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**THE LIBRARY FOUNDATION FOR THE  
BENEFIT OF ST. LOUIS PUBLIC LIBRARY  
A COMPONENT UNIT OF ST. LOUIS  
PUBLIC LIBRARY  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**St. Louis Public Library**  
F O U N D A T I O N

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## Independent Auditors' Report

Board of Directors  
The Library Foundation for the  
Benefit of St. Louis Public Library  
St. Louis, Missouri

### Report On The Financial Statements

We have audited the accompanying financial statements of the business-type activities of The Library Foundation for the Benefit of St. Louis Public Library (the Foundation), a component unit of City of St. Louis Municipal Library District (the Library), as of and for the years ended September 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

### *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.

### *Auditors' Responsibility*

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

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

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

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Foundation, as of September 30, 2017 and 2016, and the respective changes in financial position and cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

*Other Matters*

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*RubinBrown LLP*

March 23, 2018

**THE LIBRARY FOUNDATION  
FOR THE BENEFIT OF ST. LOUIS PUBLIC LIBRARY**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Years Ended September 30, 2017 And 2016**

The discussion and analysis of The Library Foundation for the Benefit of St. Louis Public Library's (the Foundation) financial performance provides an overall review of the Foundation's financial activities for the years ended September 30, 2017 and 2016. The intent of this discussion and analysis is to look at the Foundation's financial performance as a whole. Readers should also review the basic financial statements to enhance their understanding of the Foundation's financial performance.

Notable financial facts for 2017 are as follows:

- The Foundation's Capital Campaign to raise funds in support of a major capital project to renovate the St. Louis Public Library Central Library received pledge payments totaling \$0.4 million in 2017 leaving a remaining balance for unpaid pledges of \$0.3 million.
- The Foundation's net position increased by \$402,310 or 5.8%.
- As of the close of the current fiscal year, the Foundation reported restricted net position of \$3.4 million which is 46.4% of total net position.

Notable financial facts for 2016 are as follows:

- The Foundation's Capital Campaign to raise funds in support of a major capital project to renovate the St. Louis Public Library Central Library received pledge payments totaling \$1.0 million in 2016 leaving a remaining balance for unpaid pledges of \$0.7 million.
- The Foundation's capital campaign goal of \$20.0 million was achieved in 2016.
- The Foundation's net position decreased by \$84,800 or 1.2%.
- As of the close of the current fiscal year, the Foundation reported restricted net position of \$3.2 million which is 45.8% of total net position.

### **Overview Of The Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. The statements are prepared and organized so the reader can understand the Foundation as a financial whole or as an entire operating entity. The financial statements are prepared under the accrual basis of accounting.

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Management's Discussion And Analysis (*Continued*)

The statement of net position includes the assets, liabilities and net position of the Foundation as of September 30, 2017, 2016 and 2015. The statement of revenues, expenses and changes in net position presents the revenues earned and expenses incurred during the year. The change in net position is important because it tells the reader whether, for the Foundation as a whole, the financial position of the Foundation has improved or diminished.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

**The Foundation Condensed Financial Statements**

The statement of net position presents the Foundation as a whole. Table 1 provides a summary of the Foundation's net position for 2017, 2016 and 2015.

	2017	2016	2015
<b>Assets</b>			
Current and other assets	\$ 8,098,214	\$ 7,543,469	\$ 7,073,233
<b>Liabilities</b>			
Current liabilities	774,728	622,293	67,270
<b>Net Position</b>			
Restricted	3,399,014	3,172,769	2,408,862
Unrestricted	3,924,472	3,748,407	4,597,101
<b>Total Net Position</b>	<b>\$ 7,323,486</b>	<b>\$ 6,921,176</b>	<b>\$ 7,005,963</b>

A portion of the Foundation's net position 46.4%, 45.8% and 34.4% for 2017, 2016 and 2015, respectively, represents resources that are subject to external restrictions on how they may be used. Foundation net position at September 30, 2017 and 2015 reflects an increase of \$402,310 and \$2,979,792, respectively, versus a decrease of \$84,787 reported at September 30, 2016.

**THE LIBRARY FOUNDATION  
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Management's Discussion And Analysis (*Continued*)

Table 2 shows the changes in net position for the years ended September 30, 2017, 2016 and 2015:

**Table 2  
Changes In Net Assets**

	2017	2016	2015
	Amount	Amount	Amount
<b>Operating Revenues</b>			
Membership and other income	\$ 192,218	\$ 215,405	\$ 260,546
<b>Operating Expenses</b>			
Salaries and benefits	—	—	362,493
Operations	180,148	219,389	316,854
<b>Total Operating Expenses</b>	180,148	219,389	679,347
<b>Income (Loss) From Operations</b>	12,070	(3,984)	(418,801)
<b>Nonoperating Revenue</b>			
Contributions	378,683	1,449,211	990,744
Investment income (loss)	612,456	486,806	(96,574)
Transfers to the St. Louis Public Library	(600,899)	(2,016,820)	(3,455,161)
<b>Total Nonoperating Revenue</b>	390,240	(80,803)	(2,560,991)
<b>Net Change In Net Assets</b>	\$ 402,310	\$ (84,787)	\$ (2,979,792)

Salaries and benefits for Foundation staff are recorded on the Library's books in 2017 and 2016. This change is the result of a joint decision of the Foundation and Library boards.

Year over year Contributions decreased by \$1.1 million. A substantial capital campaign gift of \$1.0 million received in 2016 marked the end of major gifts for the capital campaign to renovate the Central Library.

The year over year increase in investment income is due primarily to a change in the Fair Market Adjustment (FMV) associated with the investment portfolio. Market conditions in 2017 were slightly more favorable than 2016, which resulted in a FMV increase of \$116,500. Interest and dividend income was higher in the current year by \$9,000.

Investment income includes interest and dividends of approximately \$125,800 and unrealized Fair Market Value (FMV) adjustments of approximately \$486,600.

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Management's Discussion And Analysis (*Continued*)

The transfer of funds to the St. Louis Public Library, \$600,900 represents funding for Library programs.

Capital campaign transfers to the Library in 2017 decreased by \$2.2 million. This decrease is directly attributable to the reduction of unpaid pledges and one-time contributions. Unpaid pledges at the beginning of 2017 and 2016 were \$0.7 million and \$1.6 million, respectively. Additionally, the Foundation did not receive any significant capital campaign contributions in 2017 as compared to \$1.1 million in contributions received in 2016.

**Contacting The Foundation's Financial Management**

This financial report is designed to provide a general overview of the Foundation's finances for all those with an interest in the Foundation's finances and to demonstrate the Foundation's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, St. Louis Public Library, 1415 Olive Street, St. Louis, Missouri 63103.



**THE LIBRARY FOUNDATION  
FOR THE BENEFIT OF ST. LOUIS PUBLIC LIBRARY**

**STATEMENT OF NET POSITION**

	September 30,	
	2017	2016
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,391,627	\$ 1,061,415
Investments	6,343,654	5,739,978
Interest receivable	3,367	2,932
Other receivables	3,566	—
Pledges receivable	356,000	366,000
<b>Total Current Assets</b>	<b>8,098,214</b>	<b>7,170,325</b>
<b>Noncurrent Assets</b>		
Pledges receivable	—	373,144
<b>Total Assets</b>	<b>8,098,214</b>	<b>7,543,469</b>
<b>Liabilities</b>		
Investments held on behalf of St. Louis Public Library	522,418	522,418
Due to affiliate - St. Louis Public Library	252,310	99,875
<b>Total Liabilities</b>	<b>774,728</b>	<b>622,293</b>
<b>Net Position</b>		
Restricted for programs	3,399,014	3,172,769
Unrestricted	3,924,472	3,748,407
<b>Total Net Position</b>	<b>\$ 7,323,486</b>	<b>\$ 6,921,176</b>

**THE LIBRARY FOUNDATION  
FOR THE BENEFIT OF ST. LOUIS PUBLIC LIBRARY**

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

	For The Years Ended September 30,	
	2017	2016
<b>Operating Revenues</b>		
Membership	\$ 191,790	\$ 212,696
Other income	428	2,709
<b>Total Operating Revenues</b>	<b>192,218</b>	<b>215,405</b>
<b>Operating Expenses</b>		
Professional services	63,885	64,399
Operating supplies	7,853	6,892
Insurance	4,633	4,709
Advertising	16,445	24,018
Postage	10,486	126
Printing	56,015	37,665
Fundraising receptions	11,850	63,471
Other	8,981	18,109
<b>Total Operating Expenses</b>	<b>180,148</b>	<b>219,389</b>
<b>Operating Income (Loss)</b>	<b>12,070</b>	<b>(3,984)</b>
<b>Nonoperating Revenue</b>		
Contributions	378,683	1,449,211
Investment income	612,456	486,806
<b>Net Nonoperating Revenue</b>	<b>991,139</b>	<b>1,936,017</b>
<b>Transfers To St. Louis Public Library</b>	<b>(600,899)</b>	<b>(2,016,820)</b>
<b>Net Change In Net Position</b>	<b>402,310</b>	<b>(84,787)</b>
<b>Net Position - Beginning Of Year</b>	<b>6,921,176</b>	<b>7,005,963</b>
<b>Net Position - End Of Year</b>	<b>\$ 7,323,486</b>	<b>\$ 6,921,176</b>

**THE LIBRARY FOUNDATION  
FOR THE BENEFIT OF ST. LOUIS PUBLIC LIBRARY**

**STATEMENT OF CASH FLOWS**

	For The Years Ended September 30,	
	2017	2016
<b>Cash Flows From Operating Activities</b>		
Received from members	\$ 188,224	\$ 219,656
Other receipts	428	2,709
Payments for professional services	(63,885)	(64,399)
Payments to vendors for goods and services	(116,263)	(159,609)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>8,504</b>	<b>(1,643)</b>
<b>Cash Flows From Noncapital Financing Activities</b>		
Proceeds from contributions	761,827	2,343,985
Transfers to St. Louis Public Library	(600,899)	(2,016,820)
Advances from affiliate	152,435	37,224
<b>Net Cash Provided By Noncapital Financing Activities</b>	<b>313,363</b>	<b>364,389</b>
<b>Cash Flows From Investing Activities</b>		
Interest and dividends	125,383	118,357
Sales of investments	47,023	583,315
Purchases of investments	(164,061)	(407,055)
<b>Net Cash Provided By Investing Activities</b>	<b>8,345</b>	<b>294,617</b>
<b>Net Increase In Cash And Cash Equivalents</b>	<b>330,212</b>	<b>657,363</b>
<b>Cash And Cash Equivalents - Beginning Of Year</b>	<b>1,061,415</b>	<b>404,052</b>
<b>Cash And Cash Equivalents - End Of Year</b>	<b>\$ 1,391,627</b>	<b>\$ 1,061,415</b>
<b>Reconciliation Of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities</b>		
Operating income (loss)	\$ 12,070	\$ (3,984)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in other receivable	(3,566)	6,960
Decrease in accounts payable and accrued liabilities	—	(4,619)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>\$ 8,504</b>	<b>\$ (1,643)</b>
<b>Supplemental Disclosure Of Cash Flow Information</b>		
Unrealized gain on investments	\$ 486,638	\$ 370,115
Investments held on behalf of St. Louis Public Library	—	522,418

**THE LIBRARY FOUNDATION  
FOR THE BENEFIT OF ST. LOUIS PUBLIC LIBRARY**

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**NOTES TO FINANCIAL STATEMENTS  
September 30, 2017 And 2016**

**1. Summary Of Significant Accounting Policies**

**Organization**

The Library Foundation for the Benefit of St. Louis Public Library (the Foundation) was formed in September 1989 to receive and administer gifts and to undertake other activities for literary and educational purposes exclusively to support and benefit the City of St. Louis Municipal Library District (the Library). As a public charity, operations began October 1, 1989.

The Trustees of the Foundation have engaged the Library to provide it with accounting and other management services. No fees are charged by the Library for these services.

The accounting policies and financial reporting practices of the Foundation conform to accounting principles generally accepted in the United States of America applicable to local governmental entities due to the nature and significance of the Foundation's relationship with the Library.

**Reporting Entity**

For financial reporting purposes, the Foundation is presented as a discretely presented component unit of the Library in its annual financial report.

**Measurement Focus, Basis Of Accounting And Financial Statement Presentation**

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants, contributions and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Foundation follows GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* (GASB 33), which establishes accounting and financial reporting standards for nonexchange transactions involving financial or capital resources.

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FOR THE BENEFIT OF ST. LOUIS PUBLIC LIBRARY**

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Notes To Financial Statements (*Continued*)

GASB 33 groups nonexchange transactions into the following four classes, based upon their principal characteristics: derived tax revenues, imposed nonexchange revenues, government-mandated nonexchange transactions, and voluntary nonexchange transactions.

Intergovernmental revenues, representing grants and assistance received from other governmental units, and donations are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB 33, have been met. Any resources received before eligibility requirements are met are reported as deferred revenues.

The Foundation prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB) due to the nature of its relationship with the Library. Business-type activities distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with business-type activities ongoing operations. Revenues from members' contributions are reported as operating revenues. All expenses related to operating the Foundation are reported as operating expenses. Transactions that are capital, financing, or investing related are reported as nonoperating revenues.

**Net Position**

In the financial statements, net position is classified as follows:

Restricted for programs - This is the component of net position that reports the difference between assets and liabilities of certain programs that consists of assets with constraints placed on their use by external parties.

Unrestricted - This component of net position consists of net position that does not meet the definition of restricted.

When both restricted and unrestricted resources are available for use, it is the Foundation's policy to use restricted resources first, then unrestricted resources as they are needed.

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FOR THE BENEFIT OF ST. LOUIS PUBLIC LIBRARY**

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Notes To Financial Statements (Continued)

**Cash And Cash Equivalents And Investments**

Cash and cash equivalents include all highly liquid investments with an initial maturity of three months or less. Investments consist of those securities with maturity dates greater than three months at the time of purchase by the Foundation. Investments that have a maturity date of less than one year at the time of purchase are carried at cost or amortized cost because of their short-term maturities.

The Foundation accounts for its investments, except for certain short-term investments, at fair value. The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles pursuant to GASB Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statements of revenues, expenses and changes in net position.

Investments held on behalf of St. Louis Public Library represent resources in the possession, but not under the control, of the Foundation.

**Pledges Receivable**

Unconditional pledges to give in future periods are recognized as support in the period the pledges are received. Pledges receivable are reported at the amount management expects to collect on balances outstanding at year end.

**Tax Status**

The Foundation has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code, which excludes it from income tax liability on its exempt activities.

**Use Of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those 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.

**THE LIBRARY FOUNDATION  
FOR THE BENEFIT OF ST. LOUIS PUBLIC LIBRARY**

Notes To Financial Statements (Continued)

**2. Deposits And Investments**

A summary of deposits and investments as of September 30, 2017 and 2016 for the Foundation is as follows:

	2017		2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash	\$ 1,391,627	\$ 1,391,627	\$ 1,061,415	\$ 1,061,415
Money Market Mutual Funds	82,378	82,378	41,249	41,249
Equity Mutual Funds	4,204,769	4,204,769	3,728,207	3,728,207
Fixed Income Mutual Funds	2,056,507	2,056,507	1,970,522	1,970,522
	<u>\$ 7,735,281</u>	<u>\$ 7,735,281</u>	<u>\$ 6,801,393</u>	<u>\$ 6,801,393</u>

**Investment Policy**

**General**

The Foundation adopted a formal investment policy, effective February 14, 2007.

The Foundation's investment policy authorizes its Investment Manager, with the oversight and guidance of the Board Finance Committee, to invest in corporate stocks, mutual funds, bonds, and obligations of the United States, including treasury bills, notes, bonds, agencies, and instrumentality obligations of wholly owned corporations of the United States. The Foundation also accepts any instruments received as a gift to the Foundation; however, the Foundation shall not initiate investments in instruments other than those outlined above, and the Foundation may divest itself of investment instruments received as a gift that do not conform to those outlined above.

Prohibited investments include short sales, margin purchases, private placements, security loans, warrants, coins, artwork, illiquid investments, and leveraged ETFs.

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. 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 materially affect the amounts reported in the statement of net position.

**THE LIBRARY FOUNDATION  
FOR THE BENEFIT OF ST. LOUIS PUBLIC LIBRARY**

Notes To Financial Statements (Continued)

**Investment Type And Maturities**

As of September 30, 2017, the Foundation held the following investments in debt securities and maturities:

Investment Type	Fair Value	Investment Maturities (In Years)*		
		Less Than 1	1-5	6-10
Money Market Mutual Funds	\$ 82,378	\$ 82,378	\$ —	\$ —
Fixed Income Mutual Funds	2,056,507	—	1,837,874	218,633
	\$ 2,138,885	\$ 82,378	\$ 1,837,874	\$ 218,633

\*Represents average duration of securities in the funds

As of September 30, 2016, the Foundation held the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (In Years)*		
		Less Than 1	1-5	6-10
Money Market Mutual Funds	\$ 41,249	\$ 41,249	\$ —	\$ —
Fixed Income Mutual Funds	1,970,522	—	1,746,008	224,514
	\$ 2,011,771	\$ 41,249	\$ 1,746,008	\$ 224,514

\*Represents average duration of securities in the funds

The Foundation's investment policy does not specifically address interest rate risk; however, investments shall be made to insure the availability of funds on a timely and adequate basis for the payment of expenditures.

**Credit Risk**

Fixed income investments shall consist of U.S. Treasury, Government Agencies, Corporate, Mortgage Backed, Taxable Municipal and Asset Backed Securities. Any individual holding will have a minimum credit rating of BBB at the time of purchase.



Notes To Financial Statements (Continued)

The following table provides information on the credit ratings associated with the Foundation's investments in debt securities at September 30, excluding obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government:

The Foundation	September 30, 2017		September 30, 2016	
	Standard And Poor's	Fair Value	Standard And Poor's	Fair Value
Financial Square Government Fund	AAA	\$ 82,378	AAA	\$ 41,219
Baird Aggregate Bond Fund	AA	758,898	AA	761,528
Commerce Bond Fund	AA	1,078,976	AA-	984,480
Vanguard Total Bond Market Fund	Unrated	218,633	Unrated	224,514

**Concentration Of Credit Risk**

The Foundation's investment policy places no limits on the amount the Foundation may invest in any one issuer. The long-term, strategic allocation of the assets will be 60% equity and 40% fixed income. Allowable ranges for asset classes are as follows:

Money markets	1% to 10%
Equity	50% to 70%
Fixed income	30% to 50%
Alternative investments, including real estate	Up to 10% in the aggregate

The following table discloses the Foundation's concentration of investments of greater than 5% in any one issuer:

	September 30,	
	2017	2016
	Percent of total investments	
Vanguard Total Stock Market Index Fund	5.4%	5.1%
iShares Russell Midcap Value Index Fund	4.9%	5.4%
Vanguard Morgan Growth Fund-Ad	8.6%	9.0%
Baird Aggregate Bond Fund-IS	12.0%	14.6%
Commerce Bond Fund	17.0%	18.9%
Dodge & Cox International Stock Fund	5.3%	5.3%
MFS Research International Fund	4.8%	5.1%
TIAA-CREF Large-Cap Value Index Fund	13.2%	14.4%

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Notes To Financial Statements (Continued)

**Custodial Credit Risk**

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the Foundation will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. In accordance with the investment policy, the Foundation addresses custodial risk by diversifying the investment portfolio and maintaining a standard of quality for investments.

For deposits, custodial credit risk is the risk that in the event of bank failure, the Foundation's deposits may not be returned to it. Protection of the Foundation's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, or by a single collateral pool established by the financial institution.

**3. Fair Value Measurement and Application**

The Foundation has the following recurring fair value measurements as of September 30:

	2017		
	Quoted Prices	Significant	Significant
	In Active		
	Markets For	Observable	Unobservable
Identical	Inputs	Inputs	
Assets	Level 2	Level 3	
Level 1			
<b>Investments By Fair Value Level</b>			
Money market mutual funds	\$ 82,378	\$ —	\$ —
Fixed income mutual funds	2,056,507	—	—
Equity-based mutual funds	3,851,921	—	—
Managed funds	248,124	—	—
REIT funds	104,724	—	—
<b>Total Investments By Fair Value Level</b>	<b>\$ 6,343,654</b>	<b>\$ —</b>	<b>\$ —</b>

**THE LIBRARY FOUNDATION  
FOR THE BENEFIT OF ST. LOUIS PUBLIC LIBRARY**

Notes To Financial Statements (Continued)

	2016		
	Quoted Prices	Significant	Significant
	In Active	Other	Unobservable
	Markets For	Observable	Unobservable
	Assets	Inputs	Inputs
	Level 1	Level 2	Level 3
<b>Investments By Fair Value Level</b>			
Money market mutual funds	\$ 41,249	\$ —	\$ —
Fixed income mutual funds	1,970,522	—	—
Equity-based mutual funds	3,337,207	—	—
Managed funds	153,408	—	—
REIT funds	109,387	—	—
Master limited partnership exchange traded fund	128,205	—	—
<b>Total Investments By Fair Value Level</b>	<b>\$ 5,739,978</b>	<b>\$ —</b>	<b>\$ —</b>

**4. Pledges Receivable**

Collections of current and prior year pledged amounts were \$390,000 and \$1,001,241 in 2017 and 2016, respectively. Pledges receivable at September 30, 2017 are expected to be collected during fiscal year 2018.

The Foundation provides an allowance for doubtful accounts equal to the estimated collection losses that will be incurred in collection of receivables. The estimated losses are based on a review of the current status of existing receivables. Management has evaluated pledges receivable and determined that an allowance is not necessary at September 30, 2017 or 2016.

**5. Related Party Transactions**

As stated in Note 1, the Library provides accounting and other services to the Foundation. The amounts due to or from the Library represent timing differences between the dates that services are provided or reimbursable expenditures occur and payments between entities are made.

**THE LIBRARY FOUNDATION  
FOR THE BENEFIT OF ST. LOUIS PUBLIC LIBRARY**

Notes To Financial Statements (Continued)

The Foundation and Library have entered into an affiliation agreement under which the Foundation will transfer pledges received, as part of the capital campaign, to the Library for payment of principal and interest due on the outstanding revenue Bonds of the Library. During 2017, the Foundation transferred funds of \$600,899 to the Library to fund Library programs. During 2016, the Foundation transferred funds of \$2,169,241 to the Library, comprised of capital campaign contributions of \$1,871,241 and operational funding of \$298,000. These transfers were partially offset by current year borrowings from the Library of \$152,421. The net amounts of \$600,899 and \$2,016,820 for 2017 and 2016, respectively, were treated as a transfer on the statement of revenues, expenses and changes in net position.

**6. Restricted Net Position**

Restricted net position consists of the following restricted contributions:

	<u>2017</u>	<u>2016</u>
Restricted for the sponsorship of educational programs and book purchases	\$ 1,073,226	\$ 1,017,509
Restricted for the purchase of children and adult books for the Carpenter Branch Library	618,385	586,206
Restricted for the purchases of books	—	5,021
Restricted for Library programs	903,850	818,033
Restricted for the Central Library renovation capital campaign	753,156	746,000
Restricted for the sponsorship of programs and book purchases	50,397	—
	<u>\$ 3,399,014</u>	<u>\$ 3,172,769</u>