements of Activities and Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting activities benefited based on the actual direct expenses and an allocation of indirect expenses based on estimates of time and usage by personnel and programs. Expenses allocated include salaries and wages and employee benefits and taxes. Although the method used was appropriate, other methods could produce different results.

Income Taxes

The Foundation is organized as a not-for-profit corporation other than a private foundation, and is exempt from income tax under Section 501(c)(3) of the United States Internal Revenue Code and similar state law.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Foundation, and has concluded that as of December 31, 2021 and 2020, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements.

As such, the Foundation is generally exempt from income taxes. However, the Foundation is required to file Federal Form 990 – Return of Organization Exempt From Income Tax and a corresponding state return, which are informational returns only. The Foundation is subject to routine audits by taxing jurisdictions. However, as of the date the financial statements were available to be issued, there were no audits for any tax periods in progress.

Subsequent Events

The Foundation evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through April 13, 2022, which is the date the financial statements were available to be issued.

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3. INVESTMENTS

Investments consist of the following at December 31:

	2021	2020
Cash	\$ 527,055	\$ 859,848
Money market mutual funds	331,386	475,631
Certificates of deposit	246,583	805,592
Bonds	943,469	947,519
Mutual funds	7,630,966	6,687,624
Common stocks	2,452,483	2,046,165
	<u>\$ 12,131,942</u>	<u>\$ 11,822,379</u>

Investment return consists of the following for the years ended December 31:

	2021	2020
Dividends and interest	\$ 502,022	\$ 270,129
Less investment fees	<u>(33,379)</u>	<u>(28,054)</u>
	468,643	242,075
Realized gains on investments, net	210,936	198,205
Unrealized gains on investments, net	761,039	865,216
	<u>971,975</u>	<u>1,063,421</u>
	<u>\$ 1,440,618</u>	<u>\$ 1,305,496</u>

4. PLEDGES RECEIVABLE

Pledges receivable are as follows at December 31:

	2021	2020
Past due	\$ 10,421	\$ 16,648
Due within 1 year	169,590	113,178
Due in 1-5 years	<u>104,783</u>	<u>57,100</u>
	284,794	186,926
Less present value discount	(2,329)	(1,185)
Less allowance for uncollectible pledges	<u>(3,000)</u>	<u>(3,000)</u>
	<u>\$ 279,465</u>	<u>\$ 182,741</u>

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Of the pledges receivable classified as "past due" at December 31, 2021, approximately \$6,934 was collected as of March 2, 2022.

5. PROPERTY AND EQUIPMENT

Property and equipment include the following at December 31:

	2021	2020
Furniture and equipment	\$ 202,735	\$ 200,278
Less accumulated depreciation	(195,838)	(194,289)
	<u>\$ 6,897</u>	<u>\$ 5,989</u>

6. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Foundation has established eleven designated endowment funds with Central Indiana Community Foundation (CICF) and is the beneficiary of the funds holding those assets. The purpose of such funds is to provide support to the Foundation. If the Foundation ceases to exist, the funds will be used to provide support to the Library and its successors in interest.

Annual earnings are allocated to each fund and a portion of the fund balance is available for distribution during the succeeding year in accordance with the spending policy adopted by the CICF Board of Directors. At the time of execution of the agreements, the spending policy provided for 5% of the December 31 fund balance as the portion available for distribution, in addition to any unspent distributable amounts from prior years.

The fair values of the designated funds, as reported by CICF, are as follows at December 31:

	2021	2020
Operating Endowment	\$ 2,851,464	\$ 2,250,678
Humanities Endowment	3,226,805	2,660,627
Lifelong Learning Endowment	1,745,980	1,418,982
Early Childhood Literacy Endowment	1,693,381	1,381,432
Professional Development Fund	252,388	197,029
Donna D. Talley Story Theatre Fund	104,999	82,735
Dr. Michael R. Twyman Endowment Fund	77,764	63,115
The Herbert Simon Early Literacy Specialist Fund	1,424,773	1,150,834
Zeff Weiss Memorial Fund	213,682	171,051
Herbert Simon Teen Services Endowment	79,488	63,048
Next 50 Fund	240,405	182,766
	<u>\$ 11,911,129</u>	<u>\$ 9,622,297</u>

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The portions of these funds that were restricted by donors, plus Foundation funds without donor restrictions that were irrevocably transferred to these funds in order to earn donor-restricted matching contributions, are reflected as part of net assets with donor restrictions in the Statements of Financial Position. Foundation funds without donor restrictions that were irrevocably transferred to these funds as part of the Foundation's endowment are reflected as without donor restrictions board-designated net assets (Note 9). Unappropriated earnings or cumulative deficits of these funds are classified as with donor restrictions or without donor restrictions, as applicable.

7. NOTE PAYABLE – PPP LOAN

In April 2020, the Foundation received a low interest loan in the amount of \$108,214 under the Paycheck Protection Program (PPP) administered by the Small Business Administration (SBA). The PPP loan is unsecured, bears interest at 1% and funds advanced under the program are subject to forgiveness, if certain criteria is met, with the remaining balance repayable within two years of disbursement. The PPP loan may be forgivable to the extent that employers incur and spend the funds on qualified expenditures, which include payroll, employee health insurance, rent, utilities and interest costs during the covered period as defined by the PPP guidance. In addition, employers must maintain specified employment and wage levels during the COVID-19 pandemic, and submit adequate documentation of such expenditures to qualify for loan forgiveness.

On March 26, 2021, the Foundation was released from its creditor and notified by the SBA its loan had been forgiven. The total loan amount of \$108,214 is recorded as a gain on forgiveness of PPP loan on the Statement of Activities for the year end December 31, 2021 as the Foundation utilized the debt model. The SBA retains the right to audit the forgiveness of this loan for six years.

8. NET ASSETS

Net Assets without Donor Restrictions – Board Designated

The Foundation maintains a board designated endowment fund. This fund has a balance of \$118,489 and \$86,844 at December 31, 2021 and 2020, respectively (Note 9).

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Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31:

	2021	2020
Subject to expenditure for specific purposes:		
Library materials, collections and branch projects	\$ 6,832,845	\$ 6,760,314
Foundation programs	549,495	511,329
	7,382,340	7,271,643
Subject to passage of time:		
For periods after December 31, 2021 and 2020	60,723	83,067
Net assets with purpose and time restrictions	7,443,063	7,354,710
Subject to endowment spending policy and appropriation:		
Operations	3,117,247	2,576,348
Library materials, collections and branch projects	591,077	534,001
Business lectures	438,973	392,042
Library social science	20,000	20,000
Summer reading program	15,000	15,000
McFadden Lecture Tea	5,000	5,000
Humanities	3,334,848	2,768,670
Lifelong learning	1,745,980	1,418,982
Childhood literacy	1,693,381	1,381,432
Professional development	135,337	113,313
The Danny R. Dean Fund (programs and operations)	524,363	458,081
Donna D. Talley Story Theatre Fund (programs)	105,298	83,135
Dr. Michael R. Twyman Endowment Fund (programs)	77,764	63,115
The Herbert Simon Early Literacy Specialist Fund (programs)	1,424,772	1,150,834
Zeff Weiss Memorial Fund (programs and operations)	215,881	173,301
Herbert Simon Teen Services Endowment (programs)	90,673	74,233
Cairo Family Fund (programs and operations)	22,729	19,887
Mary Frances Rubly and Jerry Hummer Fund (programs and operations)	104,366	39,709
Next 50 Fund (programs and operations)	243,475	190,637
Sally Miller Peck Endowment for Literacy (programs and operations)	64,009	56,179
Michael D. O'Brien Fund (programs and operations)	39,017	33,089
Annis Fund (Irvington branch)	2,625	-0-
Net assets subject to endowment spending policy and appropriations	14,011,815	11,566,988
Total net assets with donor restrictions	\$ 21,454,878	\$ 18,921,698

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Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows during the years ended December 31:

	2021	2020
Operations	\$ 80,000	\$ -0-
Library materials, collections and branch projects	2,352,970	2,086,643
Foundation programs	750	18,671
Time restrictions expired	50,987	63,474
Business lectures	7,000	-0-
Humanities	142,084	143,271
Lifelong learning	49,877	43,296
Childhood literacy	112,841	123,956
Dr. Michael R. Twyman Endowment Fund	5,593	-0-
Zeff Weiss Memorial Fund	6,383	4,754
Herbert Simon Teen Services Endowment	1,000	2,831
	<u>\$ 2,809,485</u>	<u>\$ 2,486,896</u>

9. ENDOWMENT

The Foundation's endowment consists of twenty-two (twenty-one at December 31, 2020) individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Foundation is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors of the Foundation has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair

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value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Foundation has elected not to spend from underwater funds. Additionally, in accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

Underwater Endowment Funds

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no funds with deficiencies at December 31, 2021 and 2020.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for assets held for endowment that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

A portion of the Foundation's endowment consists of eleven funds held at CICF, which total \$11,911,129 and \$9,622,297 at December 31, 2021 and 2020, respectively (Note 6). The funds held by CICF are invested according to CICF's pooled investment fund strategies.

The Foundation also has other funds totaling \$2,219,175 and \$2,031,535 that are classified as part of the endowment at December 31, 2021 and 2020, respectively. These include cash, investments, and pledges receivable. Investable funds held by the Foundation are invested according to the Foundation's investment policy statements, and are appropriated subject to approval by the Board of Directors.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on both the CICF pooled investment fund strategies and its own total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield

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(dividends and interest). The Foundation targets a diversified asset allocation that places an emphasis on equity and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a guideline for its donor-restricted endowment funds of appropriating for distribution each year 5% of its endowment fund's fair value (less that portion represented by pledges receivable) based on a thirty-six month rolling average. With respect to funds held at CICF, the Foundation follows the CICF suggested spending policy of no more than 5% of the balance annually, in addition to any unspent distributable amounts from prior years. The Foundation typically does not appropriate the full amount that is available in any given year. In establishing this guideline, the Foundation considered the long-term expected return on its assets held for endowment. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

The composition of endowment net assets is as follows at December 31:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 118,489	\$ -0-	\$ 118,489
Donor restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-0-	8,335,711	8,335,711
Accumulated investment gains	-0-	5,676,104	5,676,104
	<u>\$ 118,489</u>	<u>\$ 14,011,815</u>	<u>\$ 14,130,304</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 86,844	\$ -0-	\$ 86,844
Donor restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-0-	8,296,428	8,296,428
Accumulated investment gains	-0-	3,270,560	3,270,560
	<u>\$ 86,844</u>	<u>\$ 11,566,988</u>	<u>\$ 11,653,832</u>

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The change in endowment net assets is as follows for the years ended December 31:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 86,844	\$ 11,566,988	\$ 11,653,832
Contributions	-0-	39,283	39,283
Investment return, net	-0-	247,569	247,569
Change in value of beneficial interest in assets held by others	32,725	2,629,922	2,662,647
Appropriation of endowment assets pursuant to spending rate policy	(1,080)	(471,947)	(473,027)
Endowment net assets, end of year	<u>\$ 118,489</u>	<u>\$ 14,011,815</u>	<u>\$ 14,130,304</u>

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 78,625	\$ 10,761,701	\$ 10,840,326
Contributions	-0-	60,893	60,893
Investment return, net	-0-	202,405	202,405
Change in value of beneficial interest in assets held by others	10,918	880,589	891,507
Appropriation of endowment assets pursuant to spending rate policy	(2,699)	(338,600)	(341,299)
Endowment net assets, end of year	<u>\$ 86,844</u>	<u>\$ 11,566,988</u>	<u>\$ 11,653,832</u>

10. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation's annual operating costs are categorized as program services, management and general, and fundraising. Program services costs, including grants to the Library, consistently represent more than 70% of the Foundation's annual spending. This compares favorably to the Better Business Bureau Wise Giving Alliance recommendation that at least 65% of an organization's annual expenditures be for programs.

To fund its annual operations, the Foundation uses proceeds from sales of the Indy Library Store, contributions, investment return and earnings from its beneficial interest in assets held at Central Indiana Community Foundation (CICF). A significant portion of the Foundation's annual revenue and support is subject to donor-imposed restrictions regarding the specified timeframe within which, and/or purpose for which, funds may be spent. Moreover, because endowments

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exist in perpetuity, the Foundation may only spend from its endowments in accordance with its spending policies (Note 9).

The Foundation's Board of Directors seeks to maintain appropriate reserves that will allow the Foundation to operate within a prudent range of financial soundness and stability, enabling it to:

- Meet its long-term commitments to the Library
- Respond to the Library's emerging needs
- Maintain adequate liquid assets when the market drops
- Generate income to ensure its growth and sustainability

The Foundation funds Library programs based on their alignment with the Library's strategic plan, expected impact, and fit with anticipated donor-restricted support. Library requests for support are vetted by Library and Foundation leadership and only programs which fit within anticipated program budget categories are approved for funding.

The Foundation's annual budget combines planned support for the Library with projected fundraising and management costs. The Finance and Audit Committee of the Board of Directors presents the annual budget for approval to the full Board in November.

The Board of Directors reviews expenditures against the approved budget at every quarterly meeting.

The following table reflects the Foundation's financial assets reduced by amounts that are not available to meet general expenditures within one year of the Statement of Financial Position date because of donor restrictions or board designations at December 31:

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	2021	2020
Financial assets		
Cash and cash equivalents	\$ 2,254,498	\$ 1,858,388
Investments	12,131,942	11,822,379
Due from library	54,032	4,481
Pledges receivable, net	279,465	182,741
Beneficial interest in assets held by others	11,911,129	9,622,297
Total financial assets	26,631,066	23,490,286
Donor-imposed restrictions		
Purpose and time restrictions	(7,443,063)	(7,354,710)
Endowment funds	(14,011,815)	(11,566,988)
Board designated endowment funds	(118,489)	(86,844)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,057,699</u>	<u>\$ 4,481,744</u>

11. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of fair value hierarchy are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques

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used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

- *Money market mutual funds:* Generally transact subscription and redemption activity at a \$1 stable net asset value (NAV); however, on a daily basis the funds are valued at their daily NAV calculated using the amortized cost of the securities held in the fund.
- *Bonds (corporate, municipal, and U.S. government):* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.
- *Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.
- *Common stocks:* Valued at the closing price reported on the active market on which the individual securities are traded.
- *Beneficial interest in assets held by others:* Valued at fair value as reported by CICF, which represents the Foundation's pro rata interest in CICF's pooled investment funds, substantially all of which are valued on a mark-to-market basis.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

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The following tables set forth by level, within the hierarchy, the Foundation's assets measured at fair value on a recurring basis as of December 31:

	2021			
	Level 1	Level 2	Level 3	Total
Investments				
Money market mutual funds	\$ -0-	\$ 331,386	\$ -0-	\$ 331,386
Bonds	-0-	943,469	-0-	943,469
Mutual funds				
Asset allocation	1,226,194	-0-	-0-	1,226,194
Emerging markets	602,331	-0-	-0-	602,331
International equity	1,485,644	-0-	-0-	1,485,644
Investment grade bond	639,295	-0-	-0-	639,295
Large cap	2,776,871	-0-	-0-	2,776,871
Real assets	350,005	-0-	-0-	350,005
Small cap	550,626	-0-	-0-	550,626
Common stocks				
Large cap	2,452,483	-0-	-0-	2,452,483
	<u>\$ 10,083,449</u>	<u>\$ 1,274,855</u>	<u>\$ -0-</u>	<u>11,358,304</u>
Cash				527,055
Certificates of deposit				246,583
				<u>\$ 12,131,942</u>
Beneficial interest in assets held by others	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 11,911,129</u>	<u>\$ 11,911,129</u>
	2020			
	Level 1	Level 2	Level 3	Total
Investments				
Money market mutual funds	\$ -0-	\$ 475,631	\$ -0-	\$ 475,631
Bonds	-0-	947,519	-0-	947,519
Mutual funds				
Asset allocation	1,062,999	-0-	-0-	1,062,999
Emerging markets	667,150	-0-	-0-	667,150
International equity	1,495,970	-0-	-0-	1,495,970
Investment grade bond	639,714	-0-	-0-	639,714
Large cap	2,117,128	-0-	-0-	2,117,128
Small cap	307,861	-0-	-0-	307,861
Natural resources	396,802	-0-	-0-	396,802
Common stocks				
Large cap	2,046,165	-0-	-0-	2,046,165
	<u>\$ 8,733,789</u>	<u>\$ 1,423,150</u>	<u>\$ -0-</u>	<u>10,156,939</u>
Cash				859,848
Certificates of deposit				805,592
				<u>\$ 11,822,379</u>
Beneficial interest in assets held by others	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 9,622,297</u>	<u>\$ 9,622,297</u>

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY FOUNDATION, INC.
d/b/a
THE INDIANAPOLIS PUBLIC LIBRARY FOUNDATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

The following table sets forth the change in beneficial interest in assets held by others measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 9,622,297	\$ 8,973,606
Deposits	65,700	82,550
Dividends and interest, net of investment management fees	102,454	54,881
Realized gains	840,684	628,199
Unrealized gains	1,794,215	269,411
Operating support fees	(74,706)	(60,984)
Distributions	<u>(439,515)</u>	<u>(325,366)</u>
Ending balance	<u>\$ 11,911,129</u>	<u>\$ 9,622,297</u>

12. RETIREMENT PLAN

The Foundation has a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers employees who have attained the age of twenty-one and met specified service requirements. The Foundation makes contributions to the Plan equal to 10% of eligible participants' gross compensation. Total expense for the years ended December 31, 2021 and 2020 was \$54,371 and \$44,997, respectively.

13. RELATED PARTY TRANSACTIONS

The Foundation is a not-for-profit corporation governed by its own Board of Directors. As required in the Foundation's bylaws, the Chief Executive Officer of the Library and one Board member of the Library serve on the Board of Directors of the Foundation. The Foundation's financial information is included in the group financial statements of the Library as a discretely presented component unit of the Library due to the relationship with and support provided to the Library.

The Foundation's activities support Library related functions, including but not limited to Library programs and projects. The Foundation expended \$2,861,880 and \$2,668,613 in support of Library programs and projects during the years ended December 31, 2021 and 2020, respectively.

The Library provides the Foundation with office space and technology support. The value of this support and the related expense are not reflected in the financial statements as the amounts have been determined to be insignificant.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY FOUNDATION, INC.

d/b/a

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NOTES TO FINANCIAL STATEMENTS

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The Foundation has amounts due from the Library of \$54,032 and \$4,481 at December 31, 2021 and 2020, respectively, which represent unspent funds advanced to the Library. The Foundation has amounts due to the Library of \$2,511 at December 31, 2020, which represent expense reimbursements due to the Library and which are included in accounts payable. There were no such payables due to the Library at December 31, 2021.

14. CONCENTRATIONS

The Foundation maintains its cash and cash equivalents in accounts which generally exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Foundation's investments and the beneficial interest in assets held by others are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with these assets and the level of uncertainty related to changes in their value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

At December 31, 2021, two custodians held 87% of the Foundation's investments, with individual percentages of 66% and 21%. At December 31, 2020, two custodians held 87% of the Foundation's investments, with individual percentages of 67% and 20%. The primary custodian includes eleven fund managers at December 31, 2021 and 2020. At December 31, 2021, two mutual funds represent 23% of total investments. The Foundation's beneficial interest in assets held by others represents assets held by CICF (Note 6).

Contributions from one community foundation represent 36% and 41% of total contributions in 2021 and 2020, respectively. Contributions from two additional donors represent 24% of total contributions in 2021.

15. CONTINGENCY

On March 11, 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national, and global economies. The extent to which COVID-19 impacts the Foundation's operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Potential impacts include, but are not limited to, additional costs for responding to COVID-19, shortages of personnel, shortages of supplies, delays, loss of, or reduction to revenues, contributions and funding, and investment portfolio declines. Management believes the Foundation is taking appropriate actions to respond to the pandemic; however, the full impact is unknown and cannot be reasonably estimated at the date the financial statements were available to be issued.
