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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grosse Pointe Library Foundation as of June 30, 2020, and the changes in its 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 Grosse Pointe Library Foundation's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 21, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink, appearing to read "John W. Rhinesmith, C.P.A., P.C.", written over a horizontal line.

JOHN W. RHINESMITH, C.P.A., P.C.  
Certified Public Accountant

September 16, 2020

# GROSSE POINTE LIBRARY FOUNDATION

## Statement of Financial Position

June 30, 2020, with comparative totals for 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 42,531	\$ 65,377
Investments	1,089,328	1,027,154
Accrued Interest Income	<u>          -</u>	<u>          -</u>
Total current assets	1,131,859	1,092,531
Noncurrent assets		
Property and Equipment	916	916
Accumulated Depreciation	<u>( 916)</u>	<u>( 916)</u>
	-	-
Total noncurrent assets	<u>          -</u>	<u>          -</u>
Total assets	<u>\$ 1,131,859</u>	<u>\$ 1,092,531</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Payroll related liabilities	\$ 204	\$ 787
Net assets		
Without Donor Restrictions		
Undesignated	1,091,509	1,064,144
Board Designated	<u>40,350</u>	<u>27,600</u>
Total net assets	<u>1,131,655</u>	<u>1,091,744</u>
Total liabilities and net assets	<u>\$ 1,131,859</u>	<u>\$ 1,092,531</u>

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

# GROSSE POINTE LIBRARY FOUNDATION

## Statement of Activities

Year Ended June 30, 2020, with comparative totals for 2019

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	Total <u>2020</u>	<u>2019</u>
<b>REVENUE</b>				
Contributions	\$ 110,543	\$ -	\$ 110,543	\$ 143,583
Miscellaneous	1,432	-	1,432	4,755
Investment income (loss)	<u>56,767</u>	<u>-</u>	<u>56,767</u>	<u>61,462</u>
Total revenue	168,742	-	168,742	209,800
<b>EXPENSES –</b>				
<b>Programs and Supporting Services</b>				
General and administrative	29,182	-	29,182	30,630
Fund-raising	11,261	-	11,261	15,238
Programs	<u>88,388</u>	<u>-</u>	<u>88,388</u>	<u>132,730</u>
Total expenses	<u>128,831</u>	<u>-</u>	<u>128,831</u>	<u>178,598</u>
CHANGE IN NET ASSETS	39,911	-	39,911	31,202
NET ASSETS - Beginning of Year	<u>1,091,744</u>	<u>-</u>	<u>1,091,744</u>	<u>1,060,542</u>
NET ASSETS – End of Year	<u>\$1,131,655</u>	<u>\$ -</u>	<u>\$1,131,655</u>	<u>\$1,091,744</u>

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

# GROSSE POINTE LIBRARY FOUNDATION

## Statement of Functional Expenses

**Year Ended June 30, 2020, with comparative totals for 2019**

	<u>General and</u> <u>Administrative</u>	<u>Programs</u>	<u>Fundraising</u>	<u>Total</u> <u>2020</u>	<u>2019</u>
Compensation:					
Salaries and wages	\$ 6,900	\$ -	\$ 6,900	\$ 13,800	\$ 18,475
Employee benefits (pension)	-	-	-	-	-
Payroll taxes	<u>564</u>	<u>-</u>	<u>564</u>	<u>1,128</u>	<u>2,322</u>
Total compensation	7,464	-	7,464	14,928	20,797
Memberships	230	-	-	230	150
Professional fees	14,238	-	-	14,238	6,282
Printing and postage	15	-	285	300	227
Telephone	-	-	-	-	-
Rent	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-
Development	-	-	1,485	1,485	1,778
Investment fees	3,500	-	-	3,500	3,500
Library program expense - BOL	-	-	-	-	8,004
Library program expense – Breuer	-	389	-	389	-
Library program expense – NITS	-	-	-	-	-
Library program expense – Fall Gala	-	20,379	-	20,379	22,329
Annual fund	-	-	1,218	1,218	1,897
Library promotional	-	-	-	-	-
Miscellaneous	117	-	-	117	4,760
Millage campaign	-	-	-	-	15,089
Transfer to Library	-	50,300	-	50,300	85,000
Transfer of endowment (CFSEM)	-	5,000	-	5,000	-
Insurance	809	-	809	1,618	1,898
Friends – collaboration	-	12,320	-	12,320	2,308
Office supplies and expense	2,809	-	-	2,809	4,579
Depreciation expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>\$ 29,182</u>	<u>\$ 88,388</u>	<u>\$ 11,261</u>	<u>\$ 128,831</u>	<u>\$ 178,598</u>

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

# GROSSE POINTE LIBRARY FOUNDATION

## Statement of Cash Flows

Year Ended June 30, 2020, with comparative totals for 2019

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Increase (Decrease) in net assets	\$ 39,911	\$ 31,202
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Decrease (Increase) accrued interest income	-	-
(Decrease) Increase payroll liabilities	( 583)	200
Decrease (Increase) prepaid expenses	-	4,113
Depreciation	<u>-</u>	<u>-</u>
Total Adjustments	( 583)	4,313
Net Cash Provided by Operating Activities	39,328	35,515
<b>Cash Flows from Investing Activities</b>		
Short Term Investments, net	( 62,174)	( 25,045)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	( 22,846)	10,470
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>65,377</u>	<u>54,907</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 42,531</u>	<u>\$ 65,377</u>

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

# GROSSE POINTE LIBRARY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

#### Organization

Grosse Pointe Library Foundation (the Organization) is a Michigan nonprofit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as an organization that is not a private foundation. The Organization's Forms 990 (Return of Organization Exempt From Income Tax) are subject to examination by IRS, generally for three years after filing. The Organization's purpose is to promote the educational and literary purposes of the Grosse Pointe Public Library by soliciting and receiving gifts, devises, bequests, money or other property and administering funds for capital, endowment, and special projects.

The Organization's programs and supporting services are as follows:

#### Programs

Grosse Pointe Library Foundation is dedicated to providing resources to Grosse Pointe Public Library. The Foundation's programs benefit the Library directly.

#### Management and General

This includes the functions necessary to maintain an adequate working environment, provide proper administrative support of the Organization's purpose, and manage the financial responsibilities of the Organization.

#### Fund Raising

This provides the structure necessary to encourage and secure support from individuals, foundations, business entities and government agencies.

#### Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards ASC 958 (as amended by ASU 2016-14), *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net Assets Without Donor Restrictions – net assets that are not subject to “donor-imposed” restrictions.

Net Assets With Donor Restrictions – net assets subject to “donor-imposed” restrictions that may or

# GROSSE POINTE LIBRARY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

#### Basis of Presentation (continued)

will be met by actions of the Organization and/or the passage of time. Items that affect this net asset category are restricted contributions and grants.

#### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments with maturities of three months or less when purchased are considered cash equivalents and recorded at cost, which approximates fair value.

#### Property and Equipment

Property and equipment is carried at cost or, if donated, at the fair market value at the time of the donation. Depreciation is provided on a straight-line basis over the estimated useful life of each item. It is the Organization's policy to capitalize acquisitions of \$100 or more. Depreciation for the year ended June 30, 2020 amounted to \$-0-.

#### Revenue and Support

Contributions received are recorded as with or without donor restrictions. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If the contribution and use of purpose-restricted donation occurs in the same period, then the support will be recorded as unrestricted.

# GROSSE POINTE LIBRARY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Revenue and Support (continued)

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Endowment contributions are permanently restricted by the donor. The Organization's policy is to charge all unrealized gains and losses incurred by the fund's investments to permanently restricted net assets. To date, the Organization has received no endowments.

The Organization collects endowment funds on behalf of the Grosse Pointe Public Library. The funds are remitted to The Community Foundation for Southeast Michigan (CFSEM).

#### Functional Classification of Expenses

The Organization allocates common expenses based on time studies by management.

#### Investments

The Organization invests funds not needed for daily operations in a wide range of asset classes with readily determinable fair values. Unrealized gains and losses are included in the change of net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

### 2. BOARD DESIGNATED NET ASSETS

The Organization's Board of Directors has designated the use of unrestricted net assets for the following purposes:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
Endowment (CFSEM)	\$ 10,775	\$ 5,000	\$ 5,000	\$ 10,775
Breuer Preservation Fund	<u>16,825</u>	<u>12,750</u>	<u>-</u>	<u>29,575</u>
	<u>\$ 27,600</u>	<u>\$ 17,750</u>	<u>\$ 5,000</u>	<u>\$ 40,350</u>

# GROSSE POINTE LIBRARY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### 3. RELATED PARTY TRANSACTION

During the year, the Organization conducted various activities on behalf of the Grosse Pointe Public Library (the "Library"), including fund raising and donor relations, under an arrangement established in 2003. Three trustees of the Library also serve as directors of the Organization.

### 4. CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash and cash equivalent balances at a local bank and a registered investment advisor. At June 30, 2020, the Organization had no substantial balances at its bank which were not insured through FDIC. At June 30, 2020, the Organization had \$1,113,337 invested in a mutual funds and money market funds. These investments exceeded the amount protected by SIPC by \$613,337.

### 5. INVESTMENTS

The Organization's investments at June 30, 2020 consist of the following:

Equity Mutual Funds	\$ 631,965
Fixed Income Mutual Funds	456,569
Interest Accrual	<u>793</u>
	1,089,327
Money Market Funds	<u>24,010</u>
	<u>\$1,113,337</u>

Investments are stated at fair value. Investment return is summarized as follows:

Interest income	\$ 34,740
Realized Gains (Losses)	5,612
Unrealized Gains (Losses)	<u>16,415</u>
Total Unrestricted Investment Income (Loss)	<u>\$ 56,767</u>

## 6. FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board (FASB) issued the Statement on Financial Accounting Standards ASC 820, "Fair Value Measurements" (formerly SFAS 157). This standard establishes a framework for disclosures regarding the use of fair value measurement which requires the following information as of June 30, 2020: Under this standard, fair value is a market-based measurement that should be determined based on the assumptions that market participants would use in pricing an asset or liability. Various inputs are used in determining the value of the Organization's investments. These inputs are summarized into three levels:

- Level (1): Inputs to the valuation methodology are quoted prices for identical assets in active markets.
- Level (2): Inputs to the valuation methodology include quoted prices for similar assets in active markets, and inputs that are observable for the asset, either directly or indirectly. Third Party Appraisal – corroboration with observable market data.
- Level (3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Internal Estimate – based on known attributes of the investments (including the Organization's own assumptions in determining the fair value of investments).

Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Certain amendments effecting FASB ASC 820 are being evaluated by management and have not yet been applied.

The following table summarizes the Organization's investments, based on the inputs used to determine their values on June 30, 2020:

<u>Valuation Inputs</u>	<u>Investments</u>
Level 1 – quoted prices	\$ 1,113,337
Level 2 – significant other observable inputs	-
Level 3 – significant unobservable inputs	-
	<u>\$ 1,113,337</u>

## 7. CONTRIBUTION REVENUE

Contribution revenue for the years ended June 30, 2020 and 2019 includes the following:

	<u>2020</u>	<u>2019</u>
Annual Fund	\$ 49,210	\$ 59,261
Books on the Lake	-	20,091
Breuer Preservation Fund	12,750	-
Fall Gala	40,176	48,891
Endowment (CFSEM)	5,000	5,000
Gift Book Fund	-	-
Grant – CFSEM	3,407	10 340
Miscellaneous	<u>1,432</u>	<u>4 755</u>
	<u>\$111,975</u>	<u>\$148,338</u>

## 8. SUBSEQUENT EVENTS

The pandemic caused by the Novel Coronavirus (COVID-19) has negatively impacted Grosse Pointe Library Foundation. On March 23, 2020 Governor Whitmer issued Executive Order 2020-21, which, in part, required all nonessential workers to stay home. This order inhibited the Organization's ability to procure donations and administer its programs. In particular, the Organization was unable to collect donations relating to its Books on the Lake program in the usual manner. Impact from the pandemic continued through the date of the audit report.

## 9. COMPARATIVE FINANCIAL INFORMATION

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 Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

## 10. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

	<u>2020</u>	<u>2019</u>
Financial Assets	\$ 1,131,859	\$ 1,092,531
Less Board Designated Net Assets	<u>48,757</u>	<u>43,061</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,083,102</u>	<u>\$ 1,049,470</u>

## 11. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 16, 2020, the date which the financial statements were available to be issued.