

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1 - 3
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8 - 14

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Grosse Pointe Library Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, 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.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Grosse Pointe Library 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 Grosse Pointe Library Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards 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.

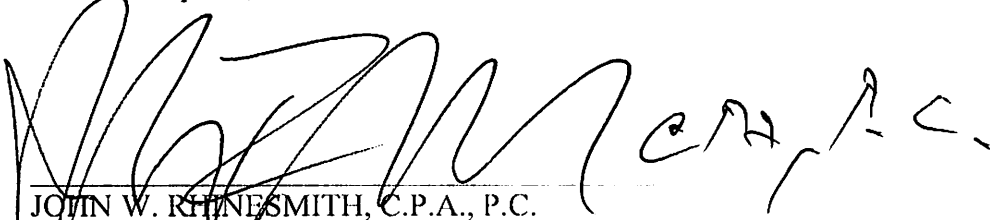
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 Grosse Pointe Library 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 Grosse Pointe Library 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 Grosse Pointe Library Foundation June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 26, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with audited financial statements from which it has been derived.



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

September 12, 2023

GROSSE POINTE LIBRARY FOUNDATION

Statement of Financial Position

June 30, 2023, with comparative totals for 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 61,117	\$ 57,287
Investments	967,464	905,191
Unconditional promise to give	<u>32,750</u>	<u>37,000</u>
Total current assets	1,061,331	999,478
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>\$ 1,061,331</u>	<u>\$ 999,478</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Payroll related liabilities	\$ 407	\$ 632
Accounts payable	<u>-</u>	<u>3,240</u>
Total current liabilities	407	3,872
Net assets		
Without donor restrictions		
Undesignated	965,706	899,070
Board designated	<u>37,668</u>	<u>33,986</u>
	1,003,374	933,056
With donor restrictions	<u>57,550</u>	<u>62,550</u>
Total net assets	<u>1,060,924</u>	<u>995,606</u>
Total liabilities and net assets	<u>\$ 1,061,331</u>	<u>\$ 999,478</u>

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

GROSSE POINTE LIBRARY FOUNDATION

Statement of Activities

Year Ended June 30, 2023, with comparative totals for 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2023</u>	<u>2022</u>
REVENUE				
Contributions	\$ 141,589	\$ 10,000	\$ 151,589	\$ 241,585
Miscellaneous	198	-	198	3,027
Investment income (loss)	<u>76,507</u>	<u>-</u>	<u>76,507</u>	<u>(176,944)</u>
Total revenue	218,294	10,000	228,294	67,668
EXPENSES –				
Programs and Supporting Services				
General and administrative	33,788	-	33,788	37,218
Fund-raising	18,502	-	18,502	31,385
Programs	<u>95,686</u>	<u>15,000</u>	<u>110,686</u>	<u>400,509</u>
Total expenses	<u>147,976</u>	<u>15,000</u>	<u>162,965</u>	<u>469,112</u>
CHANGE IN NET ASSETS	70,318	(5,000)	65,318	(401,444)
NET ASSETS - Beginning of Year	<u>933,056</u>	<u>62,550</u>	<u>995,606</u>	<u>1,397,050</u>
NET ASSETS – End of Year	<u>\$1,003,374</u>	<u>\$ 57,550</u>	<u>\$1,060,924</u>	<u>\$ 995,606</u>

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

GROSSE POINTE LIBRARY FOUNDATION

Statement of Functional Expenses

Year Ended June 30, 2023, with comparative totals for 2022

	<u>General and Administrative</u>	<u>Programs</u>	<u>Fundraising</u>	Total	
				<u>2023</u>	<u>2022</u>
Compensation:					
Salaries and wages	\$ 11,763	\$ -	\$ 11,762	\$ 23,525	\$ 29,058
Employee benefits (pension)	-	-	-	-	-
Payroll taxes	<u>1,560</u>	<u>-</u>	<u>1,560</u>	<u>3,120</u>	<u>2,522</u>
Total compensation	13,323	-	13,322	26,645	31,580
Professional fees	5,000	-	-	5,000	7,940
Printing and postage	131	-	2,495	2,626	10,453
Development	3,422	-	-	3,422	5,791
Investment fees	3,500	-	-	3,500	3,502
Library program expense – Breuer	-	-	-	-	1,870
Library program expense – Fall Gala	-	24,472	-	24,472	36,791
Annual fund	-	-	1,630	1,630	4,656
Secondary Event	-	6,214	-	6,214	8,893
Miscellaneous	5,833	-	-	5,833	617
Transfer to Library	-	80,000	-	80,000	352,955
Transfer of endowment (CFSEM)	-	-	-	-	-
Insurance	1,056	-	1,055	2,111	2,019
Office supplies and expense	<u>1,523</u>	<u>-</u>	<u>-</u>	<u>1,523</u>	<u>2,045</u>
Total expenses	<u>\$ 33,788</u>	<u>\$110,686</u>	<u>\$ 18,502</u>	<u>\$ 162,976</u>	<u>\$ 469,112</u>

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

GROSSE POINTE LIBRARY FOUNDATION

Statement of Cash Flows

Year Ended June 30, 2023, with comparative totals for 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Increase (Decrease) in net assets	\$ 65,318	(\$ 401,444)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Decrease (Increase) accrued interest income	-	-
Decrease (Increase) accounts receivable	5,000	(40,000)
(Decrease) Increase payroll liabilities	(225)	1,346
(Decrease) Increase accounts payable	(3,240)	3,240
(Decrease) Increase in amortized discount – pledge	(750)	3,000
Decrease (Increase) prepaid expenses	-	-
Depreciation	-	-
Total Adjustments	<u>785</u>	<u>(32,414)</u>
Net Cash Provided by Operating Activities	66,103	(433,858)
Cash Flows from Investing Activities		
Short Term Investments, net	<u>(62,273)</u>	<u>437,236</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,830	3,378
Cash and Cash Equivalents at Beginning of Year	<u>57,287</u>	<u>53,909</u>
Cash and Cash Equivalents at End of Year	<u>\$ 61,117</u>	<u>\$ 57,287</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

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, 2023 amounted to \$-0-.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

GROSSE POINTE LIBRARY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

GROSSE POINTE LIBRARY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

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:

	Beginning Balance	Additions	Dispositions	Ending Balance
Endowment (CFSEM)	\$ 16,423	\$ 8,682	\$ 5,000	\$ 20,105
Breuer Preservation Fund	17,563	-	-	17,563
	\$ 33,986	\$ 8,682	\$ 5,000	\$ 37,668

3. PROMISES TO GIVE

Unconditional promises to give consists of the following:

	<u>2023</u>	<u>2022</u>
Restricted to support the construction of a quiet reading room	\$ 30,000	\$ 40,000
Restricted to support the Central Branch fish tank	5,000	-
Gross unconditional promises to give	35,000	40,000
Less: Unamortized discount	(2,250)	(3,000)
Net unconditional promises to give	\$ 32,750	\$ 37,000
Amounts due in:		
Less than one year	\$ 15,000	\$ 10,000
One to five years	20,000	30,000
	\$ 35,000	\$ 40,000

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques and a discount rate of 3%, when the donor makes an unconditional promise to give to the Organization.

4. RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are available for the following purpose:

	<u>2023</u>	<u>2021</u>
Donor restricted -- commemorative gift program	\$ 57,550	\$ 62,550

GROSSE POINTE LIBRARY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

5. 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.

6. CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash and cash equivalent balances at a local bank and a registered investment advisor. At June 30, 2023, the Organization had no substantial balances at its bank which were not insured through FDIC. At June 30, 2023, the Organization had \$986,439 invested in mutual funds, exchange traded funds, index funds and money market funds. These investments exceeded the amount protected by SIPC by \$486,439.

7. INVESTMENTS

The Organization's investments at June 30, 2023 consist of the following:

Equity Funds	\$ 572,755
Fixed Income Funds	393,678
Interest Accrual	<u>1,031</u>
	967,464
Money Market Funds	<u>18,975</u>
	<u>\$ 986,439</u>

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

Interest income	\$ 32,048
Realized Gains (Losses)	(4,710)
Unrealized Gains (Losses)	<u>49,169</u>
Total Unrestricted Investment Income (Loss)	<u>\$ 76,507</u>

GROSSE POINTE LIBRARY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

8. 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, 2023: 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, 2023:

<u>Valuation Inputs</u>	<u>Investments</u>
Level 1 -- quoted prices	\$ 986,439
Level 2 -- significant other observable inputs	-
Level 3 -- significant unobservable inputs	-
	<u>\$ 986,439</u>

GROSSE POINTE LIBRARY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

9. CONTRIBUTION REVENUE

Contribution revenue for the years ended June 30, 2023 and 2022 includes the following:

	<u>2023</u>	<u>2022</u>
Annual Fund	\$ 58,125	\$ 77,146
Breuer Preservation Fund	-	-
Fall Gala – Masquerade	45,959	77,108
Fall Gala – Books & Bubbles	10,500	-
Secondary Event	10,173	10,500
Endowment (CFSEM)	-	5,000
Grant – CFSEM	8,682	9,281
Commemorative Gift Program	18,150	62,550
Miscellaneous	<u>198</u>	<u>3,027</u>
	<u>\$151,787</u>	<u>\$244,612</u>

10. 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, 2022, from which the summarized information was derived.

11. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

	<u>2023</u>	<u>2022</u>
Financial Assets	\$ 1,063,581	\$ 1,002,478
Less Board Designated Net Assets	37,668	28,986
Less Donor Restricted – Commemorative Gift Program	<u>57,550</u>	<u>62,550</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 968,363</u>	<u>\$ 910,942</u>

12. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 12, 2023, the date which the financial statements were available to be issued.