

**WEST PALM BEACH  
LIBRARY FOUNDATION, INC.**

**Financial Statements**

**September 30, 2023**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
West Palm Beach Library Foundation, Inc.  
West Palm Beach, Florida

**Opinion**

We have audited the accompanying financial statements of West Palm Beach Library Foundation, Inc. (a nonprofit organization) (the "Foundation"), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, cash flows, and functional expenses 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 the Foundation as of September 30, 2023, 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.

**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 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 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.

### **Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

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 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**

The financial statements of the Foundation as of September 30, 2022 were audited by other auditors whose report dated May 15, 2023 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presents 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.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
March 21, 2024

West Palm Beach Library Foundation, Inc.

STATEMENTS OF FINANCIAL POSITION

September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 319,233	\$ 132,069
Prepaid expenses	95,925	101,766
Grants and pledges receivable	5,000	108,686
Employee Retention Credit receivable	74,199	-
Investments	<u>5,022,164</u>	<u>4,674,178</u>
Total assets	<u>\$ 5,516,521</u>	<u>\$ 5,016,699</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accruals	\$ 11,622	\$ 2,980
Deferred revenue	<u>193,275</u>	<u>164,800</u>
Total liabilities	<u>204,897</u>	<u>167,780</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Board designated	428,438	467,341
Undesignated	289,457	82,741
With donor restrictions	<u>4,593,729</u>	<u>4,298,837</u>
Total net assets	<u>5,311,624</u>	<u>4,848,919</u>
Total liabilities and net assets	<u>\$ 5,516,521</u>	<u>\$ 5,016,699</u>

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

**West Palm Beach Library Foundation, Inc.**

**STATEMENTS OF ACTIVITIES**

**For The Year Ended September 30, 2023  
(with summarized financial information for 2022)**

	Without Donor Restrictions	With Donor Restrictions	2023	2022
<b>SUPPORT AND REVENUE:</b>				
Grants	\$ 261,100	\$ -	\$ 261,100	\$ 138,000
Contributions - general	91,988	-	91,988	70,857
Contributions - naming opportunities	-	-	-	121,000
Contributions - non-financial assets	-	-	-	4,829
Food for Thought and Yacht event	350,156	-	350,156	246,015
Giving Society event	3,875	-	3,875	6,496
Supporters event	1,790	-	1,790	-
Employee Retention Credit	74,199	-	74,199	-
Dividend and interest income, net	14,312	69,200	83,512	89,929
	<u>797,420</u>	<u>69,200</u>	<u>866,620</u>	<u>677,126</u>
Net assets released from restrictions	<u>326,462</u>	<u>(326,462)</u>	<u>-</u>	<u>-</u>
 <b>EXPENSES</b>				
Program expenses	480,992	-	480,992	590,083
Management and general	228,282	-	228,282	251,009
Fundraising	283,781	-	283,781	282,935
	<u>993,055</u>	<u>-</u>	<u>993,055</u>	<u>1,124,027</u>
Change in net assets before investments	130,827	(257,262)	(126,435)	(446,901)
Investment return, net	<u>36,986</u>	<u>552,154</u>	<u>589,140</u>	<u>(1,038,655)</u>
Change in net assets	167,813	294,892	462,705	(1,485,556)
Net assets, beginning of year	<u>550,082</u>	<u>4,298,837</u>	<u>4,848,919</u>	<u>6,334,475</u>
Net assets, end of year	<u>\$ 717,895</u>	<u>\$ 4,593,729</u>	<u>\$ 5,311,624</u>	<u>\$ 4,848,919</u>

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

**WEST PALM BEACH LIBRARY FOUNDATION, INC.**

**STATEMENTS OF CASH FLOWS**

**For The Year Ended September 30, 2023  
(with summarized financial information for 2022)**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from grants	\$ 364,786	\$ 144,647
Cash received from contributions and pledges	91,989	70,857
Cash received from Naming opportunities	-	121,000
Cash received from Food for Thought and Yacht event	378,631	257,451
Cash received from Giving Society event	3,875	6,460
Cash received from Supporters event	1,790	-
Dividends and interest received, net	49,495	50,025
Cash paid to suppliers and employees	(1,027,867)	(1,193,254)
Cash used in operating activities	(137,301)	(542,814)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net proceeds from sale of investments	324,465	409,990
Net cash provided by investing activities	324,465	409,990
Change in cash and cash equivalents	187,164	(132,824)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	132,069	264,893
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 319,233	\$ 132,069
 <b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES</b>		
Change in net assets	\$ 462,705	\$ (1,485,556)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and change in unrealized gain/(loss) on investments	(672,451)	998,751
(Increase) decrease in certain assets:		
Employee Retention Credit	(74,199)	-
Grants and pledge receivable	103,686	6,647
Prepaid expenses	5,841	(74,260)
Increase (decrease) in certain liabilities:		
Accounts payable and accruals	8,642	(796)
Deferred revenue	28,475	12,400
Net cash used in operating activities	\$ (137,301)	\$ (542,814)

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

**West Palm Beach Library Foundation, Inc.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**Year Ended September 30, 2023  
(with summarized financial information totals for 2022)**

	<b>Program Expenses</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>2023</b>	<b>2022</b>
Personnel costs:					
Salaries	\$ 111,094	\$ 95,223	\$ 111,094	\$ 317,411	\$ 311,505
Payroll taxes	8,350	7,157	8,350	23,857	23,830
Payroll service fees	1,388	1,190	1,388	3,966	3,953
Employee benefits	7,623	6,533	7,623	21,779	30,947
	128,455	110,103	128,455	367,013	370,235
Advertising	-	23,829	-	23,829	33,426
Board and committee meeting	-	5,498	-	5,498	7,926
Food for Thought and Yach event expenses	-	-	141,653	141,653	126,374
Grant expense	352,537	-	-	352,537	467,905
Giving Society expenses	-	-	9,715	9,715	13,802
License and permit	-	369	-	369	394
Membership dues	-	2,345	-	2,345	4,855
Merchant fees	-	3,482	-	3,482	2,233
Information technology	-	26,681	-	26,681	25,102
Insurance	-	1,529	-	1,529	4,002
Non-financial expenses:					
Services	-	-	-	-	3,828
Supplies	-	-	-	-	1,000
Postage and mailing	-	542	-	542	1,369
Printing and copying	-	12,200	-	12,200	8,423
Auditing and accounting fees	-	15,675	-	15,675	17,880
Donor development and staff training	-	11,104	-	11,104	4,303
Supplies	-	14,925	-	14,925	30,970
Supporters event	-	-	3,958	3,958	-
Total expenses	<b>\$ 480,992</b>	<b>\$ 228,282</b>	<b>\$ 283,781</b>	<b>\$ 993,055</b>	<b>\$ 1,124,027</b>

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



**West Palm Beach Library Foundation, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2023**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization*

West Palm Beach Library Foundation, Inc. (the Foundation) is a not-for-profit corporation located in West Palm Beach, Florida established in 2001 in accordance with the laws of the State of Florida. By raising private dollars that stretch public dollars, the Foundation helps expand and diversify the West Palm Beach Library's (Library) collections, cultural, educational and art programs.

*Financial Statements Presentation*

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) as set forth under FASB Accounting Standards Codification (FASB ASC) 958-205 *Not-for-Profit Entities, Presentation of Financial Statements*. Accordingly, the net assets of the Foundation are reported in each of the following classes:

*Net assets without donor restrictions:* are those currently available for use in the current operations of the Foundation under the direction of the Board.

*Net assets with donor restrictions:* are those subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

*Basis of Accounting*

The financial statements of the Foundation are prepared using the accrual basis of accounting whereas revenues are recognized when earned and expenses are recognized when incurred. This basis of accounting conforms to accounting principles generally accepted in the United States of America.

*Estimates*

Management uses estimates and assumptions in preparing financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used.

**West Palm Beach Library Foundation, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2023**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

*Fair Value of Financial Instruments*

The Foundation follows FASB ASC 820-10 *Fair Value Measurements and Disclosures*, which provides a common definition of fair value, establishes a framework to measure fair value within accounting principles generally accepted in the United States of America, and expands the disclosures about fair value measurements. The standard does not create any new fair value measurements. Instead, it applies under existing accounting pronouncements that require or permit fair value measurements.

For assets and liabilities measured at fair value on a recurring basis, entities should disclose information that allows financial statement users to assess (1) the inputs used to develop such measurements, such as Level 1 (i.e., quoted price in an active market for an identical asset or liability), Level 2 (i.e., quoted price for similar assets or liabilities in active markets), or Level 3 (i.e., unobservable inputs); and (2) the effect on changes in net assets of recurring measurements that use significant unobservable (Level 3) inputs.

Under FASB ASC 820-10, there are three general valuation techniques that may be used to measure fair value. There have been no changes in the methodology used as of September 30, 2023. The three approaches are as follows:

*Market* – Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sales transactions, market trades, or other sources.

*Cost* – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and

*Income* – Uses valuation techniques to convert future income amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

*Cash and Cash Equivalents*

The Foundation considers highly liquid investments and investments with original maturities of three months or less to be cash and cash equivalents, except for such similar investments that are held and remain classified within the investment portfolio.

**West Palm Beach Library Foundation, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2023**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

*Grants and Pledges Receivable*

Grants and Pledges received are recorded as net assets with donor or without donor restrictions depending on the existence or nature of any donor restrictions. Amounts received that are designated for future periods or restricted by the donor for specific purpose are reported as net assets with donor restrictions. When net asset with donor restrictions expires, the net assets are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Unconditional promises to give are recorded at their net realized value. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

*Investments*

Investments are comprised of publicly-traded mutual funds, common stocks, corporate bonds, and money market funds. The funds are invested for long-term investment return. Under FASB ASC 958-320, *Investments – Debt and Equity Securities*, investments in marketable securities with readily-determinable fair values are reported at their fair values in the Statement of Financial Position, with the amount of unrealized gains or losses on investments not previously recognized shown in the Statement of Activities.

The Foundation presents dividend and interest income net of related investment management fees, totaling \$83,512 for the year ended September 30, 2023.

*Support and Revenues*

The Foundation follows Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied, and ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

Contributions received, including unconditional promises, are recognized as support when the donor's commitment is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or with restrictions by the donor for specific purposes are reported as support with donor restrictions that increase that net asset class. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Program service fees are recognized as revenue in the period in which the related services commence.

**West Palm Beach Library Foundation, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2023**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

*Donated Goods and Services*

The Foundation follows ASU 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-financial Assets*, which requires the monitoring and tracking of gifts in kind by asset category, while also noting any donor-imposed restrictions. The value of the contributed goods and services is recognized when they (a) create or enhance a nonfinancial asset or (b) require specialized skills provided by entities or persons possessing those skills, and would need to be purchased if they were not donated. Donated goods and services are reflected in the financial statements at their estimated fair market value at the date of receipt. The donated goods and services are recorded as contributions of non-financial assets in the Statement of Activities, and as non-financial expense in the Statement of Functional Expenses.

*Advertising*

Advertising costs are expensed when incurred and are included within management and general, and fundraising categories in the Statement of Functional Expenses. Total expenditures for advertising costs for the year ended September 30, 2023 was approximately \$23,829.

*Expense Allocation*

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and according to natural classification in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

*Income Taxes*

The Foundation is a Florida not-for-profit corporation, other than a private foundation, pursuant to Internal Revenue Code Section 501(c)(3) and, as such, is not required to pay income taxes on its exempt function income.

The Foundation evaluates its uncertain tax positions in accordance with FASB ASC 740, *Income Taxes*, which states that management's determination of the taxable status of an entity, including its status as a tax-exempt entity, is a tax position subject to the standards required for accounting for uncertainty in income taxes. Management does not believe that the Foundation has any significant uncertain tax positions that would be material to the financial statements. Furthermore, there is no Federal or State open-year tax return under audit.

West Palm Beach Library Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

*Prior Year Summarized 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 accounting principles generally accepted in the United States of America. 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 was derived. Certain 2022 amounts may have been reclassified to conform to 2023 classifications. Such reclassifications would have had no effect on the change in net assets as previously reported.

*Recently Adopted Accounting Policies*

The FASB recently issued several ASU's that affect the accounting and reporting of not-for-profit entities. The FASB issued ASU 2016-02, *Leases* (Topic 842), which provides new guidance for leases such that virtually all leases will be capitalized and create "right of use" assets along with associated liabilities. The Foundation adopted the lease standard effective October 1, 2022, using the optional transition method, which applies the provisions of the standard at the effective date without adjusting the prior period. The adoption of this pronouncement has had no impact to the financial statements.

**NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES**

Financial assets available for general expenditure within one year, that is, without donor restrictions or other restrictions limiting their use comprise the following:

Cash and cash equivalents	\$ 319,233
Grants and pledges receivable	5,000
Employee Retention Credit receivable	74,199
Investments	<u>428,438</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 826,870</u>

The Foundation is substantially supported by contributions without donor and with donor restrictions. If a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Some of the Foundation's net assets with donor restrictions are available for general expenditure within one year of September 30, 2023 because the restrictions on the net assets are expected to be met by conducting the normal program activities of the Foundation in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year.

**West Palm Beach Library Foundation, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2023**

**NOTE 3 – CONCENTRATION OF CREDIT RISK**

The Foundation uses an FDIC insured financial institutions to maintain its cash, which at times may exceed FDIC insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks on such cash. As of September 30, 2023 the Foundation exceeded the FDIC limits by \$71,563.

The Foundation invests in various securities and mutual funds which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the Foundation's account balances and the amounts reported in the Statement of Financial Position.

**NOTE 4 - GRANTS AND PLEDGES RECEIVABLE**

Grants and pledges receivable are recorded for unconditional promises to fund programs for the subsequent year. The total of unconditional promises to give as of September 30, 2023, is \$5,000.

Management believes that grants and pledges receivable are fully collectible and, therefore, no allowance for uncollectible receivables was considered necessary. No discount is recorded for receivables due in more than one year as the amount of such discount is considered immaterial.

**NOTE 5 – FAIR VALUE MEASUREMENTS**

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets measured at fair value on a recurring basis as of September 30, 2023:

	Assets at Fair Value as of September 30, 2023			
	Level 1	Level 2	Level 3	Total
Investments:				
Cash equivalents	\$ 130,862	\$ -	\$ -	\$ 130,862
Fixed income securities	668,194	-	-	668,194
Equity securities	3,760,479	-	-	3,760,479
Alternatives	462,629	-	-	462,629
	<u>\$ 5,022,164</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,022,164</u>

**West Palm Beach Library Foundation, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2023**

**NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS**

As of September 30, 2023, net assets with donor restrictions consisted of:

Subject to endowment spending policy and appropriations:	
Mandel Foundation Endowment revenue	\$ 593,726
Perpetual in nature:	
Mandel Foundation Endowment	<u>4,000,000</u>
Total net assets with donor restrictions	<u><u>\$4,593,726</u></u>

**NOTE 7 - ENDOWMENT**

The Foundation's endowment consists of a grant established for the development of the West Palm Beach Library Foundation as well as to fund library programs. The endowment consists of both donor-restricted funds to be held for a specific purpose or in perpetuity, and funds designated by the Board of Directors to function as endowments. FASB ASC 958, *Not-for-Profit Entities*, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and Board-designated endowment funds), whether or not the organization is subject to UPMIFA.

The State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA), which became effective July 1, 2012, and provides a) consistent investment and spending standards to all forms of charitable funds, b) strengthens the concept of prudent investing, c) abandons historic dollar value as a floor for expenditures and provides more flexibility to the organization in making decisions about whether to expend any portion of an endowment fund, and d) provides a process for the release or modification of restrictions on a gift instrument. The adoption by the Foundation of the provisions of the new law did not have a significant change in its management and investment policies of endowments.

As a result of this standard, the Foundation classifies net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) income realized and unrealized by the perpetual endowment that is not appropriated during the year.

**West Palm Beach Library Foundation, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2023**

**NOTE 7 – ENDOWMENT (continued)**

The Foundation has adopted conservative investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments, while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to produce results while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation utilizes the services of a financial advisor who provides input into the investment strategy policy.

The Foundation's annual appropriations are determined at the discretion of the Board of Directors unless specific instructions are provided by the endowment donors.

In 2018, the Board of Director adopted a spending policy to annually make available 5% of a rolling three-year average of the Mandel Foundation Endowment assets. In accordance with the spending policy, the first one hundred thousand dollars of annual appropriations shall be given as a grant or contribution to the Mandel Public Library of West Palm Beach. The remainder of the Endowment's annual appropriation, if any, is to be divided evenly between the Mandel Public Library of West Palm Beach and the Foundation. The Foundation's portion of the annual appropriation is available for operations, at the discretion of the Board of Directors, in accordance with the endowment policies and procedures.

Endowment net assets by type as of September 30, 2023, consists of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor restricted endowment funds	\$ -	\$ 4,593,726	\$ 4,593,726
Board-designated endowment funds	<u>428,438</u>	<u>-</u>	<u>428,438</u>
Endowment net assets, ending	<u>\$ 428,438</u>	<u>\$ 4,593,726</u>	<u>\$ 5,022,164</u>



**West Palm Beach Library Foundation, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2023**

**NOTE 7 – ENDOWMENT (continued)**

Changes in endowment net assets for the year ended September 30, 2023, consists of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 467,341	\$ 4,206,837	\$ 4,674,178
Investment reduction:			
Investment income	16,154	101,173	117,327
Investment expenses	(2,044)	(31,972)	(34,016)
Net appreciation	<u>36,986</u>	<u>552,154</u>	<u>589,140</u>
Total investment reduction	51,096	621,355	672,451
Appropriations	<u>(89,999)</u>	<u>(234,466)</u>	<u>(324,465)</u>
Endowment net assets, end of year	<u>\$ 428,438</u>	<u>\$ 4,593,726</u>	<u>\$ 5,022,164</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor requires the Foundation to retain as a fund of perpetual duration. There were no such funds as of September 30, 2023 below the level required by donors.

**NOTE 8 – EMPLOYEE RETENTION CREDIT**

Under the provision of the CARES Act, the Foundation was eligible for refundable employee retention credit subject to certain criteria. The Foundation recognized \$74,199 of employee retention credit during the fiscal year ended September 30, 2023, which is reflected on the accompanying statement of activities.

**NOTE 9 – SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through March 21, 2024, which is the date the financial statements were available to be issued. Management is not aware of any events that have occurred subsequent to the Statement of Financial Position date that would require adjustment to, or disclosure in, the financial statements.