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***THE LIBRARY FOUNDATION FOR THE  
BENEFIT OF ST. LOUIS PUBLIC LIBRARY***  
*FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2020*

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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 Library Foundation for the Benefit of St. Louis Public Library (the Foundation), a not-for-profit organization, which comprise the statement of financial position as of September 30, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility For The Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 financial position of the Foundation, as of September 30, 2020, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Report On Summarized Comparative Information***

We have previously audited The Library Foundation for the Benefit of St. Louis Public Library's 2019 financial statements and our report dated March 3, 2020 expressed an unmodified opinion on those audited financial statements. In our opinion, the comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*RubinBrown LLP*

March 15, 2021

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

**STATEMENT OF FINANCIAL POSITION**

**September 30, 2020**

**(With Summarized Financial Information As Of September 30, 2019)**

	2020	2019
<b>Assets</b>		
Cash and cash equivalents	\$ 574,620	\$ 1,419,158
Investments	7,362,094	6,983,580
Interest receivable	3,395	4,700
Other receivables	8,631	—
Pledges receivable	1,000	1,000
Due from affiliate - St. Louis Public Library	827,587	—
<b>Total Assets</b>	<b>\$ 8,777,327</b>	<b>\$ 8,408,438</b>
<b>Liabilities</b>		
Investments held on behalf of St. Louis Public Library	\$ 716,076	\$ 647,577
Due to affiliate - St. Louis Public Library	—	122,429
<b>Total Liabilities</b>	<b>716,076</b>	<b>770,006</b>
<b>Net Assets</b>		
Net Assets With Donor Restrictions	2,294,658	2,969,290
Net Assets Without Donor Restrictions	5,766,593	4,669,142
<b>Total Net Assets</b>	<b>8,061,251</b>	<b>7,638,432</b>
<b>Total Net Assets And Liabilities</b>	<b>\$ 8,777,327</b>	<b>\$ 8,408,438</b>

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

**STATEMENT OF ACTIVITIES  
For The Year Ended September 30, 2020  
(With Summarized Financial Information  
For The Year Ended September 30, 2019)**

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenues, Gains And Other Support</b>				
Membership	\$ 175,536	\$ —	\$ 175,536	\$ 203,305
Contributions	376,526	542,751	919,277	796,265
Investment income	394,177	138,541	532,718	263,220
Net assets released from restrictions	1,355,924	(1,355,924)	—	—
<b>Total Support</b>	<b>2,302,163</b>	<b>(674,632)</b>	<b>1,627,531</b>	<b>1,262,790</b>
<b>Expenses</b>				
Professional services	56,587	—	56,587	41,281
Information technology	6,850	—	6,850	6,347
Insurance	5,121	—	5,121	4,540
Advertising and promotion	26,350	—	26,350	17,052
Postage	3,445	—	3,445	6,046
Printing and publications	42,303	—	42,303	32,801
Fundraising receptions	51,053	—	51,053	10,011
Grants To St. Louis Public Library	988,085	—	988,085	626,601
Travel	443	—	443	3,879
Other	24,475	—	24,475	17,648
<b>Total Expenses</b>	<b>1,204,712</b>	<b>—</b>	<b>1,204,712</b>	<b>766,206</b>
<b>Increase In Net Assets</b>	<b>1,097,451</b>	<b>(674,632)</b>	<b>422,819</b>	<b>496,584</b>
<b>Net Assets - Beginning Of Year</b>	<b>4,669,142</b>	<b>2,969,290</b>	<b>7,638,432</b>	<b>7,141,848</b>
<b>Net Assets - End Of Year</b>	<b>\$ 5,766,593</b>	<b>\$ 2,294,658</b>	<b>\$ 8,061,251</b>	<b>\$ 7,638,432</b>

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

**STATEMENT OF CASH FLOWS  
For The Year Ended September 30, 2020  
(With Summarized Financial Information  
For The Year Ended September 30, 2019)**

	2020	2019
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 422,819	\$ 496,584
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Unrealized gain on investments	(453,077)	(139,582)
Changes in assets and liabilities:		
Other receivable	(8,631)	—
Interest receivable	1,305	1,968
Due to affiliate	(122,429)	(5,047)
Due from affiliate	(827,587)	—
Investments held on behalf of St. Louis Public Library	68,499	22,900
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>(919,101)</b>	<b>376,823</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale or maturity of investments	881,753	894,505
Purchases of investments	(807,190)	(878,834)
<b>Net Cash Provided By Investing Activities</b>	<b>74,563</b>	<b>15,671</b>
<b>Net Increase (Decrease) In Cash And Cash Equivalents</b>	<b>(844,538)</b>	<b>392,494</b>
<b>Cash And Cash Equivalents - Beginning Of Year</b>	<b>1,419,158</b>	<b>1,026,664</b>
<b>Cash And Cash Equivalents - End Of Year</b>	<b>\$ 574,620</b>	<b>\$ 1,419,158</b>

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

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**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020 And 2019**

**1. Summary Of Significant Accounting Policies**

**Nature Of Operations**

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.

**Basis Of Accounting**

The Foundation prepares its financial statements on the accrual basis of accounting. Income is recognized when earned and expenses are recognized when incurred.

**Basis Of Presentation**

The financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) for not-for-profit organizations by presenting assets and liabilities within similar groups and classifying them in ways that provide relevant information about their interrelationships, liquidity, and financial flexibility. As a result, the Foundation is required to report its financial position and activities according to the following classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended September 30, 2019, from which the summarized information is derived.

**Net Assets**

*Net Assets Without Donor Restrictions* – Net assets without donor restrictions are those whose use it not restricted by donors.



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

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Notes To Financial Statements (*Continued*)

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Included in net assets without donor restrictions are net assets, which the governing Board, rather than the donor, has discretionary control.

*Net Assets With Donor Restrictions* – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions that will be satisfied by actions of the Organization or the passing of time.

**Cash And Cash Equivalents**

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**

The Foundation accounts for investments at fair value and at September 30, 2020 had investments of \$7,362,094 reported on the statement of financial position. The fair values of these investments were determined through quoted market prices in active markets (Level 1 as defined in ASC 820).

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.

**Functional Expenses**

Expenses are charged to program services and supporting activities on the basis of management's estimates on how resources are specifically utilized. Expenses that are directly identifiable with a specific function are allocated directly to that function. Expenses that are not directly identifiable to a specific function and are related to space usage, including professional fees, interest expense and depreciation expense.

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

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Notes To Financial Statements (*Continued*)

**Description Of Program And Supporting Services**

**Program**

Includes those expenditures for programs and other items that are for the benefit of St. Louis Public Library.

**Management And General**

Includes the functions necessary to maintain the Foundation; articulation of the Foundation's program strategy; secure proper administrative functioning of the Board of Directors; and manage the financial and budgetary responsibilities of the Foundation.

**Fundraising And Development**

Provides the structure necessary to encourage and secure financial support.

**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.

**Subsequent Events**

Management evaluates subsequent events through the date financial statements are available for issue, which is the date of the Independent Auditors' Report.

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

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Notes To Financial Statements (*Continued*)

**2. Investments**

A summary of investments as of September 30, 2020 and 2019 for the Foundation is as follows:

	<u>2020</u>	<u>2019</u>
Money market mutual funds	\$ 115,007	\$ 176,234
Equity mutual funds	4,438,587	3,827,744
Fixed income mutual funds	2,808,500	2,979,602
	<u>\$ 7,362,094</u>	<u>\$ 6,983,580</u>

**3. Fair Value Measurement And Application**

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

	<u>2020</u>		
	<u>Quoted Prices In Active Markets For Identical Assets Level 1</u>	<u>Significant Other Observable Inputs Level 2</u>	<u>Significant Unobservable Inputs Level 3</u>
<b>Investments By Fair Value Level</b>			
Money market mutual funds	\$ 115,007	\$ —	\$ —
Fixed income mutual funds	2,808,500	—	—
Equity-based mutual funds	4,377,506	—	—
REIT funds	61,081	—	—
<b>Total Investments By Fair Value Level</b>	<u>\$ 7,362,094</u>	<u>\$ —</u>	<u>\$ —</u>

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

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Notes To Financial Statements (*Continued*)

	2019		
	Quoted Prices		
	In Active	Significant	
	Markets For	Other	Significant
	Identical	Observable	Unobservable
	Assets	Inputs	Inputs
	Level 1	Level 2	Level 3
<b>Investments By Fair Value Level</b>			
Money market mutual funds	\$ 176,234	\$ —	\$ —
Fixed income mutual funds	2,979,602	—	—
Equity-based mutual funds	3,755,631	—	—
REIT funds	72,113	—	—
<b>Total Investments By Fair Value Level</b>	<b>\$ 6,983,580</b>	<b>\$ —</b>	<b>\$ —</b>

**4. Pledges Receivable**

There were no collections of current and prior year pledged in 2020 and 2019. Pledges receivable at September 30, 2020 are expected to be collected during fiscal year 2021.

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 was not necessary at September 30, 2020 or 2019.

**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**

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Notes To Financial Statements (*Continued*)

The Foundation and the 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 2020, the Foundation transferred funds of \$1,133,356 to the Library. These transfers were partially offset by borrowings from the Library of \$145,271. During 2019, the Foundation transferred funds of \$750,928 to the Library, comprised of capital campaign contributions of \$100,050 and funds for Library programs, \$650,878. Those transfers were partially offset by borrowings from the Library of \$124,327. The net amounts of \$988,085 and \$626,601 for 2020 and 2019, respectively, were treated as a transfer on the statement of revenues, expenses and changes in net position.

**6. Net Assets**

Net assets with donor restrictions consist of the following as of September 30, 2020:

	<u>2020</u>	<u>2019</u>
Restricted for the sponsorship of educational programs and book purchases	<b>\$ 1,065,442</b>	\$ 1,109,575
Restricted for the purchase of children and adult books for the Carpenter Branch Library	<b>603,673</b>	631,150
Restricted for Library programs	<b>625,543</b>	1,227,565
Restricted for the Central Library renovation capital campaign	—	1,000
	<b>\$ 2,294,658</b>	<b>\$ 2,969,290</b>

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

Notes To Financial Statements (*Continued*)

Net assets were released from donor-imposed restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by donors as follows:

<b>Released From Restriction</b>	<b>2020</b>
Sponsorship of educational programs and book purchases	\$ 128,227
Purchase of children and adult books for the Carpenter Branch Library	75,413
Library programs	1,151,284
Central Library renovation capital campaign	1,000
	<u>\$ 1,355,924</u>

**7. Functional Expenses**

Expense by functional classification for the year ended September 30, 2020, are as follows:

	<b>2020</b>				<b>Total</b>
	<b>Program</b>	<b>Management And General</b>	<b>Fundraising</b>	<b>Event Fundraising</b>	
Grants to St. Louis Public Library	\$ 988,085	\$ —	\$ —	\$ —	\$ 988,085
Professional Services	—	39,879	1,060	15,648	56,587
Advertising and promotion	—	—	23,705	2,645	26,350
Information technology	—	—	6,850	—	6,850
Insurance	—	5,121	—	—	5,121
Fundraising receptions	—	—	6,938	44,115	51,053
Postage	—	—	4,175	—	3,445
Printing and publications	—	110	38,632	3,561	42,303
Travel	—	—	443	—	443
Other	—	4,658	16,587	2,500	24,475
<b>Grand Total</b>	<b>\$ 988,085</b>	<b>\$ 49,768</b>	<b>\$ 98,390</b>	<b>\$ 68,469</b>	<b>\$ 1,204,712</b>

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

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Notes To Financial Statements (*Continued*)

**8. Liquidity And Availability Of Financial Assets**

The Foundation's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 574,620
Investments	6,254,631
Accrued Interest	3,395
Pledge Receivable	1,000
Deposits	8,631
Due To/From	<u>827,587</u>
Total Assets	<u>7,669,864</u>
Less: Amounts unavailable for general expenditures within one year due to:	
Funds Invested by Foundation for the St. Louis Public Library	<u>716,076</u>
Restricted by donors with purpose restrictions	<u>2,294,658</u>
Financial assets available to meet general expenditures within one year	<u>\$ 4,659,130</u>

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).

All donor gifts whether unrestricted are designated solely for use by the Library. In exchange for the Foundation's fundraising efforts the Library funds 100% of the Foundations' liquidity needs for operational expenses and provides accounting and other management services on an annual basis.

An affiliation agreement between the Foundation and the Library, which governs this arrangement, treats direct financial support from the Library as a loan to the Foundation and the periodic transfer of donor proceeds to the Library as payments to satisfy the loans.