
***THE LIBRARY FOUNDATION FOR THE
BENEFIT OF ST. LOUIS PUBLIC LIBRARY***
FINANCIAL STATEMENTS
SEPTEMBER 30, 2023



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Independent Auditors' Report

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

Opinion

We have audited the 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, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of September 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. We are required to be independent of the Foundation 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.

Responsibilities Of Management For The Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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.

Report On Summarized Comparative Information

We have previously audited The Library Foundation for the Benefit of St. Louis Public Library's 2022 financial statements and our report dated March 3, 2023 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, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RubinBrown LLP

March 11, 2024

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

STATEMENT OF FINANCIAL POSITION

September 30, 2023

(With Summarized Financial Information As Of September 30, 2022)

Assets

	2023	2022
Assets		
Cash and cash equivalents	\$ 984,276	\$ 1,000,797
Investments	7,550,727	6,935,614
Interest receivable	1,348	3,499
Pledges receivable	51,000	1,000
Total Current Assets	8,587,351	7,940,910
Noncurrent Assets		
Pledges receivable	50,000	—
Total Assets	\$ 8,637,351	\$ 7,940,910

Liabilities And Net Assets

Liabilities		
Investments held on behalf of St. Louis Public Library	\$ 708,941	\$ 644,886
Due to affiliate - St. Louis Public Library	309,096	300,588
Total Liabilities	1,018,037	945,474
Net Assets		
Net Assets With Donor Restrictions	2,024,631	1,654,267
Net Assets Without Donor Restrictions	5,594,683	5,341,169
Total Net Assets	7,619,314	6,995,436
Total Net Assets And Liabilities	\$ 8,637,351	\$ 7,940,910

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

**STATEMENT OF ACTIVITIES
For The Year Ended September 30, 2023
(With Summarized Financial Information
For The Year Ended September 30, 2022)**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues, Gains And Other Support				
Contributions	\$ 413,162	\$ 309,481	\$ 722,643	\$ 738,695
Investment income (loss)	538,516	178,927	717,443	(1,211,528)
Net assets released from restrictions	118,044	(118,044)	—	—
Total Support	1,069,722	370,364	1,440,086	(472,833)
Expenses				
Professional services	69,626	—	69,626	101,792
Information technology	4,601	—	4,601	5,146
Insurance	4,325	—	4,325	6,652
Advertising and promotion	27,475	—	27,475	33,963
Postage	110	—	110	160
Printing and publications	30,593	—	30,593	36,826
Fundraising receptions	28,837	—	28,837	57,644
Grants To St. Louis Public Library	615,865	—	615,865	1,332,238
Shipping	7,092	—	7,092	5,303
Travel	4,460	—	4,460	300
Other	23,224	—	23,224	13,387
Total Expenses	816,208	—	816,208	1,593,411
Change In Net Assets	253,514	370,364	623,878	(2,066,244)
Net Assets - Beginning Of Year	5,341,169	1,654,267	6,995,436	9,061,680
Net Assets - End Of Year	\$ 5,594,683	\$ 2,024,631	\$ 7,619,314	\$ 6,995,436

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

STATEMENT OF CASH FLOWS For The Year Ended September 30, 2023 (With Summarized Financial Information For The Year Ended September 30, 2022)

	2023	2022
Cash Flows From Operating Activities		
Change in net assets	\$ 623,878	\$ (2,066,244)
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Unrealized (gain) loss on investments	(264,700)	1,412,622
Changes in assets and liabilities:		
Pledges receivable	(100,000)	—
Other receivable	—	5,000
Interest receivable	2,151	(582)
Due to affiliate	8,508	80,679
Investments held on behalf of St. Louis Public Library	64,055	(179,924)
Net Cash Provided By (Used In) Operating Activities	333,892	(748,449)
Cash Flows From Investing Activities		
Proceeds from sale or maturity of investments	3,252,408	1,199,999
Purchases of investments	(3,602,821)	(1,046,595)
Net Cash Provided By (Used In) Investing Activities	(350,413)	153,404
Decrease In Cash And Cash Equivalents	(16,521)	(595,045)
Cash And Cash Equivalents - Beginning Of Year	1,000,797	1,595,842
Cash And Cash Equivalents - End Of Year	\$ 984,276	\$ 1,000,797

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 And 2022

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 Directors 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, 2022, from which the summarized information is derived.

Net Assets

Net Assets Without Donor Restrictions - Net assets without donor restrictions are those whose use is not restricted by donors.

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

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. At times, such balances may be in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. 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. Gains and losses on sales of investments are determined on a specific cost-identification method. Unrealized gains and losses are determined based on year-end fair value fluctuations.

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

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.

2. Investments

A summary of investments as of September 30, 2023 for the Foundation is as follows:

Money market mutual funds	\$ 310,387
Equity mutual funds	2,969,709
Fixed income mutual funds	<u>4,270,631</u>
	<u><u>\$ 7,550,727</u></u>

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

Notes To Financial Statements *(Continued)*

3. Fair Value Measurement And Application

Investments measured and reported at fair value are classified and disclosed in one of the following three categories:

Level 1 - Quoted prices that are readily available in active markets/ exchanges for identical investments.

Level 2 - Pricing inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.

Level 3 - Significant pricing inputs that are unobservable for the investment and includes investments for which there is little, if any, market activity for the investment.

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

	Quoted Prices		
	In Active	Significant	Unobservable
	Identical	Observable	
	Assets	Inputs	Inputs
	Level 1	Level 2	Level 3
Investments By Fair Value Level			
Money market mutual funds	\$ 310,387	\$ —	\$ —
Fixed income mutual funds	4,270,631	—	—
Equity-based mutual funds	2,969,709	—	—
Total Investments By Fair Value Level	\$7,550,727	\$ —	\$ —

4. Pledges Receivable

Pledges receivable are expected to be collected as follows:

Year	Amount
2024	\$ 51,000
2025	50,000
	\$ 101,000

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

Notes To Financial Statements *(Continued)*

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, 2023.

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 Foundation and the Library have entered into an affiliation agreement under which the Foundation will transfer donor contributions to the Library to be used for support of Library programs. During 2023, the Foundation transferred funds of \$816,208 to the Library. These transfers were partially offset by repayments of borrowings from the Library of \$200,343. The net amount of \$615,865 is treated as grants to the St. Louis Public Library on the statement of activities.

6. Net Assets

Net assets with donor restrictions consist of the following as of September 30, 2023:

Restricted for the sponsorship of educational programs and book purchases	\$ 1,044,587
Restricted for the purchase of children and adult books for the Carpenter Branch Library	581,028
Restricted for Library programs	<u>399,016</u>
	<u><u>\$ 2,024,631</u></u>

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:

Sponsorship of educational programs and book purchases	\$ 31,614
Purchase of children and adult books for the Carpenter Branch Library	20,043
Library programs	<u>66,387</u>
	<u>\$ 118,044</u>

7. Functional Expenses

Expense by functional classification for the year ended September 30, 2023, are as follows:

	Program	Management And General	Fundraising	Event Fundraising	Total
Grants to St. Louis Public Library	\$ 615,865	\$ —	\$ —	\$ —	\$ 615,865
Professional services	—	50,579	18,847	200	69,626
Advertising and promotion	—	—	27,475	—	27,475
Information technology	—	1,234	3,367	—	4,601
Insurance	—	4,325	—	—	4,325
Fundraising receptions	—	19,878	2,777	6,182	28,837
Postage	—	—	110	—	110
Printing and publications	—	1,798	28,795	—	30,593
Shipping	—	224	6,868	—	7,092
Travel	—	4,460	—	—	4,460
Other	—	8,805	14,419	—	23,224
Grand Total	\$ 615,865	\$ 91,303	\$ 102,658	\$ 6,382	\$ 816,208

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

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	\$ 984,276
Investments	7,550,727
Interest receivable	1,348
Pledge receivable	51,000
Total Assets	<u>8,587,351</u>
Less: Amounts unavailable for general expenditures within one year due to:	
Funds Invested by Foundation for the St. Louis Public Library	708,941
Due to affiliate - St. Louis Public Library	309,096
	<u>1,018,037</u>
Restricted by donors with purpose restrictions	<u>2,024,631</u>
Financial assets available to meet general expenditures within one year	<u>\$ 5,544,683</u>

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).

All donor gifts whether restricted or 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.