



INDIANAPOLIS-MARION COUNTY PUBLIC
LIBRARY FOUNDATION, INC.

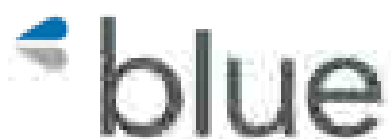
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THE INDIANAPOLIS PUBLIC LIBRARY FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

CPA's 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, 2022 and 2021, 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, 2022 and 2021, 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 21, 2023

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY FOUNDATION, INC.

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THE INDIANAPOLIS PUBLIC LIBRARY FOUNDATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

ASSETS

	2022	2021
Cash and cash equivalents	\$ 2,366,426	\$ 2,254,498
Prepaid expenses	19,343	18,691
Investments	9,858,190	12,131,942
Due from library	6,855	54,032
Pledges receivable, net	299,331	279,465
Other assets	42,348	43,143
Property and equipment, net	3,348	6,897
Beneficial interest in assets held by others	10,102,514	11,911,129
	<u>\$ 22,700,353</u>	<u>\$ 26,699,797</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 19,561	\$ 20,554
Accrued expenses	<u>37,184</u>	<u>32,264</u>
Total liabilities	56,745	52,818
Net assets		
Without donor restrictions	4,172,074	5,192,501
With donor restrictions		
Purpose and time	6,425,517	7,423,063
Endowment	<u>12,046,017</u>	<u>14,031,815</u>
	<u>18,471,534</u>	<u>21,454,878</u>
Total net assets	<u>22,643,608</u>	<u>26,646,979</u>
	<u>\$ 22,700,353</u>	<u>\$ 26,699,797</u>

See accompanying notes to financial statements.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY FOUNDATION, INC.

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THE INDIANAPOLIS PUBLIC LIBRARY FOUNDATION

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

(With Comparative Total for the Year Ended December 31, 2021)

	2022			2021		
	With Donor Restrictions					
	Without Donor Restrictions	Purpose and Time	Endowment	Total With Donor Restrictions	Total	Total
Revenues, gains, and support						
Contributions, net	\$ (27,546)	\$ 1,145,490	\$ 155,448	\$ 1,082,992	\$ 1,055,446	\$ 1,082,992
Book sales	(31,898)	0	0	0	(31,898)	(31,898)
Gain on forgiveness of PPF loan	0	0	0	0	0	198,214
Dividends and interest, net	(34,814)	(1,208)	(6,117)	(42,139)	(42,253)	(48,641)
Realized and unrealized gains (losses) on investments, net	(110,838)	(954,149)	(371,338)	(1,436,325)	(1,538,348)	(911,879)
Change in value of beneficial interest in assets held for others	(25,400)	0	(1,271,888)	(1,297,288)	(1,297,288)	(2,002,247)
	(41,752)	(121,347)	(1,406,693)	(1,569,792)	(985,814)	(4,968,717)
Net assets released from restrictions	2,155,232	(1,548,492)	(605,738)	(2,155,232)	0	0
Total revenues, gains and support	2,113,479	(397,349)	(1,955,793)	(2,583,344)	(985,814)	6,983,771
Expenses						
Program services	2,282,214	0	0	0	2,282,214	2,832,876
Management and general	(38,844)	0	0	0	(38,844)	(71,824)
Fundraising	(512,235)	0	0	0	(512,235)	(668,273)
Total expenses	3,133,492	0	0	0	3,133,492	3,713,115
Change in net assets	(1,020,013)	(397,349)	(1,955,793)	(2,373,155)	(1,400,371)	3,244,656
Net assets, beginning of year	2,095,712	1,812,163	14,071,813	17,979,688	(9,400,718)	(1,890,332)
Net assets, end of year	\$ 1,075,700	\$ 1,414,814	\$ 12,116,020	\$ 15,471,534	\$ (10,801,089)	\$ 1,444,316

See accompanying notes to financial statements.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY FOUNDATION, INC.

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THE INDIANAPOLIS PUBLIC LIBRARY FOUNDATION

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	With Donor Restrictions				
	Without Donor Restrictions	Purpose and Time	Endowment	Total With Donor Restrictions	Total
Revenues, gains, and support					
Contributions, net	\$ 688,514	\$ 1,855,400	\$ 26,280	\$ 1,881,880	\$ 2,595,400
Book sales	171,892	-0-	-0-	-0-	171,892
Gain on forgiveness of net loan	188,214	-0-	-0-	-0-	188,214
Dividends and interest, net	221,113	165,898	75,672	241,570	468,543
Realized and unrealized gains on investments, net	448,648	253,430	168,897	671,975	971,975
Change in value of beneficial interest in assets held by others	80,775	-0-	3,823,832	3,823,832	3,904,607
	<u>1,627,106</u>	<u>2,409,880</u>	<u>2,058,734</u>	<u>5,345,645</u>	<u>6,982,711</u>
Net assets released from restrictions	<u>3,408,445</u>	<u>(3,337,338)</u>	<u>(871,547)</u>	<u>(3,809,440)</u>	<u>-0-</u>
Total revenues, gains and support	4,435,551	68,542	2,404,827	2,536,205	6,969,711
Expenses					
Program services	2,902,876	-0-	-0-	-0-	2,902,876
Management and general	311,904	-0-	-0-	-0-	311,904
Fundraising	468,315	-0-	-0-	-0-	468,315
Total expenses	<u>3,713,115</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,713,115</u>
Change in net assets	722,436	68,542	2,404,827	2,536,205	2,756,888
Net assets, beginning of year	<u>4,465,625</u>	<u>7,354,718</u>	<u>11,546,988</u>	<u>15,921,698</u>	<u>23,799,323</u>
Net assets, end of year	<u>\$ 5,192,160</u>	<u>\$ 7,423,260</u>	<u>\$ 14,021,815</u>	<u>\$ 21,454,878</u>	<u>\$ 26,046,379</u>

See accompanying notes to financial statements.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY FOUNDATION, INC.

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THE INDIANAPOLIS PUBLIC LIBRARY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

(With Comparative Total for the Year Ended December 31, 2021)

	2022				2021
	Program Services	Management and General	Fundraising	Total	Total
Grants and program support for:					
Adult and lifelong learning	\$ 63,227	\$ -	\$ -	\$ 63,227	\$ 48,502
Children's initiatives	\$ 388,388	\$ -	\$ -	\$ 388,388	\$ 273,816
Collection and information technology	\$ 1,277,806	\$ -	\$ -	\$ 1,277,806	\$ 1,372,188
Cultural and community	\$ 297,419	\$ -	\$ -	\$ 297,419	\$ 483,327
Learn2	\$ 34,000	\$ -	\$ -	\$ 34,000	\$ 0
Library materials, branch projects, and other programs	\$ 197,222	\$ -	\$ -	\$ 197,222	\$ 993,867
Recognitions	\$ 61,762	\$ -	\$ -	\$ 61,762	\$ 14,972
Foundation fundraising events	\$ -	\$ -	\$ 40,087	\$ 40,087	\$ -
Salaries and wages	\$ 54,023	\$ 184,389	\$ 308,495	\$ 546,907	\$ 683,377
Employee benefits and items	\$ 76,407	\$ 13,611	\$ 84,070	\$ 174,088	\$ 170,368
Printing and mailing	\$ -	\$ -	\$ 1,575	\$ 1,575	\$ 1,587
Donor cultivation	\$ -	\$ -	\$ 26,007	\$ 26,007	\$ 20,019
Postage and mailing	\$ -	\$ 3,483	\$ 18,380	\$ 21,863	\$ 18,383
Computer maintenance	\$ -	\$ 8,559	\$ 3,869	\$ 12,427	\$ 18,357
Travel and parking	\$ -	\$ -	\$ 1,325	\$ 1,325	\$ 907
Office expense	\$ -	\$ 18,921	\$ -	\$ 18,921	\$ 919
Insurance	\$ -	\$ 6,886	\$ -	\$ 6,886	\$ 7,020
Professional fees	\$ -	\$ 40,429	\$ -	\$ 40,429	\$ 39,323
Friend and formal recognition services	\$ -	\$ 3,073	\$ -	\$ 3,073	\$ 3,064
Allowance for doubtful accounts	\$ -	\$ 605	\$ -	\$ 605	\$ 187
Training and membership dues	\$ -	\$ 6,180	\$ -	\$ 6,180	\$ 11,353
Miscellaneous	\$ -	\$ 3,667	\$ -	\$ 3,667	\$ 314
Depreciation	\$ -	\$ 1,548	\$ -	\$ 1,548	\$ 1,549
Actual meeting dinner	\$ -	\$ -	\$ 2,941	\$ 2,941	\$ 2,773
Consulting	\$ -	\$ 5,720	\$ 14,000	\$ 19,720	\$ -
Total expenses	\$ 2,382,214	\$ 308,041	\$ 512,139	\$ 2,533,497	\$ 2,713,153

See accompanying notes to financial statements.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY FOUNDATION, INC.

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THE INDIANAPOLIS PUBLIC LIBRARY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Program Services	Management and General	Fundraising	Total
Grants and program support for:				
Adult and lifelong learning	\$ 45,502	\$ -	\$ -	\$ 45,502
Children's initiatives	427,610	-	-	427,610
Collections and information technology	1,572,188	-	-	1,572,188
Cultural and community	403,321	-	-	403,321
Lectures	5,000	-	-	5,000
Library materials, branch projects, and other programs	393,287	-	-	393,287
Recognitions	14,972	-	-	14,972
Salaries and wages	54,038	176,043	310,296	540,377
Employee benefits and taxes	18,358	55,104	97,107	170,569
Branding and marketing	-0-	-	1,587	1,587
Donor cultivation	-0-	-	32,018	32,018
Printing and mailing	-0-	1,388	14,587	16,251
Computer maintenance	-0-	8,154	2,923	16,057
Travel and parking	-0-	-	807	807
Office expense	-0-	919	-	919
Insurance	-0-	7,080	-	7,080
Professional fees	-0-	39,523	-	39,523
Payroll and human resource services	-0-	7,064	-	7,064
Allowance for doubtful accounts	-0-	181	-	181
Training and membership dues	-0-	11,552	-	11,552
Miscellaneous	-0-	374	-	374
Depreciation	-0-	1,549	-	1,549
Annual meeting dinner	-0-	-	1,715	1,715
Total expenses	\$ 2,932,878	\$ 311,924	\$ 468,315	\$ 3,713,117

See accompanying notes to financial statements.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY FOUNDATION, INC.

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THE INDIANAPOLIS PUBLIC LIBRARY FOUNDATION

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Operating activities		
Change in net assets	\$ (4,003,371)	\$ 2,254,498
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Gain on forgiveness of PPP loan	-0-	(103,214)
Depreciation	1,549	1,549
Change in premium value discount on pledges receivable	(17,881)	1,144
Realized and unrealized losses (gains) on investments, net	1,738,330	(971,975)
Change in value of beneficial interest in assets held by others	1,290,330	(2,662,617)
Contributions restricted for investment in endowment	(111,988)	(61,006)
Changes in operating assets and liabilities:		
Due from library	47,177	(49,551)
Pledges receivable	(37,747)	(97,868)
Prepaid expenses and other assets	145	2,281
Accounts payable and accrued expenses	3,877	(9,035)
Net cash flows from operating activities	(1,053,757)	(686,666)
Investing activities		
Proceeds from sale of investments	1,694,896	2,130,505
Purchase of investments	(1,155,474)	(1,468,093)
Capital expenditures	-0-	(2,457)
Distributions from CICF	548,304	439,515
Transfer of funds to CICF	(30,019)	(85,718)
Net cash flows from investing activities	1,057,697	1,013,750
Financing activities		
Contributions restricted for investment in endowment	111,988	61,006
Net cash flows from financing activities	111,988	61,006
Change in cash and cash equivalents	115,928	386,140
Cash and cash equivalents, beginning of year	2,254,498	1,858,388
Cash and cash equivalents, end of year	\$ 2,366,426	\$ 2,254,498
Supplemental disclosure of non-cash financing activities		
Forgiveness of PPP loan	\$ -0-	\$ 103,214

See accompanying notes to financial statements.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY FOUNDATION, INC.

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THE INDIANAPOLIS PUBLIC LIBRARY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

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 programs for adults help them gain skills for employment or are in neighborhoods that have been historically underserved. Major examples of programs include:

- **Early Childhood Educator Workshops:** Childcare providers engage in workshops about teaching and best practices for working with preschool children to earn credits for credentialing and to improve the quality of the care they provide. Workshops were presented virtually and in person, but all free of charge.
- **East Thirty-Eighth Street Branch Job Center:** Adults needing support in job searches, resume writing and more can meet with dedicated staff at the East Thirty-Eighth Street Branch for assistance.
- **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, personal finance, health and wellness and more.

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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DECEMBER 31, 2022 AND 2021

- **Summer Reading Program:** This program, which rewards children for reading over the summer months, enrolled 20,000 youth participants who read more than 15 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 2022 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 & Reading Ready Time:** Preschool children engaged in learning through in-branch programs as well as recorded video programs. Preschool programs allowed children and preschoolers to experience art, music, sports and more. Reading Ready Time videos often engaged many of the same presenters to do recorded programs for childcare centers and classrooms that cannot attend in-person programs.
 - **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, as well as part-time Outreach staff who implement the On the Road to Reading initiative.

Collections and Information Technology

In 2022, 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 699,000 times.
 - **Digitization Projects:** With Foundation support, the Library continued its work to digitize the history of major city institutions, including the Indianapolis Parks and Recreation Department, the Indianapolis Metropolitan Police Department, the Indianapolis Firefighters' Museum and Indianapolis Public Schools, along with updates to existing digital collections.
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- **Encyclopedia of Indianapolis:** In partnership with the Polis Center at Indiana University-Purdue University Indianapolis, the Library continued to maintain and develop the digital Encyclopedia of Indianapolis.
- **E-Book Lending for Schools:** The Library added additional titles to its e-book and e-audiobook platform for children and teens that can be shared among schools and public patrons.
- **Device Lending:** To help bridge the digital divide, Foundation support helped to sustain or expand device lending at 11 library locations across the city. Adult library patrons check out either Wi-Fi hotspots, Chromebooks or both to use at home to assist with job searches, educational needs and more.

Cultural and Community Programs, and Lectures

In 2022, 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. The closing gala featured music, dance, a fashion show and the art on exhibit.
 - **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. 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.
 - **Adult Summer Reading Program:** Adults are encouraged to read for pleasure during the summer with this program that offers challenges for readers to read in different genres and related activities.
 - **IndyPL Seed Library:** Library patrons checked out more than 26,000 packets of vegetable and flower seeds to use in their home gardens. The Seed Library particularly benefits patrons who are in food deserts to help them access fresh vegetables during the growing season.
 - **Programs for Non-Native English speakers:** Non-native English speakers could improve their literacy skills through several programs that help language learners who have varying degrees of proficiency. Pathways to Literacy and English Conversation Circles provided both online and in-person groups for study and practice.
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DECEMBER 31, 2022 AND 2021

- **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.

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.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

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 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, 2022 and 2021.

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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.

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.

Book Sales Revenue Recognition

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

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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, 2022 and 2021, 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.

Reclassifications

Certain amounts from 2021 have been reclassified herein to conform to the 2022 presentation. These reclassifications had no effect on the change in net assets or on total net assets.

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 21, 2023, 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:

	2022	2021
Cash	\$ 59,812	\$ 527,055
Money market mutual funds	357,413	331,386
Certificates of deposit	106,671	246,583
Bonds	1,559,376	943,469
Mutual funds	5,651,204	7,630,966
Common stocks	2,123,714	2,452,483
	<u>\$ 9,858,190</u>	<u>\$ 12,131,942</u>

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

	2022	2021
Dividends and interest	\$ 318,837	\$ 502,022
Less investment fees	<u>(46,585)</u>	<u>(31,379)</u>
	272,252	468,643
Realized gains on investments, net	386,729	210,936
Unrealized gains on investments, net	<u>(2,125,059)</u>	<u>761,039</u>
	<u>(1,738,330)</u>	<u>971,975</u>
	<u>\$ (1,466,078)</u>	<u>\$ 1,440,618</u>

4. PLEDGES RECEIVABLE

Pledges receivable are as follows at December 31:

	2022	2021
Past due	\$ 14,445	\$ 10,421
Due within 1 year	197,182	169,390
Due in 1-5 years	<u>110,904</u>	<u>118,783</u>
	322,541	284,794
Less present value discount	<u>(20,210)</u>	<u>(2,329)</u>
Less allowance for uncollectible pledges	<u>(3,000)</u>	<u>(3,000)</u>
	<u>\$ 299,331</u>	<u>\$ 279,465</u>

Of the pledges receivable classified as "past due" at December 31, 2022, approximately \$3,346 was collected as of March 7, 2023.

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5. PROPERTY AND EQUIPMENT

Property and equipment include the following at December 31:

	2022	2021
Furniture and equipment	\$ 202,735	\$ 202,735
Less accumulated depreciation	(197,387)	(191,838)
	<u>\$ 5,348</u>	<u>\$ 6,897</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:

	2022	2021
Operating Endowment	\$ 2,411,068	\$ 2,857,468
Humanities Endowment	2,703,053	3,226,805
Lifelong Learning Endowment	1,472,444	1,745,980
Early Childhood Literacy Endowment	1,435,822	1,693,301
Professional Development Fund	221,032	252,388
J. Steve & Donna D. Talley Fund	96,288	104,999
Dr. Michael R. Twyman Endowment Fund	66,403	77,764
The Herbert Simon Early Literacy Specialist Fund	1,232,548	1,424,772
Zell Weiss Memorial Fund	182,518	213,687
Herbert Simon Teen Services Endowment	67,863	79,488
Next 50 Fund	213,481	240,405
	<u>\$ 10,102,514</u>	<u>\$ 11,911,329</u>

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

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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. PAYCHECK PROTECTION PROGRAM

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). 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 professional development endowment fund. This fund has a balance of \$99,954 and \$118,489 at December 31, 2022 and 2021, 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:

	2022	2021
Subject to expenditure for specific purposes:		
Library materials, collections and branch projects	\$ 5,849,753	\$ 6,812,845
Foundation programs	509,800	549,495
	<u>6,359,553</u>	<u>7,362,340</u>
Subject to passage of time:		
For periods after December 31, 2022 and 2021	65,944	60,729
Net assets with purpose and time restrictions	<u>6,425,517</u>	<u>7,423,069</u>
Subject to endowment spending policy and appropriation:		
Operations	2,635,529	3,117,247
Library materials, collections and branch projects	888,956	591,077
Business lectures	369,844	438,973
Library social sciences	20,000	20,000
Summer reading program	15,000	15,000
McFadden Lecture Test	5,000	5,000
Humanities (cultural and community programs)	2,811,486	3,334,848
Lifelong learning	1,472,444	1,745,980
Early childhood literacy	1,435,822	1,693,381
Professional development	123,147	135,337
The Darryl R. Dean Fund (programs and operations)	469,559	524,363
J. Steve & Donna D. Talley Fund (programs)	138,485	105,298
Dr. Michael R. Twyman Endowment Fund (programs)	66,403	77,764
The Herbert Simon Early Literacy Specialist Fund (programs)	1,232,548	1,424,772
Zeff Weiss Memorial fund (programs and operations)	185,717	215,081
Herbert Simon Teen Services Endowment (programs)	79,346	90,673
Cairo Family Fund (programs and operations)	19,737	32,729
Mary Frances Ruby and Jerry Hummer Fund (programs and operations)	102,877	554,368
Neil 50 Fund (programs and operations)	213,552	246,475
Sally Miller Peck Endowment for Literacy (programs and operations)	54,623	64,009
Michael D. O'Brien Fund (programs and operations)	18,872	19,011
Anelli Fund (Livingston branch)	19,715	22,625
Vargus Fund (programs and operations)	50,000	-0-
Net assets subject to endowment spending policy and appropriations	<u>12,046,017</u>	<u>14,031,815</u>
Total net assets with donor restrictions	<u>\$ 18,471,534</u>	<u>\$ 21,454,878</u>

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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:

	2022	2021
Operations	\$ 147,636	\$ 80,000
Library materials, collections and branch projects	1,626,632	2,352,970
Foundation programs	50,974	756
Time restrictions-expired	46,966	50,987
Business lectures	13,200	7,000
Humanities	134,640	142,084
Lifelong learning	60,473	49,877
Early childhood literacy	60,721	112,841
Dr. Michael R. Twyman Endowment Fund	2,972	5,593
Zeff Weiss Memorial Fund	7,984	6,383
Herbert Simon Teen Services Endowment	3,004	1,000
	<u>\$ 2,155,232</u>	<u>\$ 2,809,485</u>

9. ENDOWMENT

The Foundation's endowment consists of twenty-three (twenty-two at December 31, 2021) 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. At December 31, 2022, deficiencies of this nature exist in one donor-restricted endowment fund, which has an original gift amount of \$20,000, a current fair value of \$19,715, and a deficiency of \$285. There were no such deficiencies at December 31, 2021.

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 OCF, which total \$10,102,514 and \$11,911,129 at December 31, 2022 and 2021, respectively (Note 6). The funds held by OCF are invested according to OCF's pooled investment fund strategies.

The Foundation also has other funds totaling \$2,042,557 and \$2,239,175 that are classified as part of the endowment at December 31, 2022 and 2021, 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.

INDIANAPOLIS-MARION COUNTY PUBLIC LIBRARY FOUNDATION, INC.**d/b/a****THE INDIANAPOLIS PUBLIC LIBRARY FOUNDATION****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2022 AND 2021**Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on both the CICE 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 (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 CICE, the Foundation follows the CICE 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:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 99,054	\$ -0-	\$ 99,054
Donor restricted endowment funds:			
Original donor-restricted gift amount			
and amounts required to be maintained			
in perpetuity by donor	-0-	8,514,759	8,514,759
Accumulated investment gains	-0-	3,531,258	3,531,258
	<u>\$ 99,054</u>	<u>\$ 12,046,017</u>	<u>\$ 12,145,071</u>

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	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 118,489	\$ -	\$ 118,489
Donor restricted endowment funds			
Original donor-restricted gift amounts			
and amounts required to be maintained			
in perpetuity by donor	0-	8,353,711	8,353,711
Accumulated investment gains	0-	5,676,104	5,676,104
	<u>\$ 118,489</u>	<u>\$ 14,031,815</u>	<u>\$ 14,150,304</u>

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

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning			
of year	\$ 118,489	\$ 14,031,815	\$ 14,150,304
Contributions	0-	119,048	119,048
Investment return, net	0-	265,220	265,220
Change in value of beneficial interest			
in assets held by others	(16,466)	(1,273,864)	(1,290,330)
Appropriation of endowment assets			
pursuant to spending rate policy	(2,969)	(608,733)	(611,702)
Endowment net assets, end of year	<u>\$ 99,054</u>	<u>\$ 12,045,017</u>	<u>\$ 12,145,071</u>

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning			
of year	\$ 86,844	\$ 11,566,988	\$ 11,653,832
Contributions	0-	59,283	59,283
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)	(473,947)	(475,027)
Endowment net assets, end of year	<u>\$ 118,489</u>	<u>\$ 14,031,815</u>	<u>\$ 14,150,304</u>

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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 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.

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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:

	2022	2021
Financial assets		
Cash and cash equivalents	\$ 1,366,426	\$ 2,254,468
Investments	3,858,190	12,131,942
Due from library	6,853	54,032
Pledges receivable, net	259,331	279,465
Beneficial interest in assets held by others	10,102,514	11,911,126
Total financial assets	22,633,316	26,631,066
Donor-imposed restrictions		
Purpose and time restrictions	(6,425,517)	(7,421,067)
Endowment funds	(1,046,013)	(14,031,815)
Board-designated endowment funds	(99,724)	(118,495)
Financial assets available to meet cash needs for general expenditures within one year	\$ 14,062,062	\$ 5,057,699

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.

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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 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, 2022 and 2021.

- *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:

	2022			
	Level 1	Level 2	Level 3	Total
Investments				
Money market mutual funds	\$ -0-	\$ 333,413	\$ -0-	\$ 333,413
Bonds	-0-	1,358,376	-0-	1,358,376
Mutual funds				
Asset allocation	861,000	-0-	-0-	861,000
Emerging markets	353,762	-0-	-0-	353,762
International equity	881,533	-0-	-0-	881,533
Investment grade bond	875,598	-0-	-0-	875,598
Large cap	1,980,513	-0-	-0-	1,980,513
Risk assets	632,202	-0-	-0-	632,202
Small cap	430,604	-0-	-0-	430,604
Common stocks				
Large cap	2,129,714	-0-	-0-	2,129,714
	<u>\$ 7,714,918</u>	<u>\$ 1,916,786</u>	<u>\$ -0-</u>	<u>\$ 9,631,704</u>
Cash				59,812
Certificates of deposit				106,471
				<u>\$ 9,858,193</u>
Beneficial interest in assets held by others	\$ -0-	\$ -0-	\$ 10,102,514	\$ 10,102,514

	2021			
	Level 1	Level 2	Level 3	Total
Investments				
Money market mutual funds	\$ -0-	\$ 131,188	\$ -0-	\$ 131,188
Bonds	-0-	843,488	-0-	843,488
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	638,295	-0-	-0-	638,295
Large cap	2,776,871	-0-	-0-	2,776,871
Risk assets	355,005	-0-	-0-	355,005
Small cap	650,626	-0-	-0-	650,626
Common stocks				
Large cap	2,452,483	-0-	-0-	2,452,483
	<u>\$ 10,983,448</u>	<u>\$ 1,074,883</u>	<u>\$ -0-</u>	<u>\$ 12,058,331</u>
Cash				527,055
Certificates of deposit				246,583
				<u>\$ 12,831,969</u>
Beneficial interest in assets held by others	\$ -0-	\$ -0-	\$ 11,911,128	\$ 11,911,128

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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:

	2022	2021
Beginning balance	\$ 11,911,129	\$ 9,622,297
Deposits	30,000	65,700
Dividends and interest, net of investment management fees	75,988	102,454
Realized gains	344,785	840,684
Unrealized gains	(1,646,125)	1,794,215
Operating support fees	(64,998)	(74,306)
Distributions	(548,304)	(439,515)
Ending balance	\$ 10,102,514	\$ 11,911,129

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 in 10% of eligible participants' gross compensation. Total expense for the years ended December 31, 2022 and 2021 was \$53,617 and \$54,371, 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 \$2,211,284 and \$2,861,880 in support of Library programs and projects during the years ended December 31, 2022 and 2021, 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.

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The Foundation has amounts due from the Library of \$6,855 and \$54,032 at December 31, 2022 and 2021, respectively, which represent unspent funds advanced to the Library.

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, 2022, two custodians held 85% of the Foundation's investments, with individual percentages of 61% and 24%. At December 31, 2021, two custodians held 87% of the Foundation's investments, with individual percentages of 66% and 21%. The primary custodian includes ten and eleven fund managers at December 31, 2022 and 2021, respectively. At December 31, 2022 and 2021, two mutual funds represent 20% and 23%, respectively, of total investments. The Foundation's beneficial interest in assets held by others represents assets held by CMCF (Note 6).

Contributions from one community foundation represent 36% of total contributions in both 2022 and 2021. Contributions from two additional donors represent 24% of total contributions in 2021.

15. CONTINGENCY

In March 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic and the effects of this pandemic or any similar outbreaks in the future may adversely impact the local, regional, national, and global economies. The extent to which these outbreaks impact the Foundation's operating results is dependent on the breadth, severity, and duration of variant viruses. Potential impacts include, but are not limited to, shortages of personnel, shortages of supplies, delays, loss of, or reduction to revenues, contributions and funding, and investment portfolio declines. Management believes the Foundation continues to take appropriate actions to respond to post COVID-19 adversities, including variant viruses, however, the full impact is unknown and cannot be reasonably estimated at the date the financial statements were available to be issued.