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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Grosse Pointe Library Foundation  
Grosse Pointe, Michigan

We have audited the accompanying statement of financial position of Grosse Pointe Library Foundation (a non-profit corporation) as of June 30, 2021, and the related statement of activities, functional expenses 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.

### **Auditor's 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 auditor's 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.

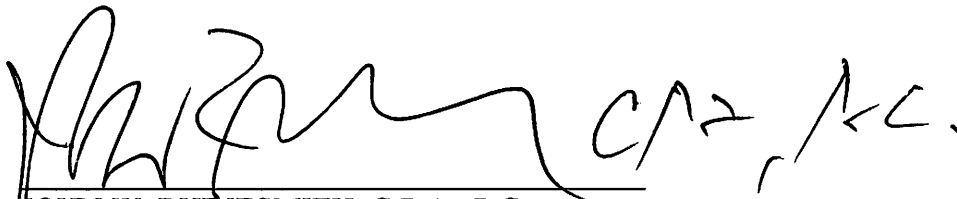
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**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, 2021, 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, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



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

October 27, 2021

# GROSSE POINTE LIBRARY FOUNDATION

## Statement of Financial Position

June 30, 2021, with comparative totals for 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 53,909	\$ 42,531
Investments	1,342,427	1,089,328
Accrued Interest Income	<u>-</u>	<u>-</u>
Total current assets	1,396,336	1,131,859
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>\$ 1,396,336</u>	<u>\$ 1,131,859</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Payroll related liabilities	\$( 714)	\$ 204
Net assets		
Without Donor Restrictions		
Undesignated	1,366,194	1,091,509
Board Designated	<u>30,856</u>	<u>40,350</u>
Total net assets	<u>1,397,050</u>	<u>1,131,655</u>
Total liabilities and net assets	<u>\$ 1,396,336</u>	<u>\$ 1,131,859</u>

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

# GROSSE POINTE LIBRARY FOUNDATION

## Statement of Activities

**Year Ended June 30, 2021, with comparative totals for 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2021</u>	<u>2020</u>
<b>REVENUE</b>				
Contributions	\$ 129,641	\$ -	\$ 129,641	\$ 110,543
Miscellaneous	2,214	-	2,214	1,432
Investment income (loss)	<u>259,057</u>	<u>-</u>	<u>259,057</u>	<u>56,767</u>
Total revenue	390,912	-	390,912	168,742
<b>EXPENSES –</b>				
<b>Programs and Supporting Services</b>				
General and administrative	26,083	-	26,083	29,182
Fund-raising	19,173	-	19,173	11,261
Programs	<u>80,261</u>	<u>-</u>	<u>80,261</u>	<u>88,388</u>
Total expenses	<u>125,517</u>	<u>-</u>	<u>125,517</u>	<u>128,831</u>
CHANGE IN NET ASSETS	265,395	-	265,395	39,911
NET ASSETS - Beginning of Year	<u>1,131,655</u>	<u>-</u>	<u>1,131,655</u>	<u>1,091,744</u>
NET ASSETS – End of Year	<u>\$1,397,050</u>	<u>\$ -</u>	<u>\$1,397,050</u>	<u>\$1,131,655</u>

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

# GROSSE POINTE LIBRARY FOUNDATION

## Statement of Functional Expenses

**Year Ended June 30, 2021, with comparative totals for 2020**

	<u>General and Administrative</u>	<u>Programs</u>	<u>Fundraising</u>	<u>Total</u>	
				<u>2021</u>	<u>2020</u>
<b>Compensation:</b>					
Salaries and wages	\$ 10,475	\$ -	\$ 10,474	\$ 20,949	\$ 13,800
Employee benefits (pension)	-	-	-	-	-
Payroll taxes	<u>873</u>	<u>-</u>	<u>872</u>	<u>1,745</u>	<u>1,128</u>
Total compensation	11,348	-	11,346	22,694	14,928
Memberships	-	-	-	-	230
Professional fees	7,125	-	-	7,125	14,238
Printing and postage	254	-	4,838	5,092	300
Development	1,511	-	-	1,511	1,485
Investment fees	3,500	-	-	3,500	3,500
Library program expense – Breuer	-	5,141	-	5,141	389
Library program expense – Fall Gala	-	2,551	-	2,551	20,379
Annual fund	-	-	2,174	2,174	1,218
Library promotional	-	-	-	-	-
Miscellaneous	332	-	-	332	117
Millage campaign	-	-	-	-	-
Transfer to Library	-	60,350	-	60,350	50,300
Transfer of endowment (CFSEM)	-	-	-	-	5,000
Insurance	815	-	815	1,630	1,618
Friends – collaboration	-	12,219	-	12,219	12,320
Office supplies and expense	1,198	-	-	1,198	2,809
Depreciation expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>\$ 26,083</u>	<u>\$ 80,261</u>	<u>\$ 19,173</u>	<u>\$ 125,517</u>	<u>\$ 128,831</u>

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

# GROSSE POINTE LIBRARY FOUNDATION

## Statement of Cash Flows

Year Ended June 30, 2021, with comparative totals for 2020

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities</b>		
Increase (Decrease) in net assets	\$ 265,395	\$ 39,911
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Decrease (Increase) accrued interest income	-	-
(Decrease) Increase payroll liabilities	( 918)	( 583)
Decrease (Increase) prepaid expenses	-	-
Depreciation	<u>-</u>	<u>-</u>
Total Adjustments	( 918)	( 583)
Net Cash Provided by Operating Activities	264,477	39,328
<b>Cash Flows from Investing Activities</b>		
Short Term Investments, net	( 253,099)	( 62,174)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	11,378	( 22,846)
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>42,531</u>	<u>65,377</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 53,909</u>	<u>\$ 42,531</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 Form 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



## 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, 2021 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.

## 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).

### Donated and In-Kind Contributions

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

### 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	\$ 648	\$ -	\$ 11,423
Breuer Preservation Fund	<u>29,575</u>	<u>25,000</u>	<u>35,142</u>	<u>19,433</u>
	<u>\$ 40,350</u>	<u>\$ 25,648</u>	<u>\$ 35,142</u>	<u>\$ 30,856</u>

## 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. Two 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, 2021, the Organization had no substantial balances at its bank which were not insured through FDIC. At June 30, 2021, the Organization had \$1,368,895 invested in a mutual funds and money market funds. These investments exceeded the amount protected by SIPC by \$868,895.

## 5. INVESTMENTS

The Organization's investments at June 30, 2021 consist of the following:

Equity Mutual Funds	\$ 792,237
Fixed Income Mutual Funds	549,402
Interest Accrual	<u>788</u>
	1,342,427
Money Market Funds	<u>26,468</u>
	<u>\$1,368,895</u>

## 5. INVESTMENTS (continued)

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

Interest income	\$ 28,664
Realized Gains (Losses)	15,173
Unrealized Gains (Losses)	<u>215,220</u>
Total Unrestricted Investment Income (Loss)	<u>\$259,057</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, 2021: 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.

## 6. FAIR VALUE MEASUREMENTS (continued)

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, 2021:

<u>Valuation Inputs</u>	<u>Investments</u>
Level 1 – quoted prices	\$ 1,368,895
Level 2 – significant other observable inputs	-
Level 3 – significant unobservable inputs	-
	<u>\$ 1,368,895</u>

## 7. CONTRIBUTION REVENUE

Contribution revenue for the years ended June 30, 2021 and 2020 includes the following:

	<u>2021</u>	<u>2020</u>
Annual Fund	\$ 81,521	\$ 49,210
Breuer Preservation Fund	25,000	12,750
Fall Gala	11,571	40,176
Endowment (CFSEM)	648	5,000
Grant – CFSEM	10,901	3,407
Miscellaneous	2,214	1,432
	<u>\$131,855</u>	<u>\$111,975</u>

## 8. 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, 2020, from which the summarized information was derived.

## 9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

	<u>2021</u>	<u>2020</u>
Financial Assets	\$ 1,396,336	\$ 1,131,859
Less Board Designated Net Assets	<u>30,856</u>	<u>48,757</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,365,480</u>	<u>\$ 1,083,102</u>

## 10. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 27, 2021, the date which the financial statements were available to be issued.