

**LITITZ PUBLIC LIBRARY**

**Financial Statements**

**Years Ended December 31, 2023 and 2022**

For Review and Discussion Purposes Only

LITITZ PUBLIC LIBRARY

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For Review and Discussion Purposes Only

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Lititz Public Library  
Lititz, Pennsylvania

### **Opinion**

We have audited the accompanying financial statements of Lititz Public Library (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2023, and the related statements of support, revenue and expenses – modified cash basis and functional expenses – modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the 2023 financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets Lititz Public Library as of December 31, 2023, and its support, revenue and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

### **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 Lititz Public Library 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.

### **Adjustments to Prior Period Financial Statements**

The financial statements of Lititz Public Library as of December 31, 2022, were audited by other auditors whose opinion dated August 15, 2023, on those statements was qualified because Lititz Public Library applied FASB ASC 842 Leases to Modified Cash Basis financial statements, as more fully described in Note 8. The organization has restated its December 31, 2022 financial statements during the current year to remove the application of FASB ASC 842 Leases, to its Modified Cash Basis financial statement.

### **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 the financial statements in accordance with the modified cash basis of accounting 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 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 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 Lititz Public 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 Lititz Public 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.

November xx, 2024

ROSS BUEHLER FALK & COMPANY, LLP

LITITZ PUBLIC LIBRARY  
STATEMENTS OF ASSETS, LIABILITIES, AND  
NET ASSETS - MODIFIED CASH BASIS  
DECEMBER 31, 2023 AND 2022

Exhibit "A"

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
<u>CURRENT</u>		
Cash and cash equivalents	\$ 126,372	\$ 170,038
Total Current Assets	<u>126,372</u>	<u>170,038</u>
 <u>PROPERTY AND EQUIPMENT</u>		
Building and improvements	1,381,634	1,381,634
Equipment	75,974	75,974
Furniture and fixtures	277,515	277,515
Leasehold improvements	3,178	3,178
Land improvements	474,117	221,747
Total Property and Equipment	<u>2,212,418</u>	<u>1,960,047</u>
Less: accumulated depreciation	<u>1,336,243</u>	<u>1,278,385</u>
Net Property and Equipment	<u>876,175</u>	<u>681,662</u>
 <u>OTHER ASSETS</u>		
Book Endowment	282,238	247,518
Oehme Endowment	159,231	131,752
Operating Trust Account	1,113,261	1,185,528
Restricted Cash from Investments	9,935	-
Total Other Assets	<u>1,564,665</u>	<u>1,564,798</u>
Total Assets	<u>\$ 2,567,212</u>	<u>\$ 2,416,499</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Payroll withholdings	\$ 543	\$ 1,496
Total Current Liabilities	<u>543</u>	<u>1,496</u>
Total Liabilities	543	1,496
 <u>NET ASSETS</u>		
Without donor restrictions	2,288,438	2,167,423
With donor restrictions	278,231	247,580
Total Net Assets	<u>2,566,669</u>	<u>2,415,002</u>
Total Liabilities and Net Assets	<u>\$ 2,567,212</u>	<u>\$ 2,416,498</u>

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

LITITZ PUBLIC LIBRARY  
STATEMENTS OF SUPPORT, REVENUE, AND  
EXPENSES - MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2023 AND 2022

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
State aid	\$ 131,448	\$ -	\$ 131,448
Municipal and school aid	153,088	-	153,088
County aid	13,754	-	13,754
Special events (net of expenses of \$12,746)	13,120	-	13,120
Gifts and donations	357,468	-	357,468
Fine income	32,293	-	32,293
Dividends and interest (net of expenses \$12,600)	23,931	-	23,931
Miscellaneous	1,468	-	1,468
Online book sales	31,474	-	31,474
Realized loss on investments	(75,572)	(14,261)	(89,833)
Unrealized gain on investments	226,201	44,912	271,113
In-Kind Contributions	23,101	-	23,101
	<u>931,774</u>	<u>30,651</u>	<u>962,425</u>
<b>OPERATING EXPENSES</b>			
Program services	654,918	-	654,918
Management and general	135,871	-	135,871
Fundraising	19,970	-	19,970
	<u>810,759</u>	<u>-</u>	<u>810,759</u>
Increase in Net Assets	121,015	30,651	151,666
Net Assets, Beginning of Year	<u>2,167,423</u>	<u>247,580</u>	<u>2,415,003</u>
Net Assets, End of Year	<u>\$ 2,288,438</u>	<u>\$ 278,231</u>	<u>\$ 2,566,669</u>

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

LITITZ PUBLIC LIBRARY  
STATEMENTS OF SUPPORT, REVENUE, AND  
EXPENSES - MODIFIED CASH BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
State aid	\$ 122,795	\$ -	\$ 122,795
Municipal and school aid	153,065	-	153,065
County aid	15,552	-	15,552
Special events (net of expenses of \$3,679)	20,081	-	20,081
Gifts and donations	412,538	-	412,538
Fine income	36,717	-	36,717
Dividends and interest (net of expenses \$12,036)	19,406	3,488	22,894
Miscellaneous	277	-	277
Online book sales	7,698	-	7,698
Realized gain on investments	83,665	37,005	120,670
Unrealized loss on investments	(386,753)	(96,151)	(482,904)
In-Kind Contributions	23,556	-	23,556
	<b>508,597</b>	<b>(55,658)</b>	<b>452,939</b>
<b>OPERATING EXPENSES</b>			
Program services	594,997	-	594,997
Management and general	153,776	-	153,776
Fundraising	12,933	-	12,933
	<b>761,706</b>	<b>-</b>	<b>761,706</b>
Decrease in Net Assets	(253,108)	(55,658)	(308,767)
Net Assets, Beginning of Year	2,420,531	303,238	2,723,769
Net Assets, End of Year	\$ 2,167,423	\$ 247,580	\$ 2,415,002

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

LITITZ PUBLIC LIBRARY  
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2023

2023					
	Program Services	Supporting Services			Total Program and Supporting Services
		Management and General	Fundraising	Total Supporting Services	
PERSONNEL					
Salaries and wages	\$ 336,510	\$ 107,493	\$ -	\$ 107,493	\$ 444,003
Payroll taxes	28,646	8,393	-	8,393	37,039
Retirement	2,818	2,114	-	2,114	4,932
OPERATING					
Books, periodicals, and video materials	104,576	-	-	-	104,576
Supplies	19,120	6,374	-	6,374	25,494
Building and ground maintenance	9,010	279	-	279	9,289
Furniture & equipment	16,600	-	-	-	16,600
In-Kind (Warwick Township)	14,648	453	-	453	15,101
In-Kind (Rent)	7,760	240	-	240	8,000
Insurance	2,543	881	-	881	3,424
Postage & Freight	462	462	-	462	924
Fundraising Expense	-	-	19,970	19,970	19,970
Dues & Memberships	715	-	-	-	715
Professional Services	-	3,748	-	3,748	3,748
Library Programs	22,985	-	-	-	22,985
Bank Fees	-	1,581	-	1,581	1,581
Training	-	1,348	-	1,348	1,348
Technology	9,589	296	-	296	9,885
Utilities	12,181	377	-	377	12,558
Telephone	3,087	96	-	96	3,183
Depreciation	56,123	1,736	-	1,736	57,859
Miscellaneous expense	7,545	-	-	-	7,545
Total Expenses	\$ 654,918	\$ 135,871	\$ 19,970	\$ 155,841	\$ 810,759

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



LITITZ PUBLIC LIBRARY  
STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS  
YEARS ENDED DECEMBER 31, 2023 and 2022

2022					
	Program Services	Supporting Services			Total Program and Supporting Services
		Management and General	Fundraising	Total Supporting Services	
PERSONNEL					
Salaries and wages	\$ 299,642	\$ 95,716	\$ -	\$ 95,716	\$ 395,358
Payroll taxes	25,454	7,458	-	7,458	32,912
Retirement	1,780	1,336	-	1,336	3,116
OPERATING					
Books, periodicals, and video materials	95,430	-	-	-	95,430
Supplies	15,926	5,309	-	5,309	21,235
Building and ground maintenance	21,673	670	-	670	22,343
Furniture & equipment	11,738	-	-	-	11,738
In-Kind (Warwick Township)	15,089	467	-	467	15,556
In-Kind (Rent)	7,760	240	-	240	8,000
Insurance	5,293	1,833	-	1,833	7,126
Postage & Freight	252	252	-	252	504
Fundraising Expense	-	-	12,933	12,933	12,933
Dues & Memberships	425	-	-	-	425
Professional Services	-	33,228	-	33,228	33,228
Library Programs	21,541	-	-	-	21,541
Bank Fees	-	1,165	-	1,165	1,165
Training	-	3,868	-	3,868	3,868
Technology	10,716	331	-	331	11,047
Utilities	12,514	387	-	387	12,901
Telephone	2,775	86	-	86	2,861
Depreciation	46,232	1,430	-	1,430	47,662
Miscellaneous expense	757	-	-	-	757
Total Expenses	\$ 594,997	\$ 153,776	\$ 12,933	\$ 166,708	\$ 761,706

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

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Lititz Public Library (the “Organization”) is a nonprofit corporation that provides free access to an organized and currently useful collection of printed items and other materials and the services of a trained staff to help residents within its designated service area. The Organization is supported by state and local aid and community contributions.

Basis of Accounting

The Organization prepares its financial statements on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this method of accounting, most support and revenue are recognized when received and most expenses are recognized when paid. Therefore, accounts and pledges receivable, collections, accounts payable, and accrued expenses, which would be recognized under accounting principles generally accepted in the United States of America and which may be material in amount, are not recognized in the accompanying financial statements. The Organization has elected to record property and equipment, investments, and payroll tax liabilities on the Statements of Assets, Liabilities, and Net Assets – Modified Cash Basis.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958)*, which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

*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 Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

*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 actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Support, Revenue, and Expenses – Modified Cash Basis.

Revenue Recognition

The Financial Accounting Standards Board Issued ASU 2014-09 Revenue from Contracts with Customers which is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fill contracts. Management has determined this ASU does not have a significant impact on the financial statements.

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions received are recorded as increases in net assets with or without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. 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 restrictions and reported in the Statements of Support, Revenue, and Expenses – Modified Cash Basis as net assets released from restrictions.

The Organization accounts for contract and grant revenue, which are exchange transactions, in the Statements of Support, Revenue, and Expenses – Modified Cash Basis to the extent that expenses have been incurred for the purpose specified by the grantor during the period. In applying this concept, the legal requirements of each individual program are used as guidance. All funds not expended in accordance with the grant or contracts are recorded as a liability to the grantor as the Organization does not maintain any equity in the grant or contract. Additionally, funds received in advance of their proper usage are also accounted for as deferred revenue in the Statements of Assets, Liabilities, and Net Assets – Modified Cash Basis.

Contributed Property and Equipment and Services

No amounts have been reflected in the financial statements for contributed services because they do not meet the criteria established by the FASB Accounting Standards Codification ("ASC") topic relating to donated services. However, volunteers, including board and committee members, have donated significant amounts of their time to the Organization.

Functional Expense Allocation Method

Management has allocated expenses into the functional classifications of program services, management and general, and fundraising expenses on the accompanying Statements of Functional Expenses – Modified Cash Basis. Such allocations are estimated by management on an equitable basis according to the following methods of allocation:

<u>Expense</u>	<u>Method of Allocation</u>
Personnel	Time and effort
Operating expenses	Full-time equivalent (Percentage of personnel allocated to category)
Direct services	Direct identification

Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets at a composite cost of \$5,000 or more are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation expense for the years ended December 31, 2023 and 2022 was \$57,859 and \$47,662 respectively. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Building and improvements	5- 39 years
Equipment	5 - 10 years
Furniture and fixtures	5 - 8 years
Leasehold improvements	10 years
Land improvements	5 - 15 years

Financial Instruments

The Organization reflects investments within its financial statements in accordance with FASB ASC Topic relating to Investments. Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued in the statement of assets, liabilities, and net assets – modified cash basis. Unrealized gains or loss are included in the change in net assets.

The Organization's other financial instruments include cash. The carry value of cash and revenue receivable approximate their fair value due to their short-term nature.

Advertising

The Organization expenses advertising costs when incurred. Advertising costs for the years ended December 31, 2023 and 2022, was \$5,846 and \$0, respectively.

Income Taxes and Uncertain Tax Positions

The Organization is exempt from federal income tax as provided by Code Section 501(c)(3) of the Internal Revenue Code. Accordingly, no income tax is incurred unless the Organization earns income considered to be unrelated business income. The Organization conducted no activities that were subject to income tax during the years ended December 31, 2023 and 2022. Accordingly, the Organization has not recorded any income tax expenses or liabilities in the accompanying financial statements.

Management evaluated the tax positions taken and concluded that the Organization had taken no uncertain tax positions that require recognition or disclosure in the financial statements. The Organization's tax return information for the years ended December 31, 2023, 2022, and 2021 remain subject to examination by the Internal Revenue Service.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated all events and transactions occurring after December 31, 2023 and through **November XX, 2024**, the date through which the financial statements were available to be issued. Management feels that no events or transactions occurred subsequent to December 31, 2023, requiring an adjustment to the financial statements or disclosure in the footnotes.

NOTE 2: CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following as of December 31, 2023 and 2022:

	2023	2022
Demand deposits	\$ 115,768	\$ 124,814
Money market	10,364	40,360
Operating trust cash funds	365	297
Book endowment cash funds	240	62
Oehme endowment cash funds	9,570	4,505
	\$ 136,307	\$ 170,038

NOTE 3: TRUST HELD BY OTHERS

In 1999, a trust was established through a bequest, for the benefit of the Organization. The Organization receives contributions from Oehme Endowment fund in the amount of 5% of the value of the trust annually as determined by the Trustee. The amount received from the trust for the years ending December 31, 2023 and 2022 was \$55,720 and \$56,093, respectively.

In 1994, a trust was established through a bequest, for the benefit of the Organization. The Organization receives contributions from the residuary estate of William N. Young in the amount of 20% of the annual net income derived from the trust. The amount received from the trust for the years ending December 31, 2023 and 2022 was \$3,141 and \$2,367, respectively.

NOTE 4: LEASE AGREEMENT

On September 16, 1998, the Organization entered into an agreement with Warwick Township to lease a parcel of land (approximately 4 acres) located in Warwick Township, Lancaster County, Pennsylvania. According to the lease agreement, the Organization shall pay one dollar in rent for the entire term of the lease expiring on August 5, 2048.

Fair market value for this parcel of land has been recognized as both an In-Kind Contribution and expense. The value assigned was \$2,000 per acre per year. The In-Kind Contribution total for the years ended December 31, 2023 and 2022 was \$8,000 and \$8,000, respectively.

NOTE 5: INVESTMENTS AND FAIR VALUE MEASUREMENTS

FASB ASC 820-10-05, *Fair Value Measurement*, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value instruments. ASC 820-10-05 specifies that the valuation techniques used to measure fair value maximize the use of market data obtained from independent sources (observable inputs) and minimizes the use of unobservable inputs. ASC 820-10-05 establishes a fair value hierarchy based on the use of these inputs and is summarized as follows:

Level 1 – quoted prices in active markets for identical securities;

Level 2 – other significant observable inputs, including quoted prices for similar securities;

Level 3 – significant unobservable techniques supported by little or no market activity.

The asset or liability's fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2023 and 2022.

*Common Stock:* Valued at the closing price reported in the principal market on which the individual securities are traded.

*Mutual Funds:* Valued at the closing price reported in the principal market on which the individual funds are traded.

*Certificates of Deposit:* Valued at amortized cost, which approximates fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization 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 Organization's assets that are measured at fair value on a recurring basis as of December 31, 2023 and 2022:

NOTE 5: INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

	2023			
	Level 1	Level 2	Level 3	Total
Mutual Funds				
Small blend	\$ 11,948	\$ -	\$ -	\$ 11,948
Small-Cap	30,712	-	-	30,712
Mid-Cap Value	8,533	-	-	8,533
Mid-Cap Blend	123,088	-	-	123,088
Large growth	130,546	-	-	130,546
Large value	117,435	-	-	117,435
Large blend	406,000	-	-	406,000
Foreign large growth	67,887	-	-	67,887
Foreign large blend	90,765	-	-	90,765
Diversified emerging markets	8,845	-	-	8,845
Ultrashort Bond	35,094	-	-	35,094
Intermediate core -plus bonds	362,684	-	-	362,684
Long Government	26,599	-	-	26,599
Short-term investments	47,992	-	-	47,992
Real estate fund	40,069	-	-	40,069
	<u>1,508,197</u>	<u>-</u>	<u>-</u>	<u>1,508,197</u>
Common stock	<u>46,533</u>	<u>-</u>	<u>-</u>	<u>46,533</u>
Total Investments	<u>\$ 1,554,730</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,554,730</u>
	2022			
	Level 1	Level 2	Level 3	Total
Mutual Funds				
Small growth	\$ 79,718	\$ -	\$ -	\$ 79,718
Small blend	3,754	-	-	3,754
Mid-cap growth	145,454	-	-	145,454
Mid-cap growth	4,776	-	-	4,776
Large growth	208,512	-	-	208,512
Large value	60,419	-	-	60,419
Large blend	296,203	-	-	296,203
Foreign large growth	135,940	-	-	135,940
Foreign large blend	27,185	-	-	27,185
Diversified emerging markets	7,413	-	-	7,413
Intermediate - term bonds	83,563	-	-	83,563
Intermediate core -plus bonds	301,711	-	-	301,711
Commodities broad basket	19,796	-	-	19,796
Short-term investments	135,489	-	-	135,489
Real estate fund	54,865	-	-	54,865
	<u>\$ 1,564,798</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,564,798</u>

NOTE 5: INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The following schedule summarizes the investment returns on the Statements of Support, Revenue, and Expenses – Modified Cash Basis for the years ended December 31, 2023 and 2022:

	2023	2022
Realized and unrealized gain (loss) on investments	\$ 182,794	\$ (362,234)
Interest income on certificates of deposit	35,003	35,065
Fees	(12,600)	(12,036)
	\$ 205,197	\$ (339,205)

NOTE 6: IN-KIND CONTRIBUTIONS

In-Kind contributions for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Rent-Warwick Township	\$ 8,000	\$ 8,000
Fees	15,101	15,556
	\$ 23,101	\$ 23,556

NOTE 7: CONCENTRATIONS OF REVENUE AND CREDIT RISK

Revenue from a single source, the Library System of Lancaster County, was \$153,826, or 16% of total revenue, for the year ended December 31, 2023, and \$138,347, or 31% of total revenue, for the year ended December 31, 2022.

The Organization maintains its cash and investment balances at various financial institutions. The Federal Deposit Insurance Corporation ("FDIC") provides up to \$250,000 coverage for deposit accounts. The Securities Investor Protection Corporation ("SIPC") provides up to \$500,000 coverage for securities accounts, which includes a \$250,000 limit for cash. The Organization's uninsured cash and investment balances totaled \$-0- and \$896,104 and \$-0- and \$1,221,170 as of December 31, 2023 and 2022, respectively.

NOTE 8: CONTINGENCIES

The Organization may participate in various grant and contractual programs. These programs are subject to program compliance audits by the grantors and contractors, or their representatives. Accordingly, the Organization is potentially liable for any expenditure which may be disallowed pursuant to the terms of these programs. The Organization's management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

NOTE 9: RETIREMENT PLAN

The Organization sponsors a retirement for its eligible employees. The Plan is administered by TIAA-CREF. The Organization contributions made to the plan on behalf of participants for the years ended December 31, 2023 and 2022 were \$4,932 and \$3,116, respectively.



NOTE 10: ENDOWMENT FUNDS

It is the Board's objective to establish a payout rate from the endowment accounts that provides a stable, predictable level of spending for the endowed purpose and that provides a rate of growth in the endowment that meets or exceeds the rate of inflation. The annual amount of the endowment funds available for distribution in any one year shall be determined by the amount equal to no more than 5% of the principal amount of the endowment fund measured at the beginning of the period, reduced by the fiscal year expenditures to manage and maintain the fund. The resulting funds calculated as available for distribution shall not be more than the five-year average of net realizable income from the fund.

Earnings for the endowment accounts will be maximized to the extent possible in keeping with sound financial management practices. The Board Finance Committee will meet with the bank's team that manages the Organization's investment accounts at least once per year to review performance and make adjustments as needed.

The Organization has three endowment funds. The first fund is donor-restricted for the purpose of purchasing books for the library's collection. In 2012, the board decided to take distributions generally in the amount of \$10,000 per year to supplement the book budget. In 2021 \$30,083 was withdrawn for the year ended December 31, 2022. The donor-restricted amount as of December 31, 2023 and 2022, totaled \$282,477 and \$274,580, respectively.

The second fund is board designated funds that were set aside from funds remaining after the library building was completed. These funds were designated to be used to supplement the operating budget, as needed, at the Board's discretion. Through December 31, 2015, none of these funds have been withdrawn, and \$187,000 was withdrawn for the year ended December 31, 2016. The total board designated amount as of December 31, 2023 and 2022, totaled \$1,113,626 and \$1,185,825, respectively.

The third fund is board designated funds that were in-kind donations of stock from Bill Oehme in 2021. These funds were designated to be used to supplement the operating budget, as needed, at the Board's discretion. None of these funds have been withdrawn, as of December 31, 2023. The total board designated amount as of December 31, 2023 and 2022, totaled \$168,802 and \$136,257, respectively.

The following summarizes the changes in endowment net assets for the years ended December 31, 2023 and 2022, and presents the endowment net assets as of December 31 2023 and 2022:

NOTE 10: ENDOWMENT FUNDS (Continued)

	Without Donor Restrictions	With Donor Restrictions	Total
Balance as of December 31, 2021	\$ 1,554,189	\$ 303,238	\$ 1,857,427
Investment Return			
Investment income	29,421	5,466	34,887
Net depreciation	(303,088)	(59,146)	(362,234)
Total Investment Return	(273,667)	(53,680)	(327,347)
Fees	(10,058)	(1,978)	(12,036)
Distributions	-	-	-
Contributions	51,617	-	51,617
Balance as of December 31, 2022	1,322,082	247,580	1,569,662
Investment Return			
Investment income	28,807	6,201	35,008
Net appreciation	152,144	30,650	182,794
Total Investment Return	180,951	36,851	217,802
Fees	(10,646)	(1,954)	(12,600)
Distributions	(220,000)	-	(220,000)
Contributions	10,041	-	10,041
Balance as of December 31, 2023	\$ 1,282,428	\$ 282,477	\$ 1,564,905

NOTE 11: NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions were as follows for the years ended December 31:

	2023	2022
Board designated from unrestricted funds		
Endowment fund	\$ 1,282,428	\$ 1,322,082
Undesignated	1,006,010	845,341
	\$ 2,288,438	\$ 2,167,423

NOTE 12: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows for the years ended December 31:

	2023	2022
Specific purpose:		
Book endowment	\$ 282,477	\$ 247,580
	\$ 282,477	\$ 247,580

NOTE 13: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents the Organization's financial assets available to meet expenses within one year as of December 31:

	2023	2022
Financial Assets at year end:		
Cash and cash equivalents	\$ 126,132	\$ 170,038
Book endowment	282,477	247,518
Operating trust	1,113,626	1,185,528
Oehme endowment	168,802	136,257
Total Financial Assets Available to Meet Expenses Within One Year	1,691,037	1,739,341
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(282,477)	(247,580)
Financial Assets available to meet general expenditures over the next twelve months	\$ 1,408,560	\$ 1,491,761

The Organization's financial assets available to meet expenses within one year, as shown above, are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the Statement of Assets, Liabilities, and Net Assets – Modified Cash Basis date.

The Organization has a goal to maintain financial assets on hand, which consists of cash and investments, to meet at least 90 days of normal operating expenses, which are, on average, approximately \$190,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in various investments, including mutual funds and certificates of deposit.

NOTE 14: OPERATING LEASE DEPARTURE FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

On December 31, 2022 the Organization had not implemented FASB ASC 842 Leases, which requires all leases longer than 12 months be recorded as assets and liabilities on the balance sheet. The effects of this generally accepted accounting principles departure have not been determined. As of December 31, 2022 lease payments were paid in the Statement of Support, Revenue, and Expenses – Modified Cash Basis.

NOTE 14: OPERATING LEASE DEPARTURE FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES  
(Continued)

On December 31, 2023, the prior December 31, 2022, the financial statements were adjusted to reflect removal of this departure as previously reported. The FASB ASC Lease standard was mistakenly applied at December 31, 2022. As the December 31, 2022 financial statements are on the Modified Cash Basis which is a basis of accounting other than accounting principles generally accepted in the United States of America the December 31, 2022, Independent Auditor's Report mistakenly Qualified the December 31, 2022 financial statement.

NOTE 15: RECLASSIFICATIONS

Certain items in the 2022 financial statements have been reclassified to conform to the 2023 financial statement presentation. The reclassifications had no effect on the change in net assets.

For Review and Discussion Purposes Only