

# **Bosler Memorial Library**

Years Ended December 31, 2020 and 2019

# **Bosler Memorial Library**

Financial Statements - Modified Cash Basis

December 31, 2020 and 2019

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
**Bosler Memorial Library**  
Carlisle, Pennsylvania

We have audited the accompanying financial statements of **Bosler Memorial Library** (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets - modified cash basis as of December 31, 2020 and 2019, and the related statements of support and revenue, expenses, and other changes in net assets - modified cash basis, functional expenses - modified cash basis, and cash flows - modified cash basis for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of **Bosler Memorial Library** as of December 31, 2020, and 2019, and its support and revenue, expenses, and other changes in net assets and its cash flows for the years then ended, in accordance with the modified cash basis of accounting described in the Note 1.

**Basis of Accounting**

We draw attention to the Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



March 12, 2021

Lancaster, Pennsylvania

# Bosler Memorial Library

STATEMENTS of ASSETS, LIABILITIES, and NET ASSETS - Modified Cash Basis  
December 31, 2020 and 2019

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 416,796	\$ 350,311
<b>PROPERTY and EQUIPMENT, net</b>	<b>5,684,290</b>	<b>5,900,129</b>
<b>OTHER ASSETS</b>		
Investments - G.B. Stuart Foundation Restricted Fund	101,654	87,124
Investments - Board Designated Fund	1,430,680	1,362,354
Beneficial Interest in Perpetual Trust	<u>243,452</u>	<u>218,004</u>
<b>Total Other Assets</b>	<b><u>1,775,786</u></b>	<b><u>1,667,482</u></b>
<b>TOTAL ASSETS</b>	<b><u><u>7,876,872</u></u></b>	<b><u><u>7,917,922</u></u></b>
<b>LIABILITIES and NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Payroll Withholding and Sales Tax Collected	2,166	2,925
<b>NET ASSETS</b>		
Without Donor Restrictions	7,451,654	7,536,271
With Donor Restrictions	<u>423,052</u>	<u>378,726</u>
<b>Total Net Assets</b>	<b><u>7,874,706</u></b>	<b><u>7,914,997</u></b>
<b>TOTAL LIABILITIES and NET ASSETS</b>	<b><u><u>\$ 7,876,872</u></u></b>	<b><u><u>\$ 7,917,922</u></u></b>

See notes to financial statements.

## Bosler Memorial Library

STATEMENTS of SUPPORT and REVENUE, EXPENSES,  
and OTHER CHANGES in NET ASSETS - Modified Cash Basis  
Years Ended December 31, 2020 and 2019

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING ACTIVITIES</b>			
Support and Revenue:			
Governmental Support	\$ 831,815	\$ -0-	\$ 831,815
Contributions	191,263	188,212	379,475
Paycheck Protection Program Grant	157,400	-0-	157,400
Library Operations	42,352	-0-	42,352
Interest and Dividends	3,090	-0-	3,090
Net Assets Released from Restrictions			
Satisfaction of Program Restrictions	<u>173,864</u>	<u>(173,864)</u>	<u>-0-</u>
<b>Total Support and Revenue</b>	<b>1,399,784</b>	<b>14,348</b>	<b>1,414,132</b>
<b>EXPENSES</b>			
Program Services:			
Adult Programs	666,961	-0-	666,961
Juvenile Programs	273,609	-0-	273,609
Reference Program	<u>442,407</u>	<u>-0-</u>	<u>442,407</u>
<b>Total Program Services</b>	<b>1,382,977</b>	<b>-0-</b>	<b>1,382,977</b>
<b>SUPPORT SERVICES</b>			
Fundraising	106,136	-0-	106,136
Management and General	<u>143,718</u>	<u>-0-</u>	<u>143,718</u>
<b>Total Support Services</b>	<b>249,854</b>	<b>-0-</b>	<b>249,854</b>
<b>TOTAL EXPENSES</b>	<b><u>1,632,831</u></b>	<b><u>-0-</u></b>	<b><u>1,632,831</u></b>
<b>CHANGES in NET ASSETS from OPERATING ACTIVITIES</b>	<b>(233,047)</b>	<b>14,348</b>	<b>(218,699)</b>
<b>NONOPERATING ACTIVITIES</b>			
Investment Return, net	<u>148,430</u>	<u>29,978</u>	<u>178,408</u>
<b>CHANGES in NET ASSETS</b>	<b>(84,617)</b>	<b>44,326</b>	<b>(40,291)</b>
<b>NET ASSETS</b>			
Beginning of Year	<u>7,536,271</u>	<u>378,726</u>	<u>7,914,997</u>
<b>End of Year</b>	<b><u>\$ 7,451,654</u></b>	<b><u>\$ 423,052</u></b>	<b><u>\$ 7,874,706</u></b>

See notes to financial statements.

## Bosler Memorial Library

STATEMENTS of SUPPORT and REVENUE, EXPENSES,  
and OTHER CHANGES in NET ASSETS - Modified Cash Basis

(Continued)

Years Ended December 31, 2020 and 2019

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING ACTIVITIES</b>			
Support and Revenue:			
Governmental Support	\$ 820,841	\$ -0-	\$ 820,841
Contributions	310,975	148,745	459,720
Library Operations	65,383	-0-	65,383
Interest and Dividends	3,677	-0-	3,677
Net Assets Released from Restrictions			
Satisfaction of Program Restrictions	127,308	(127,308)	-0-
<b>Total Support and Revenue</b>	<b>1,328,184</b>	<b>21,437</b>	<b>1,349,621</b>
<b>EXPENSES</b>			
Program Services:			
Adult Programs	641,583	-0-	641,583
Juvenile Programs	317,277	-0-	317,277
Reference Program	382,882	-0-	382,882
<b>Total Program Services</b>	<b>1,341,742</b>	<b>-0-</b>	<b>1,341,742</b>
<b>SUPPORT SERVICES</b>			
Fundraising	88,005	-0-	88,005
Management and General	160,020	-0-	160,020
<b>Total Support Services</b>	<b>248,025</b>	<b>-0-</b>	<b>248,025</b>
<b>TOTAL EXPENSES</b>	<b>1,589,767</b>	<b>-0-</b>	<b>1,589,767</b>
<b>CHANGES in NET ASSETS from OPERATING ACTIVITIES</b>	<b>(261,583)</b>	<b>21,437</b>	<b>(240,146)</b>
<b>NONOPERATING ACTIVITIES</b>			
Investment Return, net	230,213	58,203	288,416
<b>CHANGES in NET ASSETS</b>	<b>(31,370)</b>	<b>79,640</b>	<b>48,270</b>
<b>NET ASSETS</b>			
Beginning of Year	7,567,641	299,086	7,866,727
End of Year	<u>\$ 7,536,271</u>	<u>\$ 378,726</u>	<u>\$ 7,914,997</u>

See notes to financial statements.

## Bosler Memorial Library

STATEMENTS of FUNCTIONAL EXPENSES - Modified Cash Basis  
Years Ended December 31, 2020 and 2019

	<b>2020</b>					<b>Total</b>
	<b>Adult</b>	<b>Programs Juvenile</b>	<b>Reference</b>	<b>Fundraising</b>	<b>Administrative and General</b>	
Salaries	\$ 329,367	\$ 142,171	\$ 164,726	\$ 68,867	\$ 77,346	\$ 782,477
Payroll Taxes	31,478	13,587	15,743	2,121	7,392	70,321
Employee Benefits	17,999	14,403	17,116	2,422	11,597	63,537
Collections	76,681	28,484	137,363	-0-	-0-	242,528
Depreciation	106,264	35,994	54,036	10,166	22,508	228,968
Utilities and Telephone	29,127	9,866	14,811	2,786	6,169	62,759
Building and Grounds Maintenance	28,721	9,729	14,606	2,748	6,084	61,888
Insurance	7,901	2,676	4,018	756	1,674	17,025
Professional Fees	726	314	364	49	171	1,624
Programs and Public Relations	9,887	4,241	5,150	-0-	-0-	19,278
Accounting and Payroll	7,421	3,203	3,711	500	1,743	16,578
Equipment Rental and Maintenance	3,097	1,049	1,575	296	656	6,673
Postage	317	137	159	21	75	709
Office Expense	13,166	5,683	6,585	887	3,092	29,413
Supplies and Collection Maintenance	207	89	109	-0-	-0-	405
Printing	2,242	967	1,121	151	526	5,007
Miscellaneous	64	27	32	4	15	142
Dues and Memberships	665	287	332	45	156	1,485
Travel and Conferences	1,605	690	837	-0-	-0-	3,132
Shipping - Collections	26	12	13	-0-	-0-	51
Bank Charges	-0-	-0-	-0-	-0-	4,514	4,514
Fundraising - Direct Costs	-0-	-0-	-0-	14,317	-0-	14,317
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b><u>\$ 666,961</u></b>	<b><u>\$ 273,609</u></b>	<b><u>\$ 442,407</u></b>	<b><u>\$ 106,136</u></b>	<b><u>\$ 143,718</u></b>	<b><u>\$ 1,632,831</u></b>

See notes to financial statements.

## Bosler Memorial Library

### STATEMENTS of FUNCTIONAL EXPENSES - Modified Cash Basis

(Continued)

Years Ended December 31, 2020 and 2019

	2019					Total
	Adult	Programs Juvenile	Reference	Fundraising	Administrative and General	
Salaries	\$ 304,424	\$ 173,797	\$ 125,218	\$ 58,513	\$ 87,854	\$ 749,806
Payroll Taxes	29,463	16,820	12,118	1,783	8,502	68,686
Employee Benefits	16,016	8,679	8,675	2,941	15,668	51,979
Collections	75,795	34,645	130,960	-0-	-0-	241,400
Depreciation	111,428	37,743	56,662	10,660	23,601	240,094
Utilities and Telephone	28,645	9,702	14,566	2,740	6,067	61,720
Building and Grounds Maintenance	17,586	5,956	8,942	1,682	3,725	37,891
Insurance	9,657	3,271	4,911	924	2,045	20,808
Professional Fees	327	187	135	20	95	764
Programs and Public Relations	16,168	9,066	7,050	-0-	-0-	32,284
Accounting and Payroll	7,129	4,070	2,932	431	2,057	16,619
Equipment Rental and Maintenance	3,732	1,264	1,897	357	790	8,040
Postage	327	187	135	20	94	763
Office Expense	11,420	6,520	4,697	691	3,296	26,624
Supplies and Collection Maintenance	164	92	72	-0-	-0-	328
Printing	4,627	2,641	1,903	280	1,335	10,786
Miscellaneous	492	281	203	30	142	1,148
Dues and Memberships	851	487	351	52	246	1,987
Travel and Conferences	3,326	1,865	1,450	-0-	-0-	6,641
Shipping - Collections	6	4	5	-0-	-0-	15
Bank Charges	-0-	-0-	-0-	-0-	4,503	4,503
Fundraising - Direct Costs	-0-	-0-	-0-	6,881	-0-	6,881
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b><u>\$ 641,583</u></b>	<b><u>\$ 317,277</u></b>	<b><u>\$ 382,882</u></b>	<b><u>\$ 88,005</u></b>	<b><u>\$ 160,020</u></b>	<b><u>\$ 1,589,767</u></b>

See notes to financial statements.

**Bosler Memorial Library**  
 STATEMENTS of CASH FLOWS - Modified Cash Basis  
 Years Ended December 31, 2020 and 2019

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS from OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ (40,291)	\$ 48,270
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	228,968	240,094
Net Realized/Unrealized (Gains) Losses on Investments and Perpetual Trusts	(131,464)	(239,917)
Increase (Decrease) in:		
Payroll Withholding and Sales Tax Collected	(759)	824
<b>Net Cash Provided by Operating Activities</b>	<b>56,454</b>	<b>49,271</b>
<b>CASH FLOWS from INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(13,129)	(21,946)
Purchase of Investments	(13,922)	(68,743)
Proceeds from Sale of Investments	37,082	27,996
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>10,031</b>	<b>(62,693)</b>
<b>INCREASE (DECREASE) in CASH and CASH EQUIVALENTS</b>	<b>66,485</b>	<b>(13,422)</b>
<b>CASH and CASH EQUIVALENTS</b>		
Beginning	350,311	363,733
<b>Ending</b>	<b>\$ 416,796</b>	<b>\$ 350,311</b>

See notes to financial statements.

**Bosler Memorial Library**  
NOTES to FINANCIAL STATEMENTS

**NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The J. Herman Bosler Memorial Library, commonly known as **Bosler Memorial Library** (Library) provides public library service to residents of the Carlisle area. The goal is to provide the broadest possible offering of books and other materials to meet the patrons' needs for information, culture, education, and leisure. The Library provides free loans of books, periodicals, spoken cassettes, videos, and other library materials. Librarians assist patrons in locating materials to answer reference or information questions, both on-site and via telephone. Inter-library loan service is available to provide patrons materials which are not available on-site. A variety of children's and adult programs are offered to promote reading and learning.

**Basis of Accounting**

The Library's policy is to present its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, in which the amounts are reported according to the existence or absence of donor-imposed restriction. Under this method, revenues are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred. The significant modifications to the cash basis of accounting are the capitalization (including recognizing donated fixed assets) and depreciation of property and equipment along with any debt for the acquisition of property and equipment, the recognition of noncash donations, and investments (including a beneficial interest in a perpetual trust), which are carried at fair market value with the related appreciation or depreciation recognized in the current period and accounted for as revenue or expense.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Codification. Accordingly, the Library presents its financial position and activities according to two classes of net assets:

**Net Assets Without Donor Restrictions**

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Library. These net assets may be used at the discretion of the Library's management and the Board of Directors.

**Net Assets With Donor Restrictions**

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Library. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**Income Taxes**

The Library is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except for net income derived from unrelated business activities, if any, and is not a private foundation as determined by the IRS. The Library did not have any unrelated business income for the years ended December 31, 2020 or December 31, 2019 .

**Bosler Memorial Library**  
NOTES to FINANCIAL STATEMENTS  
(Continued)

**NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes (Continued)**

**Uncertainty in Income Taxes**

The Library follows FASB ASC 740, *Income Taxes*, which provides guidance on accounting for uncertainty in income taxes recognized in the Library's financial statements. Management has determined that the Library does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Library's tax returns will not be challenged by the taxing authorities and that the Library will not be subject to additional tax, penalties, and interest as a result of such challenge.

**Use of Estimates**

The preparation of financial statements on the modified cash basis of accounting requires the use of estimates based on management's knowledge and experience. The Library estimates relate primarily to depreciation, which is based on estimated useful lives, and the functional allocation of expenses for the statements of functional expenses - modified cash basis.

**Inexhaustible Collections and Books**

Because the values of the existing inexhaustible collections, including research books, are not readily determinable, the Library has not capitalized them and does not sell these items. Books used in the circulating library have not been capitalized because their estimated useful lives are unable to be reasonably estimated.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows - modified cash basis, the Library considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**Property and Equipment**

Property and equipment are stated at cost. Donations of property and equipment are recorded as contributions at fair value at the date of gift. Assets that cost \$1,000 or more and have a useful life greater than one year are capitalized, as are multiple assets whose cost are less than \$1,000 but the aggregate total is \$1,000 or more. Depreciation is provided on the straight-line method over the following estimated useful lives:

Building and Capital Expansion Improvements	10 - 40 years
Land Improvements	15 - 20 years
Furniture and Equipment	5 - 10 years

Major improvements to property and equipment are capitalized and depreciated over the estimated useful life of the asset. Maintenance and normal repairs are expensed as incurred. When assets are sold, the cost and related accumulated depreciation amounts are removed from the books, with any gain or loss being reflected in the statements of support and revenue, expenses, and other changes in net assets - modified cash basis. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

**Bosler Memorial Library**  
NOTES to FINANCIAL STATEMENTS  
(Continued)

**NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investments**

The Library reports investments in equity securities with readily determinable fair values and all investment in debt securities at fair values, with gains and losses included in the statements of support and revenues, expenses, and other changes in net assets - modified cash basis.

**Revenue Recognition**

The Library recognizes revenues from exchange transactions, primarily various program fees charged to Library patrons. The Library is also an official fingerprinting center and as such receives fees for providing fingerprinting and passport photo services. Further information regarding the recognition of these revenues can be found in Note 3.

**Contributions and Donated Materials and Services**

Support that is restricted by the donor is reported as an increase in net assets - without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets - with donor restrictions. When a 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 restriction and reported in the financial statements.

Gifts of land, buildings, and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor restrictions about how those long-lived assets must be maintained, the Library reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service or as the assets are used in the Library's activities.

The Library receives substantial services donated by volunteers interested in the programs and services provided by the Library to the community. Because of the difficulty in assigning values for these services, those items are not reflected in these financial statements. However, when the value of substantial or specialized donated services or specific donated materials is ascertainable, they are reflected in the financial statements as support received and expenses paid. Specific materials donated for use in providing library programs are recorded as support and expenses of the Library. Specialized services donated in renovations to the building, if any, are included as support with the expense capitalized as building improvements.

**Paycheck Protection Program Loan**

The Library received a Paycheck Protection Program Loan during the year ended December 31, 2020. The Library has elected to recognize the proceeds from this loan as a grant under FASB ASC 958-605. Under this method the loan is recorded as a conditional contribution and recognized as revenue on the statements of support and revenue, expenses, and other changes in net assets - modified cash basis when the Library meets the required conditions (incurs the eligible expenditures). As explained in Note 11, the eligible expenditures were incurred in 2020 and as such the Library is recognizing these funds as contributions revenue on the statement of support and revenue, expenses, and other changes in net assets - modified cash basis.

**Bosler Memorial Library**  
NOTES to FINANCIAL STATEMENTS  
(Continued)

**NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Functional Expenses**

The costs of providing Library programs and supporting services has been summarized on a functional basis in the statement of support and revenue, expenses, and other changes in net assets - modified cash basis. Certain expenses are charged directly to program or supporting services based on specific identification. Indirect expenses have been allocated by management based on reasonable allocation methods.

The expenses that are allocated include the following:

<b>Expense</b>	<b>Method of Allocation</b>
Salaries	Time and Effort
Payroll Taxes	Time and Effort
Employee Benefits	Time and Effort
Depreciation	Square Footage
Utilities and Telephone	Square Footage
Building and Ground Maintenance	Square Footage
Insurance	Square Footage
Programs and Public Relations	Time and Effort
Other	Time and Effort

**NOTE 2 - NEW ACCOUNTING PRONOUNCEMENTS**

**Accounting Standards Not Yet Adopted**

ASU 2016-02, *Leases (Topic 842)*, is effective for the Library's financial statements for the year ending December 31, 2022. This amendment will require lessees to recognize assets and liabilities on the statements of assets, liabilities, and net assets - modified cash basis for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

There are other FASB pronouncements that will become effective for future reporting periods. The Library has not evaluated the impact on the Library's modified cash basis financial statements from these pronouncements.

**NOTE 3 - REVENUE RECOGNITION**

The main purpose of the Library is to provide public library services to the residents of the Carlisle area by providing books and other materials to meet the patrons' needs for information, culture, education, and leisure. The Library recognizes revenues from exchange transactions, primarily various program fees such as fines, internet, and fees for copies charged to Library patrons. The financial statements of the Library have been prepared on the modified cash basis of accounting. The Library has analyzed the provisions of FASB's ASC Topic 606, *Revenue from Contracts with Customers*, and has concluded that under the modified cash basis of accounting, there is no impact upon revenue recognition.

**Bosler Memorial Library**  
NOTES to FINANCIAL STATEMENTS  
(Continued)

**NOTE 4 - PROPERTY and EQUIPMENT**

Property and equipment and accumulated depreciation at December 31, 2020 and 2019, consisted of the following:

	<b>2020</b>	<b>2019</b>
Land	84,499	84,499
Land - West Street	56,700	56,700
Land Improvements	20,467	20,467
Building	729,251	729,251
Building - Capital Campaign Expansion	6,400,593	6,400,593
Furniture and Equipment	279,393	266,264
Furniture and Equipment - Capital Campaign Expansion	<u>483,880</u>	<u>483,880</u>
	8,054,783	8,041,654
Accumulated Depreciation	<u>(2,370,493)</u>	<u>(2,141,525)</u>
<b>Land, Property and Equipment, net</b>	<b>5,684,290</b>	<b>5,900,129</b>

**NOTE 5 - DONATED MATERIALS**

All materials donated to the Library are recorded at their estimated fair value when received. Donated materials are included as contributions in the statements of support and revenue, expenses, and other changes in net assets - modified cash basis and consist of the following at December 31:

	<b>2020</b>	<b>2019</b>
<b>Program Services:</b>		
Books	54,113	60,683
Audiovisual	230	485
<b>Management and General:</b>		
Other Materials	125	-0-
Buildings and Grounds	<u>-0-</u>	<u>324</u>
	<b>54,468</b>	<b>61,492</b>

**Bosler Memorial Library**  
 NOTES to FINANCIAL STATEMENTS  
 (Continued)

**NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consists of the following at December 31:

	<b>2020</b>	<b>2019</b>
<b>Specific Purpose:</b>		
Specific Books and Materials	41,612	34,292
Educational and Other Library Programs	<u>36,334</u>	<u>39,306</u>
	<b>77,946</b>	<b>73,598</b>
<b>G.B. Stuart Foundation Restricted Fund</b>	101,654	87,124
<b>Beneficial Interest in Perpetual Trust</b>	<u>243,452</u>	<u>218,004</u>
	<b>423,052</b>	<b>378,726</b>

**NOTE 7 - NET ASSETS WITHOUT DONOR RESTRICTIONS**

The Board has designated the following net assets without donor restrictions balances as of December 31, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
<b>Board Designated:</b>		
Board Designated Fund	1,430,680	1,362,354
Facilities Fund	51,133	74,756
Operational Reserve	138,985	108,529
Technology, Furniture and Fixtures	23,201	34,494
Staff Continuing Education	10,495	9,290
Educational and Other Library Programs	<u>11,509</u>	<u>17,528</u>
	<b>1,666,003</b>	<b>1,606,951</b>
<b>Undesignated</b>	<u>5,785,651</u>	<u>5,929,320</u>
	<b>7,451,654</b>	<b>7,536,271</b>

**Bosler Memorial Library**  
 NOTES to FINANCIAL STATEMENTS  
 (Continued)

**NOTE 8 - INVESTMENTS**

Investments are presented in the financial statements in the aggregate at fair value at:

	<b>2020</b>		<b>2019</b>	
	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>
Money Market Fund	48,419	48,419	80,758	80,758
Fixed Income Funds:				
Intermediate Term Bond Funds	218,015	237,068	170,211	178,575
Short-Term Bond Funds	225,396	224,119	227,550	227,545
Certificates of Deposit	50,000	50,000	100,000	100,000
Equities:				
Stocks	406,175	580,282	385,260	541,883
Mutual Funds	303,535	392,446	271,526	320,717
Beneficial Interest in Perpetual Trust	<u>210,525</u>	<u>243,452</u>	<u>157,383</u>	<u>218,004</u>
	<b>1,462,065</b>	<b>1,775,786</b>	<b>1,392,688</b>	<b>1,667,482</b>

The Library's investments are exposed to various risks, such as interest rate, market, currency, and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is a least reasonably possible that changes in risks in the near term would materially affect investment assets reported in the financial statements.

Investment income consists of the following at December 31, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
Interest	3,090	3,677
Investment Income	56,257	57,538
Realized Gains	34,865	24,852
Unrealized Gains	96,598	215,064
Investment Fees	<u>(9,312)</u>	<u>(9,038)</u>
	<b>181,498</b>	<b>292,093</b>

**Bosler Memorial Library**  
 NOTES to FINANCIAL STATEMENTS  
 (Continued)

**NOTE 8 - INVESTMENTS (Continued)**

**Endowments**

Endowment investments are carried at fair value. Realized and unrealized gains and losses are reported in the statements of support and revenue, expenses, and other changes in net assets - modified cash basis. The total endowment investments maintained by the Library consist of two accounts, the Board Designated Fund and the G.B. Stuart Foundation Restricted Fund, and are classified for net assets purposes as follows at December 31, 2020 and 2019:

	<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
G.B. Stuart Foundation Restricted Fund (Endowment)	-0-	101,654	101,654
Board Designated Fund (Quasi-Endowment)	<u>1,430,680</u>	<u>-0-</u>	<u>1,430,680</u>
<b>Total Investment Funds</b>	<b>1,430,680</b>	<b>101,654</b>	<b>1,532,334</b>
	<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
G.B. Stuart Foundation Restricted Fund (Endowment)	-0-	87,124	87,124
Board Designated Fund (Quasi-Endowment)	<u>1,362,354</u>	<u>-0-</u>	<u>1,362,354</u>
<b>Total Investment Funds</b>	<b>1,362,354</b>	<b>87,124</b>	<b>1,449,478</b>

The Library's investments, classified as such on the statements of assets, liabilities, and net assets - modified cash basis, consist of a Board Designated Fund established for the administration of existing and future gifts and contributions to the **Bosler Memorial Library** and to memorialize and secure those funds for future benefits of the community. The Board Designated Fund includes funds designated by the Board of Directors to function as endowments (quasi-endowments). Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Bosler Memorial Library**  
NOTES to FINANCIAL STATEMENTS  
(Continued)

**NOTE 8 - INVESTMENTS (Continued)**

**Endowments (Continued)**

**Interpretation of Relevant Law**

The Commonwealth of Pennsylvania has not enacted a version of the UPMIFA, or a version of the Uniform Management of Institutional Funds Act (UPMIFA). Governing law resides in 15 Pa. C.S. §5548 “Investment of Trust Funds”. The Library has interpreted relevant law as requiring the donor-restricted endowment fund, absent explicit donor stipulations to the contrary, to be managed with the long-term objective of at least maintaining the real value (after inflation) of the funds. The Library classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Unless otherwise stipulated by the donor, Pennsylvania law permits the Board of Directors to make an election to annually appropriate for expenditure a selected percentage between 2% and 7% of the fair value of assets related to donor-restricted endowment funds averaged over a period of three preceding years, provided the Board has determined that such percentage is consistent with the long-term preservation of the real value of such assets.

**Return Objectives and Risk Parameters**

The Library has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to maintain expenditures supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Library must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested based on the standards of a “Prudent Man” that is intent to produce results that exceed the standard indices for each investment classification on an annual basis.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate of return objectives, the Library relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Library’s investment fund asset mix is invested among equities, fixed income, and cash equivalents. The Board has determined an asset mix strategy to improve the probability of achieving enhanced real (inflation protected) rates of return.

**Investment Policy**

The investment policy of the Library is set to provide, as closely as possible, equitable benefits from the Board Designated Fund for current and future programs. An investment policy has been adopted to fairly meet programmatic requirements of the Board Designated Fund. The Library appropriates funds determined on a total return basis, e.g., interest, dividends, and appreciation of the principal. Distributions from principal can be made in whole or in part, by a vote of at least 75% of the Board of Directors of the Library.

**Bosler Memorial Library**  
 NOTES to FINANCIAL STATEMENTS  
 (Continued)

**NOTE 8 - INVESTMENTS (Continued)**

**Endowments (Continued)**

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original gift amount maintained as net assets with donor restrictions. There were no such deficiencies as of December 31, 2020 and 2019. Pennsylvania law allows for aggregation of endowments, therefore endowments with deficiencies are netted with gains and accounted for within net assets with donor restrictions.

**Changes in Board Designated Fund**

Changes in the Board Designated Fund net assets for the years ended December 31, 2020 and 2019, are as follows:

	<b>2020</b>	<b>2019</b>
<b>Fund Net Assets, Beginning of Year</b>	1,362,354	1,149,896
Investment Return:		
Interest and Dividend Income	39,303	39,793
Net Realized and Unrealized Gains and Losses	95,998	181,190
Investment-Related Fees	<u>(8,774)</u>	<u>(8,550)</u>
<b>Net Investment Return</b>	<b>126,527</b>	<b>212,433</b>
Board Designated Transfer	3,922	58,743
Appropriation of Fund Assets for Expenditure	<u>(62,123)</u>	<u>(58,718)</u>
	<b>1,430,680</b>	<b>1,362,354</b>

Changes in G.B. Stuart Foundation Restricted Fund net assets for the years ended December 31, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
<b>Endowment Net Assets, Beginning of Year</b>	87,124	68,166
Investment Return:		
Interest and Dividend Income	2,771	2,857
Net Realized and Unrealized Gains and Losses	5,486	9,479
Investment-Related Fees	<u>(538)</u>	<u>(487)</u>
<b>Net Investment Return</b>	<b>7,719</b>	<b>11,849</b>
Additions - Contributions	10,000	10,000
Distributions	<u>(3,189)</u>	<u>(2,891)</u>
	<b>101,654</b>	<b>87,124</b>

**Bosler Memorial Library**  
NOTES to FINANCIAL STATEMENTS  
(Continued)

**NOTE 9 - BENEFICIAL INTEREST in PERPETUAL TRUST**

The Library is a beneficiary of the Samuel C. Hertzler Perpetual Trust and is entitled to a 1/8 interest in the income of the trust to be used for work among women. The trust is held by M&T Investment Group with quarterly investment income payments distributed to the Library.

The value of the split-interest trust agreement as of December 31, 2020 and 2019, is \$243,452 and \$218,004, respectively. These values reflect a net increase/(decrease) of \$25,448 and \$49,247 for the years ended December 31, 2020 and 2019, respectively. Income received from the split-interest agreements for the years ended December 31, 2020 and 2019, was \$6,213 and \$4,888, respectively.

**NOTE 10 - FAIR VALUE MEASUREMENTS**

Fair value accounting standards provide the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation methods used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets; and Level 3 inputs have the lowest priority to unobservable inputs.

The asset's 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.

The assets that are recorded at fair value on a recurring basis are investments including the endowment fund and split-interest trusts. The Library has no financial liabilities or non-financial items that are recorded at fair value on a recurring basis. Following is a description of the valuation methodologies used for assets measured at fair value.

Cash and Cash Equivalents (Money Market Fund) - The carrying amount approximates fair value because of the short-term nature of these investments.

Certificates of Deposit - The carrying amount approximates fair value because of the short-term nature of these investments. In accordance with the modified cash basis of accounting, interest income is recorded when received.

Common Stock, Mutual Funds, and Fixed Income Funds - Valued at the closing price reported on the active market on which the individual securities are traded.

Beneficial Interest in Perpetual and Remainder Trusts - Valued at the present value of estimated future cash flows from the underlying assets.

**Bosler Memorial Library**  
 NOTES to FINANCIAL STATEMENTS  
 (Continued)

**NOTE 10 - FAIR VALUE MEASUREMENTS (Continued)**

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Library 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 a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Library's assets measured at fair value on a recurring basis as of the years ended December 31, 2020 and 2019:

	<b>2020</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Money Market Fund</b>	48,419	48,419		
<b>Fixed Income Funds:</b>				
Intermediate Term Bond Funds	237,068	237,068		
Short-Term Bond Funds	224,119	224,119		
Certificates of Deposit	<u>50,000</u>	<u>          </u>	<u>50,000</u>	<u>          </u>
	<b>511,187</b>	<b>461,187</b>	<b>50,000</b>	<b>-0-</b>
<b>Equities:</b>				
Stocks	580,282	580,282		
Mutual Funds	<u>392,446</u>	<u>392,446</u>	<u>          </u>	<u>          </u>
	<b>972,728</b>	<b>972,728</b>	<b>-0-</b>	<b>-0-</b>
<b>Beneficial Interest in Perpetual Trust</b>	<u>243,452</u>	<u>          </u>	<u>          </u>	<u>243,452</u>
	<b>1,775,786</b>	<b>1,482,334</b>	<b>50,000</b>	<b>243,452</b>

**Bosler Memorial Library**  
 NOTES to FINANCIAL STATEMENTS  
 (Continued)

**NOTE 10 - FAIR VALUE MEASUREMENTS (Continued)**

	<b>2019</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Money Market Fund</b>	80,758	80,758		
<b>Fixed Income Funds:</b>				
Intermediate Term Bond Funds	178,575	178,575		
Short-Term Bond Funds	227,545	227,545		
Certificates of Deposit	<u>100,000</u>	<u>          </u>	<u>100,000</u>	<u>          </u>
	<b>506,120</b>	<b>406,120</b>	<b>100,000</b>	<b>-0-</b>
<b>Equities:</b>				
Stocks	541,883	541,883		
Mutual Funds	<u>320,717</u>	<u>320,717</u>	<u>          </u>	<u>          </u>
	<b>862,600</b>	<b>862,600</b>	<b>-0-</b>	<b>-0-</b>
<b>Beneficial Interest in Perpetual Trust</b>	<u>218,004</u>	<u>          </u>	<u>          </u>	<u>218,004</u>
	<b>1,667,482</b>	<b>1,349,478</b>	<b>100,000</b>	<b>218,004</b>

There were no transfers in or out of levels 1 and 2 during the years ended December 31, 2020 and 2019. Changes in the Library's level 3 assets are as discussed in Note 9.

**NOTE 11 - PAYCHECK PROTECTION PROGRAM LOAN**

During April 2020, the Library applied for and was granted a loan through the Small-Business Administration's Paycheck Protection Program (PPP) with funding provided by the federal government under the Coronavirus Aid, Relief and Economic Security Act. Under the terms of the program, the Library was eligible for a loan of \$157,400 and received funds on April 15, 2020.

The PPP loans and accrued interest are eligible for forgiveness as long as the borrower uses the proceeds for eligible expenses and maintains its payroll levels. Any unforgiven portion of the PPP loan is payable in equal installments beginning in November 2020 through April 2022 and bears interest at 1.0%.

The Library used the proceeds for purposes consistent with the PPP by December 31, 2020, and has applied for forgiveness. Although the Library has not received notice of approval, the Library currently believes that its use of the loan proceeds will meet the conditions for forgiveness.

As of December 31, 2020, the Library incurred \$157,400 of costs which are eligible for forgiveness. Accordingly, this amount has been recognized as revenue on the statements of support and revenue, expenses, and other changes in net assets.

**Bosler Memorial Library**  
NOTES to FINANCIAL STATEMENTS  
(Continued)

**NOTE 12 - PENSION PLAN**

The Library participates in a 403(b) Tax Deferred Annuity Plan in conjunction with local non-profit organizations. This contributory Plan covers all employees who meet the minimum wage and service requirements. The Library expenses its contributions as paid. The Library contributes an amount equal to 2% of each permanent employee's annual salary after one year. Pension expense was \$7,157 and \$7,077 for December 31, 2020 and 2019, respectively.

**NOTE 13 - CONCENTRATIONS**

**Bosler Memorial Library** receives funding annually from Cumberland County in the form of a voter-determined, dedicated library tax. These funds are paid to the Cumberland County Library System and distributed to member libraries using a specific funding formula. Likewise, public libraries in Pennsylvania are funded through a line-item in the State's annual budget. These funds are also paid to the Cumberland County Library System and distributed to member libraries using the same specific funding formula mentioned above.

The Library received approximately 48% and 42% of their total operating support and revenue from the Commonwealth of Pennsylvania and Cumberland County for the years ended December 31, 2020 and 2019, respectively.

Financial instruments that potentially subject the Library to credit risk consist principally of cash deposits and investments. Management regularly monitors the financial condition of financial institutions, along with its cash and investment balances, and attempts to keep potential risks to a minimum. The Library's cash and investment balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) or Securities Investor Protection Corporation (SIPC) insured limits. The Library has not historically experienced any losses on these accounts.

**NOTE 14 - CONTINUING OPERATIONS**

Continuation of an entity's operations is usually assumed in financial accounting in the absence of evidence to the contrary. However, an operation which depends primarily on support from agencies of the government is always subject to legislative action which could significantly affect the amount of support it receives.

**Bosler Memorial Library**  
 NOTES to FINANCIAL STATEMENTS  
 (Continued)

**NOTE 15 - AVAILABILITY and LIQUIDITY**

The following represents the Library's financial assets available for expenses within one year of the statements of support and revenue, expenses, and other changes in net assets - modified cash basis at December 31, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
Cash and Cash Equivalents	416,796	350,311
Investments - G.B. Stuart Foundation	101,654	87,124
Investments - Board Designated Fund	1,430,680	1,362,354
Beneficial Interest in Perpetual Trust	<u>243,452</u>	<u>218,004</u>
<b>Total Financial Assets</b>	<b>2,192,582</b>	<b>2,017,793</b>
Less: Amounts not Available to be Used Within One Year		
Net Assets with Donor Restrictions	(423,052)	(378,726)
Board Designated Funds	<u>(1,527,018)</u>	<u>(1,498,422)</u>
<b>Financial Assets Available to Meet General Expenses</b>		
<b>Within One Year</b>	<b>242,512</b>	<b>140,645</b>

In accordance with the Library's investment policy, cash and cash equivalents are to be maintained at 5% of the Library's investment funds, as determined annually, in order to maintain liquidity for Board of Director designated funding. As part of its liquidity plan, the Library maintains an operational reserve fund consisting of cash or cash equivalents outside of the Library's investment funds.

In addition to the financial assets listed above, the library receives funding annually from Cumberland County and the State as outlined in Note 13. Typically, these funding sources constitute a significant and reasonably consistent portion of the Library's annual operating funds.

**NOTE 16 - UNCERTAINTIES**

On March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) a pandemic. The Library has been closed to the public at various times throughout the year but has been able to offer certain online programs and curbside pickup. Management is monitoring the evolving situation and adapting operations and decision making, as necessary. The extent of the impact of COVID-19 on the Library's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on funders, donors, and vendors. The extent to which COVID-19 may impact the Library's future financial condition or results of operations is uncertain.

**Bosler Memorial Library**  
NOTES to FINANCIAL STATEMENTS  
(Continued)

**NOTE 17 - SUBSEQUENT EVENTS**

In February 2021, the Library obtained a \$157,440 loan through the Small Business Administration's Paycheck Protection Program. The Library may qualify for forgiveness of certain principal amounts under the program. If the loan is not forgiven, the Library must repay the loan in fixed monthly payments beginning July 2022. The loan is unsecured, bears interest at 1% and will mature five years from the note disbursement date. Although the Library has not applied for forgiveness of this loan, the Library currently believes that its use of the loan proceeds will meet the conditions for forgiveness.

In preparing these financial statements, the Library has evaluated events and transactions for potential recognition or disclosure through March 12, 2021, the date the financial statements were available to be issued. The Library is not aware of any other items other than previously disclosed.