

Audited
Financial
Statements

December 31,
2023

Bosler Memorial Library

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bosler Memorial Library
Carlisle, Pennsylvania

Opinion

We have audited the accompanying financial statements of Bosler Memorial Library (a non-profit Library), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of December 31, 2023 and 2022, and the related statements of support and revenues, expenditures, and changes in net assets – modified cash basis, statement of functional expenses – modified cash basis, and statement of cash flows – modified cash basis 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 assets, liabilities, and net assets of Bosler Memorial Library as of December 31, 2023 and 2022 and its support and revenues, expenditures, and changes in net assets for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

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 Bosler Memorial Library 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.

Basis of Accounting

We draw attention to 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.

Responsibilities of Management 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 as described in Note 1, and for 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.

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, 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.

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 risk 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 for the purpose of expressing an opinion on the effectiveness of Bosler Memorial Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bosler Memorial Library'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.

Smith Elliott Hearn & Company, LLC.

Camp Hill, Pennsylvania
June 5, 2024

BOSLER MEMORIAL LIBRARY
Statements of Assets, Liabilities, and Net Assets – Modified Cash Basis
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 201,651	\$ 653,074
Total Current Assets	<u>201,651</u>	<u>653,074</u>
Property and Equipment		
Financing right-of-use assets	6,007	12,013
Land	139,499	141,199
Land improvements	741,786	20,467
Buildings	7,129,844	7,129,844
Furniture and equipment	774,478	745,276
Total property and equipment	<u>8,791,614</u>	<u>8,048,799</u>
Less accumulated depreciation	<u>(2,980,759)</u>	<u>(2,784,126)</u>
Property and Equipment, Net	<u>5,810,855</u>	<u>5,264,673</u>
Investments		
Board-designated endowment fund	1,355,987	1,327,100
G.B. Stuart Foundation restricted fund	120,050	101,807
Rovegno Endowment fund	53,907	-
Total Investments	<u>1,529,944</u>	<u>1,428,907</u>
Other Assets		
Beneficial interest in perpetual trust	<u>223,114</u>	<u>202,742</u>
TOTAL ASSETS	<u><u>\$ 7,765,564</u></u>	<u><u>\$ 7,549,396</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Short-term lease liability - financing	\$ 4,505	\$ 4,880
Payroll and sales tax withholdings	<u>3,649</u>	<u>4,238</u>
Total Current Liabilities	<u>8,154</u>	<u>9,118</u>
Long Term Liabilities		
Long-term lease liability - financing	<u>1,502</u>	<u>6,007</u>
Total Long Term Liabilities	<u>1,502</u>	<u>6,007</u>
Total Liabilities	<u>9,656</u>	<u>15,125</u>
Net Assets		
Without donor restrictions - undesignated	5,721,453	5,188,177
Without donor restrictions - board designated	1,551,801	1,657,720
With donor restrictions	<u>482,654</u>	<u>688,374</u>
Total Net Assets	<u>7,755,908</u>	<u>7,534,271</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 7,765,564</u></u>	<u><u>\$ 7,549,396</u></u>

BOSLER MEMORIAL LIBRARY
Statement of Support and Revenues, Expenditures, and Changes in Net Assets -
Modified Cash Basis
Year Ended December 31, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
Support and Revenues			
Governmental support	\$ 796,736	\$ 249,238	\$ 1,045,974
Contributions	589,988	110,187	700,175
Library operations	38,396	-	38,396
Interest and dividends	5,588	-	5,588
Insurance rebate	3,895	-	3,895
Net assets released from restrictions	597,668	(597,668)	-
Total Support and Revenue	<u>2,032,271</u>	<u>(238,243)</u>	<u>1,794,028</u>
Expenditures			
Program services			
Adult programs	674,317	-	674,317
Juvenile programs	286,761	-	286,761
Reference programs	527,873	-	527,873
Total Program Services	<u>1,488,951</u>	<u>-</u>	<u>1,488,951</u>
Support Services			
Management and general	140,602	-	140,602
Fundraising	130,938	-	130,938
Total Expenditures	<u>1,760,491</u>	<u>-</u>	<u>1,760,491</u>
Changes in Net Assets from Operating Activities	<u>271,780</u>	<u>(238,243)</u>	<u>33,537</u>
NONOPERATING ACTIVITIES			
Investment return, net	155,577	32,523	188,100
CHANGE IN NET ASSETS	427,357	(205,720)	221,637
NET ASSETS - BEGINNING	<u>6,845,897</u>	<u>688,374</u>	<u>7,534,271</u>
NET ASSETS - END OF YEAR	<u>\$ 7,273,254</u>	<u>\$ 482,654</u>	<u>\$ 7,755,908</u>

BOSLER MEMORIAL LIBRARY
Statement of Support and Revenues, Expenditures, and Changes in Net Assets -
Modified Cash Basis
Year Ended December 31, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
Support and Revenues			
Governmental support	\$ 836,926	\$ 34,990	\$ 871,916
Contributions	257,654	405,879	663,533
Library operations	36,743	-	36,743
Interest and dividends	1,702	-	1,702
Insurance rebate	2,957	-	2,957
Net assets released from restrictions	132,268	(132,268)	-
Total Support and Revenue	<u>1,268,250</u>	<u>308,601</u>	<u>1,576,851</u>
Expenditures			
Program services			
Adult programs	676,442	-	676,442
Juvenile programs	315,190	-	315,190
Reference programs	460,393	-	460,393
Total Program Services	<u>1,452,025</u>	<u>-</u>	<u>1,452,025</u>
Support Services			
Management and general	157,857	-	157,857
Fundraising	115,194	-	115,194
Total Expenditures	<u>1,725,076</u>	<u>-</u>	<u>1,725,076</u>
Changes in Net Assets from Operating Activities	<u>(456,826)</u>	<u>308,601</u>	<u>(148,225)</u>
NONOPERATING ACTIVITIES			
Investment return, net	<u>(156,060)</u>	<u>(61,091)</u>	<u>(217,151)</u>
CHANGE IN NET ASSETS	(612,886)	247,510	(365,376)
NET ASSETS - BEGINNING	<u>7,458,783</u>	<u>440,864</u>	<u>7,899,647</u>
NET ASSETS - END OF YEAR	<u>\$ 6,845,897</u>	<u>\$ 688,374</u>	<u>\$ 7,534,271</u>

BOSLER MEMORIAL LIBRARY
Statement of Functional Expenses – Modified Cash Basis
Year Ended December 31, 2023

	2023					Total
	Adult Programs	Juvenile Programs	Reference Programs	Management and General	Fundraising	
Salaries and wages	\$ 339,036	\$ 157,839	\$ 204,870	\$ 91,944	\$ 83,925	\$ 877,614
Payroll taxes	30,239	14,078	18,273	8,201	1,283	72,074
Employee benefits	27,751	12,601	5,780	6,337	1,334	53,803
Collections	64,311	20,959	184,315	-	-	269,585
Depreciation	89,232	31,973	46,110	11,778	17,540	196,633
Amortization	2,726	977	1,408	359	536	6,006
Utilities & telephone	35,393	12,681	18,289	4,672	6,957	77,992
Building and grounds maintenance	26,927	9,648	13,915	3,554	5,293	59,337
Insurance	11,201	4,013	5,788	1,478	2,202	24,682
Professional fees	1,185	552	716	322	50	2,825
Public relations - program	16,500	7,599	10,336	-	-	34,435
Accounting and payroll processing	7,688	3,579	4,646	2,085	326	18,324
Equipment rental and maintenance	221	79	114	30	43	487
Postage/freight	546	254	330	148	23	1,301
Office expense	12,205	5,682	7,375	3,311	518	29,091
Supplies and collection maintenance	853	393	535	-	-	1,781
Printing	4,333	2,017	2,618	1,175	184	10,327
Miscellaneous	513	239	309	139	22	1,222
Dues and memberships	947	441	572	256	40	2,256
Travel and conferences	2,510	1,157	1,574	-	-	5,241
Bank charges	-	-	-	4,813	-	4,813
Fundraising-direct costs	-	-	-	-	10,662	10,662
	<u>\$ 674,317</u>	<u>\$ 286,761</u>	<u>\$ 527,873</u>	<u>\$ 140,602</u>	<u>\$ 130,938</u>	<u>\$ 1,760,491</u>

BOSLER MEMORIAL LIBRARY
Statement of Functional Expenses – Modified Cash Basis
Year Ended December 31, 2022

	2022					Total
	Adult Programs	Juvenile Programs	Reference Programs	Management and General	Fundraising	
Salaries and wages	\$ 347,285	\$ 186,567	\$ 162,482	\$ 92,581	\$ 82,142	\$ 871,057
Payroll taxes	30,360	16,310	14,204	8,094	1,156	70,124
Employee benefits	22,446	8,586	4,884	8,793	1,851	46,560
Collections	62,780	20,632	170,438	-	-	253,850
Depreciation	99,069	34,093	51,183	22,013	10,518	216,876
Amortization	1,646	567	851	365	175	3,604
Utilities & telephone	33,230	11,436	17,168	7,384	3,528	72,746
Building and grounds maintenance	18,105	6,230	9,354	4,023	1,922	39,634
Insurance	10,848	3,733	5,605	2,410	1,152	23,748
Professional fees	920	494	430	246	35	2,125
Public relations - program	14,285	7,547	7,061	-	-	28,893
Accounting and payroll processing	8,299	4,458	3,883	2,212	316	19,168
Equipment rental and maintenance	78	27	40	17	8	170
Postage/freight	471	253	221	126	18	1,089
Office expense	15,006	8,062	7,021	4,000	572	34,661
Supplies and collection maintenance	533	282	263	-	-	1,078
Printing	4,845	2,603	2,267	1,291	185	11,191
Miscellaneous	966	519	452	257	37	2,231
Dues and memberships	728	391	341	194	28	1,682
Travel and conferences	4,542	2,400	2,245	-	-	9,187
Bank charges	-	-	-	3,851	-	3,851
Fundraising-direct costs	-	-	-	-	11,551	11,551
	<u>\$ 676,442</u>	<u>\$ 315,190</u>	<u>\$ 460,393</u>	<u>\$ 157,857</u>	<u>\$ 115,194</u>	<u>\$ 1,725,076</u>

BOSLER MEMORIAL LIBRARY
Statements of Cash Flows – Modified Cash Basis
Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 221,637	\$ (365,376)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	202,639	220,480
Net realized/unrealized (gains) loss on investments	(122,665)	218,278
Unrealized loss on third party trust	(20,372)	54,308
Increase (decrease) in		
Payroll and sales tax withholdings	(589)	1,258
Net Cash Provided by Operating Activities	<u>280,650</u>	<u>128,948</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(345,674)	(285,684)
Proceeds from sale of investments	367,302	304,819
Purchase of property and equipment	<u>(748,821)</u>	<u>(13,306)</u>
Net Cash Provided (Used) by Investing Activities	<u>(727,193)</u>	<u>5,829</u>
CASH FLOWS FROM FINANCE ACTIVITIES		
Payment on finance lease obligation	<u>(4,880)</u>	<u>(4,130)</u>
Net Cash Used by Finance Activities	<u>(4,880)</u>	<u>(4,130)</u>
Increase (Decrease) in Cash and Cash Equivalents	(451,423)	130,647
CASH AND CASH EQUIVALENTS, BEGINNING	<u>653,074</u>	<u>522,427</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 201,651</u>	<u>\$ 653,074</u>

BOSLER MEMORIAL LIBRARY

Notes to the Financial Statements

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The J. Herman Bosler Memorial Library, commonly known as Bosler Memorial Library (Library) was formed to provide public library services to the residents of the Carlisle, Pennsylvania area. The Library provides a large selection of books and other media to its patrons to satisfy their needs for information, culture, education, and leisure. The library makes available free of charge books, periodicals, spoken cassettes, videos and other library materials. Librarians are made available to help patrons find materials, and to answer questions both in person and via telephone. Inter-library loan services are available to further expand the availability of materials to the library's patrons. A variety of children's and adult programs are offered to promote reading and learning.

Basis of Accounting

These statements were prepared using the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles. This basis recognizes assets, liabilities, net assets, revenues, and expenditures and capital purchases when they result from cash transactions or borrowings, with a provision for capitalizing fixed assets, depreciation, and the fair market value of investments and a beneficial interest in a perpetual trust.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Library considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could differ from those estimates.

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.

Concentration of Risk

The Library maintains bank accounts at local financial institutions. The balances at times may exceed the federal deposit insurance limits. Management considers this to be a normal business risk.

BOSLER MEMORIAL LIBRARY
Notes to the Financial Statements

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Depreciation

Property and equipment is stated at cost, and depreciation is computed utilizing the straight-line method over the estimated useful lives. The costs of providing various programs and supporting services have been summarized on a functional basis in the statements of support and revenues, expenditures, and changes in net assets – modified cash basis.

	<u>Estimated Lives</u>
Land improvements	15 - 20 years
Buildings	10 - 40 years
Furniture and equipment	5 - 10 years

Expenditures for maintenance and repairs are charged to expenses 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 revenues, expenditures, and 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 without donor restrictions support.

Functional Expense Classification

The costs of providing various programs and supporting services have been summarized on a functional basis in the statements of support and revenues, expenditures, and 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.

Indirect expenses are allocated using the following methods:

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

BOSLER MEMORIAL LIBRARY
Notes to the Financial Statements

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Library is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code and is exempt from federal income tax. The Library is considered a public charity.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Library and recognize the tax liability if the Library has taken uncertain positions that more likely than not, would not be sustained upon examination by the taxing authority. The Library is subject to routine audits by taxing jurisdictions, generally for a period of three years after the returns are filed; however, there are currently no audits for any tax periods in progress.

Market Risks

The Library invests in various investment securities, which are exposed to various risks, such as interest rate, market, currency, and credit risks. Market risks include global events which could impact the value of investment securities, such as a pandemic or international conflict. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could be material.

Donor Restrictions

Contributions of cash that must be used to acquire property and equipment are reported as with donor restrictions support. Absent donor stipulations regarding how long those assets must be maintained, the Library reports expirations of donor restrictions when the acquired assets are placed in service. The Library reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Contributions are reported as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence or nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions for which restrictions are met within the same calendar year are reported as net assets without donor restrictions.

Investments

Investments are carried at fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the change in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Beneficial Interest in Perpetual Trusts

The Library has rights to income generated by a trust fund which is administered by a third party. Valuation of these rights is based on the present value of the estimated future income generated by the trust, which at December 31, 2023 and 2022 approximated the Library's proportionate share of the value of the assets held by the trust.

BOSLER MEMORIAL LIBRARY
Notes to the Financial Statements

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services

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.

Net Assets

The Library is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. A description of the two net asset categories follows:

Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions net assets may be designated for specific purposes by action of the Board of Directors.

With Donor Restrictions: Net assets whose use by the Library is subject to donor-imposed restrictions that can be fulfilled by actions of the Library pursuant to those restrictions or that expire by the passage of time and net assets subject to donor-imposed restrictions that are to be maintained permanently by the Library.

Reclassifications

Certain reclassifications were made to the previously reported amounts for 2022 in order for them to be comparative to 2023.

NOTE 2 DONATED MATERIALS

All materials donated to the Library are recorded at their estimated fair value when received. Th Library's policy is to use donated materials in their operations. Donated materials are included as contributions in the statements of support and revenues, expenditures, and changes in net assets - modified cash basis and consist of the following at December 31:

	2023	2022
Program Services:		
Law library	\$ 52,666	\$ 52,143
Books	3,304	7,233
Audiovisual	250	160
Hearing assistance	100	680
Management and General:		
Other materials	250	295
	<u>\$ 56,570</u>	<u>\$ 60,511</u>

BOSLER MEMORIAL LIBRARY
Notes to the Financial Statements

NOTE 3 RESTRICTIONS ON NET ASSETS

Net assets consist of the following as of December 31:

	2023	2022
<i>Net assets with donor restrictions</i>		
Subject to expenditure for specified purpose:		
Collections	\$ 37,564	\$ 43,464
Children's learning garden	-	278,427
Educational and other library programs	22,019	35,934
Outreach vehicle	26,000	26,000
	<u>85,583</u>	<u>383,825</u>
Subject to endowment spending policy and perpetual in nature:		
G.B. Stuart Foundation restricted fund	120,050	101,807
Revegno endowment restricted fund	53,907	-
Beneficial Interest in Hertzler Perpetual Trust	223,114	202,742
	<u>397,071</u>	<u>304,549</u>
	<u>\$ 482,654</u>	<u>\$ 688,374</u>
<i>Net assets without donor restrictions</i>		
Board Designated		
Board-designated endowment	\$ 1,355,987	\$ 1,327,100
Facilities fund	15,052	30,168
Operational reserve	132,493	193,770
Technology, furniture, and fixtures	5,142	7,549
Staff continuing education	1,589	3,184
Educational and other library programs	21,038	12,949
ADA project design	-	8,000
Children's learning garden	-	75,000
Outreach vehicle	20,500	-
	<u>1,551,801</u>	<u>1,657,720</u>
Undesignated	5,721,453	5,188,177
	<u>\$ 7,273,254</u>	<u>\$ 6,845,897</u>

BOSLER MEMORIAL LIBRARY
Notes to the Financial Statements

NOTE 4 NET ASSETS RELEASED FROM RESTRICTIONS

During the years ended December 31, 2023 and 2022, net assets were released from donor restrictions by satisfying the restricted purposes:

	2023	2022
<i>Purpose restriction accomplished</i>		
Collections	\$ 53,088	\$ 30,780
Educational and other library programs	116,154	101,488
Children's learning garden	428,426	-
	<u>\$ 597,668</u>	<u>\$ 132,268</u>

NOTE 5 INVESTMENTS/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 three accounts, the Board Designated Fund, G.B. Stuart Foundation Restricted Fund, and the Rovegno endowment restricted fund, and are classified for net assets purposes as follows at December 31, 2023 and 2022:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
G.B. Stuart Foundation restricted fund	\$ -	\$ 120,050	\$ 120,050
Rovegno endowment restricted fund	-	53,907	53,907
Board Designated Fund (Quasi-Endowment)	1,355,987	-	1,355,987
Total Investment Funds	<u>\$ 1,355,987</u>	<u>\$ 173,957</u>	<u>\$ 1,529,944</u>
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
G.B. Stuart Foundation restricted fund	\$ -	\$ 101,807	\$ 101,807
Board Designated Fund (Quasi-Endowment)	1,327,100	-	1,327,100
Total Investment Funds	<u>\$ 1,327,100</u>	<u>\$ 101,807</u>	<u>\$ 1,428,907</u>

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.

NOTE 5 INVESTMENTS/ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The Commonwealth of Pennsylvania has not enacted a version of UPMIFA, or a version of the Uniform Management of Institutional Funds Act (UPMIFA). Governing law resides in 15 Pa. C.S. Section 5548 "Investment of Trust Funds". The Library has interpreted relevant law as required for 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) accumulates to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulate is added to the fund.

Unless otherwise stipulated by the donor, Pennsylvania law permits the Board of Directors to make an election 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 the Financial Statements

NOTE 5 INVESTMENTS/ENDOWMENTS (CONTINUED)

The following schedule summarizes the changes in the endowments at December 31:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Investments at beginning of year	\$ 1,327,100	\$ 101,807	\$ 1,428,907
Contributions	84,123	60,000	144,123
Distributions	(198,582)	(4,122)	(202,704)
Investment returns			
Interest and dividends	41,278	6,858	48,136
Unrealized and realized gains	112,286	10,379	122,665
Investment expenses	<u>(10,218)</u>	<u>(965)</u>	<u>(11,183)</u>
Investments at end of year	<u>\$ 1,355,987</u>	<u>\$ 173,957</u>	<u>\$ 1,529,944</u>
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Investments at beginning of year	\$ 1,557,730	\$ 108,590	\$ 1,666,320
Contributions	8,526	10,000	18,526
Distributions	(79,617)	(3,894)	(83,511)
Investment returns			
Interest and dividends	50,565	6,960	57,525
Unrealized and realized losses	(199,173)	(19,105)	(218,278)
Investment expenses	<u>(10,931)</u>	<u>(744)</u>	<u>(11,675)</u>
Investments at end of year	<u>\$ 1,327,100</u>	<u>\$ 101,807</u>	<u>\$ 1,428,907</u>

BOSLER MEMORIAL LIBRARY
Notes to the Financial Statements

NOTE 5 INVESTMENTS/ENDOWMENTS (CONTINUED)

The following schedule summarizes the portfolio of investments at December 31:

	2023	
	Cost	Fair Value
Money market fund	\$ 175,731	\$ 175,731
Fixed income funds:		
Long-term bond funds	17,458	17,573
Intermediate-term bond funds	206,302	187,984
Short-term bond funds	205,000	188,674
Certificates of deposit	50,000	50,000
Equities:		
Stocks	585,849	814,826
Mutual funds - equities	83,827	95,156
	<u>\$ 1,324,167</u>	<u>\$ 1,529,944</u>
	2022	
	Cost	Fair Value
Money market fund	\$ 193,948	\$ 193,948
Fixed income funds:		
Intermediate-term bond funds	191,541	170,500
Short-term bond funds	204,807	182,570
Certificates of deposit	50,000	50,000
Equities:		
Stocks	373,090	507,285
Mutual funds - equities	320,610	324,604
	<u>\$ 1,333,996</u>	<u>\$ 1,428,907</u>

Investment income consist of the following at December 31, 2023 and 2022:

	2023	2022
Investment income	\$ 56,246	\$ 67,111
Realized gains (losses)	11,798	(1,574)
Unrealized gains (losses)	131,239	(271,012)
Investment fees	(11,183)	(11,676)
Investment Return, Net	<u>\$ 188,100</u>	<u>\$ (217,151)</u>

NOTE 6 BENEFICIAL INTEREST IN PERPETUAL TRUST

The Library is a beneficiary of the Samuel C. Hertzler Perpetual Trust and is entitled to a 12.5% interest in the income of the trust; said income is to be used for work among women. The Trust is held by Wilmington Trust and investment income payments are distributed quarterly to the Library. The Trust is accounted for at fair-market value.

BOSLER MEMORIAL LIBRARY

Notes to the Financial Statements

NOTE 6 BENEFICIAL INTEREST IN PERPETUAL TRUST (CONTINUED)

The Library's portion of the value of the split-interest trust agreement, as of December 31, 2023 and 2022, is \$ 223,114 and \$ 202,742, respectively. This reflects a net increase/(decrease) of \$ 20,372 and \$ (54,308) for the years ended December 31, 2023 and 2022, respectively. Income from the split-interest agreements for the years ended December 31, 2023 and 2022, was \$ 8,110 and \$ 9,586, respectively.

NOTE 7 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). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Library can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- 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 that are unobservable inputs for the asset or liability.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis.

Money Market Funds

Money Market Funds are valued at the daily closing price as reported by the fund.

Equity Securities

Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds – Equities and Fixed Income Funds

Valued at the closing price reported on the active market on which the individual mutual funds are traded. Mutual funds held are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held are deemed to be actively traded.

BOSLER MEMORIAL LIBRARY
Notes to the Financial Statements

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

Certificates of Deposit

The carrying amount for cash equivalents represents fair value.

Beneficial Interest in Perpetual Trusts

Fair value of the beneficial interest in perpetual trusts is based on a percentage of ownership of the respective trust assets, which approximates the present value of the estimated future cash flows to be received from the trusts. The present value measure is utilized as the underlying assets of each individual trust are not in control of the Library.

There were no liabilities measured on a recurring basis.

Fair values of assets measured on a recurring basis at December 31, 2023 and 2022 are as follows:

Description	Fair Value Measurements at December 31, 2023			
	Fair Value 12/31/2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market fund	\$ 175,731	\$ 175,731	\$ -	\$ -
Fixed income funds:				
Long-term bond funds	17,573	17,573	-	-
Intermediate-term bond funds	187,984	187,984	-	-
Short-term bond funds	188,674	188,674	-	-
Certificates of deposit	50,000	50,000	-	-
Domestic and international stocks				
ETF International	85,460	85,460	-	-
ETF Mid	102,353	102,353	-	-
ETF Small	104,172	104,172	-	-
Communication services	25,885	25,885	-	-
Consumer discretionary	45,786	45,786	-	-
Consumer staples	49,705	49,705	-	-
Energy	30,161	30,161	-	-
Financials	70,873	70,873	-	-
Healthcare	63,412	63,412	-	-
Industrials	43,014	43,014	-	-
Information technology	110,775	110,775	-	-
Materials	49,509	49,509	-	-
Real estate	15,423	15,423	-	-
Utilities	18,298	18,298	-	-
Mutual funds - equities	95,156	95,156	-	-
Beneficial interest in perpetual trust	223,114	-	223,114	-
Total	<u>\$ 1,753,058</u>	<u>\$ 1,529,944</u>	<u>\$ 223,114</u>	<u>\$ -</u>

BOSLER MEMORIAL LIBRARY
Notes to the Financial Statements

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

Description	Fair Value Measurements at December 31, 2022			
	Fair Value 12/31/2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market fund	\$ 193,948	\$ 193,948	\$ -	\$ -
Fixed income funds:				
Intermediate-term bond funds	170,500	170,500	-	-
Short-term bond funds	182,570	182,570	-	-
Certificates of deposit	50,000	50,000	-	-
Domestic and international stocks				
Communication services	20,381	20,381	-	-
Consumer discretionary	53,541	53,541	-	-
Consumer staples	40,922	40,922	-	-
Energy	30,520	30,520	-	-
Financials	68,622	68,622	-	-
Healthcare	65,070	65,070	-	-
Industrials	45,545	45,545	-	-
Information technology	93,757	93,757	-	-
Materials	50,178	50,178	-	-
Real estate	21,376	21,376	-	-
Utilities	17,373	17,373	-	-
Mutual funds - equities	324,604	324,604	-	-
Beneficial interest in perpetual trust	202,742	-	202,742	-
Total	\$ 1,631,649	\$ 1,428,907	\$ 202,742	\$ -

NOTE 8 LEASES

On January 1, 2022, the Library adopted ASU No. 2016-02, *Leases (Topic 842)* and all subsequent ASUs that modified Topic 842. The Library elected the prospective application approach provided by ASU 2018-11 and did not adjust prior periods for ASC 842. The Library also elected certain practical expedients within the standard and consistent with such elections did not reassess whether any expired or existing contracts are or contain leases, did not reassess the lease classification for any expired or existing leases, and did not reassess any initial direct costs for existing leases. The implementation of the new standard resulted in recognition of a right-of-use asset and lease liability of \$ 15,617 at the date of adoption, which is related to the Library's lease of copiers used in operations. Since the calculated right of use asset and lease liability were materially the same, a cumulative effect adjustment to net assets as of the implementation date was not recorded.

Lease liabilities represent the Library's obligation to make lease payments and are presented at each reporting date at value of the remaining contractual cash flows. Right-of-use assets represent the Library's right to use the underlying asset for the lease term and are calculated as the sum of the lease liability and if applicable, prepaid rent, initial direct costs, and any incentives received from the lessor.

BOSLER MEMORIAL LIBRARY
Notes to the Financial Statements

NOTE 8 LEASES (CONTINUED)

The Library has one lease for two copiers. The lease is noninterest bearing and is paid monthly in payments of \$ 375 through April 2025. The lease does allow for the option to extend the lease term by 12 months and of purchasing the equipment at the end of the lease term. These options have been included in the calculation of the lease liability to the extent that the options are reasonably assured of being exercised. The lease agreements do not provide for residual value guarantees and have no restrictions or covenants that would require incurring additional financial obligations. There are no variable or short-term lease costs for the year ended December 31, 2023 or 2022.

Lease expense for the years ended December 31 is as follows:

	2023	2022
Finance lease expense:		
Amortization of ROU assets	\$ 6,006	\$ 3,604

Information related to cash flows, assets obtained, weighted-average remaining lease terms, and weighted-average discount rates are as follows at December 31:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities		
Financing cash flows from finance leases (i.e., principal portion)	\$ 4,880	\$ 4,130
Weighted-average remaining lease term in years for finance leases	1.33	2.42
Weighted-average discount rate for finance leases (Non-Interest Lease)	0.00%	0.00%

Future payments due under lease obligations are as follows at December 31, 2023:

	Finance
2024	\$ 4,505
2025	1,502
Total undiscounted cash flows	6,007
Less: present value discount	-
Total lease liabilities	\$ 6,007

NOTE 9 CONCENTRATIONS

The 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 43% and 42% of its total operating support and revenue from the Commonwealth of Pennsylvania and Cumberland County for the years ended December 31, 2023 and 2022, respectively. A reduction in this funding source could have a significant negative financial impact on the Library.

BOSLER MEMORIAL LIBRARY

Notes to the Financial Statements

NOTE 10 PENSION PLAN

The Library participates in a 403(b) Tax Deferred Annuity Plan in conjunction with other local non-profit libraries. 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 \$ 8,223 and \$ 7,899 for December 31, 2023 and 2022, respectively.

NOTE 11 LIQUIDITY AND AVAILABILITY

The Library's financial assets within one year of the statement of assets, liabilities, and net assets - modified cash basis for general expenditures are as follows:

	2023	2022
Cash and cash equivalents	\$ 201,651	\$ 653,074
Less cash held for future donor specified expenditures	(85,583)	(383,825)
G.B. Stuart Foundation restricted fund	120,050	101,807
Rovegno endowment restricted fund	53,907	-
Board-designated endowment fund	1,355,987	1,327,100
Less donor designated restricted funds	(173,957)	(101,807)
Less board designated endowment fund	(1,355,987)	(1,327,100)
Distributions from beneficial interest in assets held by others	8,110	9,586
Endowment spending-rate distributions and appropriations	61,019	59,720
	<u>\$ 185,197</u>	<u>\$ 338,555</u>

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 the Board of Director designated funding.

The Library's board-designated endowment of \$ 1,355,987 and \$ 1,327,100 at December 31, 2023 and 2022, respectively, is subject to an annual spending rate of 2% to 7% as described in Note 5. Although the Library does not intend to spend this board-designated endowment (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary.

The Library has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 12 CONTINGENCIES

On February 23, 2023, the Library signed a mortgage document that placed a 5-year lien on the Children's Learning Garden as a condition for receiving a \$ 150,000 American Rescue Plan grant. The mortgage will be considered satisfied, and the lien expired, as long as the Library retains possession of the Children's Learning Garden for a period of five years.

NOTE 13 SUBSEQUENT EVENTS

The Library has evaluated events and transactions subsequent to December 31, 2023 through June 5, 2024, the date these financial statements were available to be issued. Based on the definitions and requirements of the modified cash basis of accounting, management has not identified any events that require recognition or disclosure in the financial statements.