

THE LIBRARY FOUNDATION FOR
SARASOTA COUNTY, INC.
SARASOTA, FLORIDA

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2021

THE LIBRARY FOUNDATION FOR SARASOTA COUNTY, INC.

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INDEPENDENT AUDITORS' REPORT

*The driving force behind your business
and personal success*

June 21, 2022

Board of Directors
The Library Foundation for Sarasota County, Inc.
Sarasota, Florida

We have audited the accompanying financial statements of The Library Foundation for Sarasota County, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2020, and the related statement of activities and changes in net assets, and statement of cash flows for the year 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 Library Foundation for Sarasota County, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Library Foundation for Sarasota County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Library Foundation for Sarasota County Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
The Library Foundation for Sarasota County, Inc.

Auditor's Responsibility 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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.

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

Exercise professional judgment and maintain professional skepticism throughout the audit.

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

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The 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.

Board of Directors
The Library Foundation for Sarasota County, Inc.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Library Foundation for Sarasota County, Inc.'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.

Hough & Company, P.A.
Hough & Company, P.A.
Certified Public Accountants

THE LIBRARY FOUNDATION FOR SARASOTA COUNTY, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	\$ 594 021	\$ 743 082	\$ 1 337 103
Endowment fund	959 738	1 280 109	2 239 847
Investment fund	832 387	1 146 308	1 978 695
Due (to)/from funds without donor restrictions	337 808	(337 808)	-0-
Prepaid expenses	83 107	-0-	83 107
Total current assets	<u>2 807 061</u>	<u>2 831 691</u>	<u>5 638 752</u>
FIXED ASSETS			
Equipment, gross	2 744	-0-	2 744
Less accumulated depreciation	<u>(1 552)</u>	<u>-0-</u>	<u>(1 552)</u>
Total fixed assets	<u>1 192</u>	<u>-0-</u>	<u>1 192</u>
TOTAL ASSETS	<u>\$ 2 808 253</u>	<u>\$ 2 831 691</u>	<u>\$ 5 639 944</u>
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES			
Accounts payable	2 325	-0-	2 325
Agency funds payable	-0-	216 450	216 450
Deferred revenue	192 539	-0-	192 539
Payroll tax payable	<u>6 396</u>	<u>-0-</u>	<u>6 396</u>
TOTAL CURRENT LIABILITIES	201 260	216 450	417 710
NET ASSETS	<u>2 606 993</u>	<u>2 615 241</u>	<u>5 222 234</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2 808 253</u>	<u>\$ 2 831 691</u>	<u>\$ 5 639 944</u>

The accompanying notes are an integral part
of these financial statements.

THE LIBRARY FOUNDATION FOR SARASOTA COUNTY, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT:			
Support:			
Private and foundations	\$ 121 625	\$ 129 539	\$ 251 164
Special events	224 556	-0-	224 556
Interest and dividends	38 967	12 795	51 762
Realized gain / (loss) on endowment	70 189	266 052	336 241
Unrealized gain / (loss) on endowment	36 870	(144 996)	(108 126)
Realized gain / (loss) on investment	170 548	(86)	170 462
Unrealized gain / (loss) on investment	(92 614)	139 623	47 009
PPP loan forgiveness	44 080	-0-	44 080
Net assets released from restrictions:			
Donor restrictions satisfied	201 646	(201 646)	-0-
TOTAL REVENUES AND OTHER SUPPORT	<u>815 867</u>	<u>201 281</u>	<u>1 017 148</u>
EXPENSES:			
Administrative expenses	262 700	-0-	262 700
Program expenses	243 938	-0-	243 938
TOTAL EXPENSES	<u>506 638</u>	<u>-0-</u>	<u>506 638</u>
CHANGE IN NET ASSETS	309 229	201 281	510 510
NET ASSETS, BEGINNING OF YEAR	<u>2 297 764</u>	<u>2 413 960</u>	<u>4 711 724</u>
NET ASSETS, END OF YEAR	<u>\$ 2 606 993</u>	<u>\$ 2 615 241</u>	<u>\$ 5 222 234</u>

The accompanying notes are an integral part
of these financial statements.

THE LIBRARY FOUNDATION FOR SARASOTA COUNTY, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in net assets	\$ 309 229	\$ 201 281	\$ 510 510
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	795	-0-	795
Transfer from investment funds	32 923	40 000	72 923
Unrealized earnings on endowments	(36 870)	144 996	108 126
Unrealized earnings on investments	92 614	(139 623)	(47 009)
Increase / (decrease) in deferred revenue	131 539	-0-	131 539
(Increase) / decrease in due to/from funds without donor restrictions	(6 112)	6 112	-0-
(Increase) / decrease in prepaid expenses	(77 350)	-0-	(77 350)
(Increase) / decrease in pledges receivable	-0-	15 384	15 384
(Decrease) / increase in accounts payable	(17 447)	-0-	(17 447)
(Decrease) / increase in PPP loan payable	(15 400)	-0-	(15 400)
(Decrease) / increase in agency funds payable	-0-	43 096	43 096
(Decrease) / increase in payroll tax payable	3 730	-0-	3 730
NET CASH (USED) / PROVIDED BY OPERATING ACTIVITIES	<u>417 651</u>	<u>311 246</u>	<u>728 897</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Transfer (to) / from endowment fund			
Net (gain)/loss endowment fund	(70 189)	(266 052)	(336 241)
Net (gain)/loss investment fund	(170 548)	86	(170 462)
Interest and dividend income investment and endowment funds	(29 830)	(21 542)	(51 372)
Advisory fees investment and endowment funds	10 670	6 983	17 653
Purchase of investment fund	-0-	(1 000 000)	(1 000 000)
NET CASH (USED) / PROVIDED BY INVESTING ACTIVITIES	<u>(259 897)</u>	<u>(1 280 525)</u>	<u>(1 540 422)</u>
NET (DECREASE) / INCREASE IN CASH	157 754	(969 279)	(811 525)
CASH BALANCE - BEGINNING OF YEAR	<u>436 267</u>	<u>1 712 361</u>	<u>2 148 628</u>
CASH BALANCE - END OF YEAR	<u>\$ 594 021</u>	<u>\$ 743 082</u>	<u>\$ 1 337 103</u>

The accompanying notes are an integral part of these financial statements.

THE LIBRARY FOUNDATION FOR SARASOTA COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	PROGRAM EXPENSES	ADMINISTRATIVE	FUNDRAISING & DEVELOPMENT	TOTAL ADMINISTRATIVE	TOTAL FUNCTIONAL EXPENSES
Creation Station expenses	\$ 86 896	\$ -0-	\$ -0-	\$ -0-	\$ 86 896
Imagination library	25 365	-0-	-0-	-0-	25 365
Digital collections fund	45 880	-0-	-0-	-0-	45 880
AVE computer replacement	17 704	-0-	-0-	-0-	17 704
Venice Library Jervey expense	12 815	-0-	-0-	-0-	12 815
Other program expenses	16 108	-0-	-0-	-0-	16 108
Special event expenses	39 170	-0-	-0-	-0-	39 170
Salary and related costs	-0-	82 995	64 666	147 661	147 661
Other development costs	-0-	-0-	20 784	20 784	20 784
Accounting and audit fees	-0-	30 528	-0-	30 528	30 528
Bank and credit card fees	-0-	3 282	-0-	3 282	3 282
Depreciation	-0-	795	-0-	795	795
Insurance	-0-	5 173	-0-	5 173	5 173
Investment fees	-0-	17 653	-0-	17 653	17 653
Rent expense	-0-	4 200	-0-	4 200	4 200
Software leasing fee	-0-	3 436	-0-	3 436	3 436
Telephone and internet	-0-	2 884	-0-	2 884	2 884
Printing	-0-	4 141	-0-	4 141	4 141
Other office expenses	-0-	22 163	-0-	22 163	22 163
TOTAL FUNCTIONAL EXPENSES	\$ 243 938	\$ 177 250	\$ 85 450	\$ 262 700	\$ 506 638

THE LIBRARY FOUNDATION FOR SARASOTA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 - NATURE OF ORGANIZATION

The Library Foundation for Sarasota County, Inc. (the Organization) is a not-for-profit corporation incorporated in the State of Florida on June 13, 2011. The mission is to secure the future of our libraries in the greater area of Sarasota County, as indispensable community resources. They accomplish this through the donation of gifts and by raising private funds. These funds help the libraries acquire new technologies, present outstanding programs and provide up-to-date resources. An endowment has been created to ensure private support for the Sarasota County libraries in perpetuity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Estimates

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

Income Tax Exemption

The Library Foundation for Sarasota County, Inc. is exempt from federal income taxes under the provisions of Section 501 (c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made.

The Board of Directors have evaluated significant tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition in the financial statements. Management does not believe its evaluation of tax positions will significantly change within twelve months of December 31, 2021. Any changes in tax positions will be recorded when the ultimate outcome becomes known. The Organization's income tax returns are open to examination by taxing authorities for the years ended December 31, 2018, 2019, 2020, and the current year's 2021 tax return, generally for three years after they were filed. There have been no tax examinations commenced during 2021 or through the date of these financial statements.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of Financial Accounting Standards Board Codification of ASC Topic 958 - Not-for-Profit Entities. Accordingly, the net assets of The Library Foundation for Sarasota County, Inc. are reported in each of the following classes: (a) without donor restrictions net assets, and (b) with donor restrictions net assets, as applicable.

Net assets of the donor restricted class was created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally without donor restrictions and are reported as part of the without donor restriction class.

Basis of Accounting

The financial statements of The Library Foundation for Sarasota County, Inc. have been prepared using the accrual basis of accounting.

THE LIBRARY FOUNDATION FOR SARASOTA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Advertising and Promotional

The Organization expenses advertising and promotional costs as incurred.

Revenue Recognition

The Library Foundation for Sarasota County, Inc. recognizes all contributed support received, (including grants) as income in the period for which the donor has stipulated. Any revenues received prior to the fiscal year to which they apply are not recognized as revenues until the year earned. Contributed support is reported as without donor restrictions or as with donor restrictions, depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires or the restrictive purpose is accomplished, donor restricted net assets are reclassified to without donor restricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

Cash and time deposits maturing in less than one year are treated as cash equivalents.

Investments

Investments are carried at market value. Donated investments are recorded at market value on the date of donation and thereafter adjusted to market value at each statement date.

Fair Value of Financial Instruments

The Library Foundation for Sarasota County, Inc.'s financial instruments are cash and cash equivalents and accounts payable. The recorded values of cash and cash equivalents and accounts payable approximate their fair values based on their short-term nature.

Endowment Funds

The Library Foundation for Sarasota County, Inc. has entered into an agreement with The Community Foundation of Sarasota County (The Community Foundation) and Gulf Coast Community Foundation (GCCF) for the creation of the Organization's Endowment Funds. The primary purpose of these funds are to provide an endowment to support the programs and services of the Organization to carry out its role and mission as described by its bylaws. The funds are invested and used at the discretion of The Community Foundation and GCCF. The receipts and disbursements are accounted for separately and apart from those of other organizations. Distributions of limited income and principal amounts are available to be paid quarterly, at the request of the Organization. See Note 5 for details.

THE LIBRARY FOUNDATION FOR SARASOTA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Foundation uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. The balance in the allowance for uncollectible pledges was \$ -0- for the year ended December 31, 2021.

Property and Equipment

The Library Foundation for Sarasota County, Inc. records equipment at historical costs. Depreciation is determined on the modified accelerated cost recovery system method over the estimated useful lives of the assets, which range from 5 to 39 years.

Equipment as of December 31, 2021, is as follows:

Equipment	\$	2 744
Accumulated depreciation through December 31, 2020		<u>(1 552)</u>
Net book value	\$	<u>1 192</u>

Major renewals and betterments that materially increase asset lives are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Donated Services, Materials, and Facilities

The Library Foundation for Sarasota County, Inc. occupies an office located at 1970 Main St, floor 5, Sarasota, Florida under a month-to-month lease beginning October 1, 2020. The office is leased from Observer Media Group. Rent of \$ 350 is paid by the Organization per month.

No amounts have been reflected in the financial statements for donated services. The Foundation generally pays for services requiring specific expertise. The Foundation did not receive a material amount of volunteer hours for the current year.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized in the Statement of Activities. Certain costs, including salaries and benefits, have been allocated among the program, administrative and development and marketing serviced benefited based on estimates of time and effort.

THE LIBRARY FOUNDATION FOR SARASOTA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 3 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes.

Purpose restrictions accomplished:

Creation station operation costs	\$	86 896
Digital collections fund		45 880
Imagination library		12 815
Venice library		25 364
AWE computer replacement		17 704
Other funds released from restrictions		<u>12 987</u>
Total	\$	<u>201 646</u>

As of the Balance Sheet date, the remaining balance of temporarily restricted assets, were restricted as follows:

Various projects & related costs	\$	<u>2 675 241</u>
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NOTE 4 - ENDOWMENTS

In accordance with FASB ASC 958-205-50 "Endowments of Not-for-Profit Organizations: Net Asset Classifications of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, And Enhanced Disclosures of All Endowment Funds", the Foundation has established three permanent endowment funds. The Funds are invested in accordance with the investment policy of the fund.

In July 2011, the State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA". The Foundation has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, the Foundation classifies assets transferred to the permanent endowment funds as net assets with donor restrictions. Additionally, all investment gains related to the permanently restricted endowment are classified as net assets with donor restrictions.

The Library Foundation for Sarasota County, Inc. maintains two endowment funds with The Community Foundation of Sarasota County (The Community Foundation). The Children's Literacy Endowment Fund has a distribution policy of 4.75% per year upon the resolution of the board and approval by the Community Foundation's Board. The Library Foundation has received a distribution from this fund in the amount of \$25 000 for the year ended December 31, 2021. The Children's Literacy Endowment Fund was created for the support and benefit of the Imagination Library and other early literacy programs.

THE LIBRARY FOUNDATION FOR SARASOTA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 4 - ENDOWMENTS (CONTINUED)

The Library Foundation for Sarasota County, Inc. maintains a second endowment fund with The Community Foundation titled the Library Foundation Fund for the support of the charitable and educational purposes of the Library Foundation. The Library Foundation is entitled to all realized and unrealized gains allocated to the Fund, less any investment or management fees, as well as all other income allocated to the fund, upon the request of the Board of Directors. The Board has received \$ 7 923 from the fund for the year ended December 31, 2021. There is no variance power granted to this fund and it is owned by The Library Foundation.

The Library Foundation for Sarasota County, Inc. maintains one endowment fund with Gulf Coast Community Foundation (GCCF). The purpose of this endowment is to support the programs and services of the organization in carrying out its mission as described in its bylaws. There is no variance power granted to this fund and it is owned by The Library Foundation. The Board has received \$ 40 000 from the fund for the year ended December 31, 2021

The B.O.D. has adopted investment and spending policies for the Endowment assets that attempt to provide for a predictable stream of funding, while seeking to maintain the purchasing power of the Endowment assets over the long-term. Under this policy, as approved by the B.O.D. the Endowment assets are invested with the objective of growth with income, while assuming a moderate level of investment risk.

To satisfy its long-term objectives, The Library Foundation for Sarasota County, Inc. 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).

Changes in endowment net assets consist of the following for the year ended December 31, 2021:

	Children's Literacy without Donor Restrictions	GCCF William H. Jervy Fund with Donor Restrictions	Library Foundation without Donor Restrictions	Total
Endowment funds, 1/01/2021	\$ 677 864	\$ 1 191 264	\$ 192 816	\$ 2 061 944
Disbursement	(25 000)	(40 000)	(7 923)	(72 923)
Investment Return:				
Investment income	16 728	12 796	4 887	34 411
Investment fees	(6 523)	(5 007)	(170)	(11 700)
Realized gain (loss)	54 221	266 052	15 968	336 241
Unrealized gain (loss)	28 479	(144 996)	8 391	(108 126)
Total Investment Return	92 905	128 845	29 076	250 826
Contributions	-0-	-0-	-0-	-0-
Endowment funds, 12/31/2021	\$ <u>745 769</u>	\$ <u>1 280 109</u>	\$ <u>213 969</u>	\$ <u>2 239 847</u>

THE LIBRARY FOUNDATION FOR SARASOTA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 5 - INVESTMENTS

The Library Foundation for Sarasota County, Inc. maintains an investment fund with Gulf Coast Community Foundation of Venice (GCCF). The purpose of this investment fund is to become operationally sustainable and support the programs and services of the organization in carrying out its mission as described in its bylaws. The fund is invested and used at the discretion of GCCF. The receipts and disbursements are accounted for separately and apart from those of other organizations. Distributions are available to be paid quarterly, at the request of the Organization. As of the balance sheet date, the Organization has not withdrawn from the funds. At December 31, 2021 the balance held by GCCF is \$ 832 387 and is reported on the statement of financial position.

The Library Foundation for Sarasota County, Inc. maintains an investment fund with Caldwell Trust. The purpose of this investment fund is to become operationally sustainable and support the programs and services of the organization in carrying out its mission as described in its bylaws. The fund is invested and used for various restricted purposes. The receipts and disbursements are accounted for separately and apart from those of other organizations. Distributions are available to be paid at the request of the Organization. As of the balance sheet date, the Organization has not withdrawn from the funds. At December 31, 2021 the balance held by GCCF is \$ 1 146 308 and is reported on the statement of financial position.

To satisfy its long-term objectives, The Library Foundation for Sarasota County, Inc. 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).

Changes in investment net assets consist of the following for the year ended December 31, 2021:

	Sustainability Endowment without Donor Restrictions	Investment with Donor Restrictions	Total
Investment fund, 1/01/2021	\$ 750 215	\$ -0-	\$ 750 215
Investment Return:			
Disbursement	-0-	-0-	-0-
Investment income	8 215	8 747	16 962
Investment fees	(3 977)	(1 976)	(5 953)
Realized gain (loss)	170 548	(87)	170 461
Unrealized gain (loss)	(92 613)	139 623	47 010
Total Investment Return	82 173	146 307	228 480
Transfers	-0-	1 000 000	1 000 000
Contributions	-0-	-0-	-0-
Investment fund, 12/31/21	\$ 832 388	\$ 1 146 307	\$ 1 978 695

The Library Foundation for Sarasota County, Inc. has implemented the accounting standard regarding fair value measurements. The standard defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. The standard uses the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1 - Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes;

THE LIBRARY FOUNDATION FOR SARASOTA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 5 - INVESTMENTS (CONTINUED)

Level 2 - Observable inputs other than level 1 prices, such as quoted active market prices for similar assets or liabilities, quoted prices for identical or similar assets in inactive markets, and model-derived valuations in which all significant inputs are observable in active markets.

Level 3 - Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk such as bid/ask spreads and liquidity discounts.

Investments have been recorded at fair value using Level 1 inputs and consist of the following at December 31, 2021:

	<u>Investment Fund</u>	<u>Endowment Funds</u>	<u>Total</u>
100% Long Term Strategy Plan	\$ 1 978 695	\$ 2 239 847	\$ 4 218 542

NOTE 6 - AVAILABILITY AND LIQUIDITY

The Foundation's financial assets at December 31, 2021 were \$ 2 386 146, and they are available to meet general expenditures over the next twelve months. The Foundation's goal is generally to maintain financial assets to meet 90 days of operating expenses.

NOTE 7- PLEDGES RECEIVABLE

In 2021 the Foundation had received no unconditional promises to give.

The Foundation has estimated \$ - 0 - allowance for uncollectable.

The Organization has not experienced any losses in such accounts. Amounts listed in endowment and investment accounts (Notes 5 & 6) are not FDIC insured and therefore at risk.

NOTE 8 - BOARD DESIGNATED FUNDS

The Library Foundation for Sarasota County, Inc.'s governing board has designated, from net assets without donor restrictions of \$ 2 546 993, net assets for the following purposes as of December 31, 2021.

Sarasota libraries new website	35 000
Pop up library	75 000
Creation station ops LFSC	18 973
Imagination library	1 857
Digital collections	<u>25 221</u>
Total	\$ <u>156 051</u>

THE LIBRARY FOUNDATION FOR SARASOTA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 9 - ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended December 31, 2021, two new accounting pronouncements were adopted by the Foundation: *Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09") and *Accounting Standards Update No. 2018-08, Not-For-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-09").

ASU 2014-09 outlines a single, comprehensive model for accounting for revenue from contracts with customers. The Foundation does not believe they have any transactions that qualify under this pronouncement.

Management of the Foundation has analyzed the provisions of ASU 2014-09 and has concluded that no changes are necessary to conform with the new standards, therefore the implementation of ASU 2014-09 has no impact on beginning net assets or revenues.

ASU 2018-08 clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information amount not-for-profit entities.

The change in accounting principle resulting from ASU 2018-08 was adopted on a modified prospective basis in 2021. There was no resulting cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of December 31, 2021.

NOTE 10 - PAYCHECK PROTECTION PROGRAM (PPP) LOAN

Beginning around March 2020, the COVID-19 virus was declared a global pandemic. In August 2020, the Foundation received \$ 15 400, and in March 2021 the Foundation received an additional \$ 28 680. The total sum received, \$ 44 080, was forgiven by the SBA in 2021.

NOTE 11 - SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 21, 2022, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

THE LIBRARY FOUNDATION FOR SARASOTA COUNTY, INC.
 SCHEDULES OF ADMINISTRATIVE, PROGRAM AND FUNDRAISING EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2021

ADMINISTRATIVE EXPENSES

Administrative services	\$	30 130
Consultant services		18 373
Development expenses		33 024
Depreciation		795
Executive salary and expenses		52 866
Insurance		5 173
Rent		4 200
Office expenses		11 176
Investment fees		17 653
Printing and postage expenses		5 664
Telephone and internet expenses		2 884
Other administrative expenses		43 193
Software leasing		3 436
Website design and maintenance		1 800
Marketing and advertising		<u>32 333</u>
TOTAL ADMINISTRATIVE EXPENSES	\$	<u><u>262 700</u></u>

PROGRAM EXPENSES

Special events		39 170
Other program expenses		<u>204 768</u>
TOTAL PROGRAM EXPENSES	\$	<u><u>243 938</u></u>

See Independent Auditors' Report.