

FRIENDS OF THE PUBLIC LIBRARY  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT ACCOUNTANT'S REPORT  
Years Ended June 30, 2021 and 2020

**FINDELL & COMPANY, P.C.**  
Certified Public Accountants

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# FINDELL & COMPANY, P.C.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Friends for the Public Library  
Albuquerque, New Mexico

We have audited the accompanying financial statements of Friends of the Public Library (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits 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 audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of the Public Library as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Findell & Company, P.C.*

Findell & Company, P.C.  
Certified Public Accountants

Albuquerque, New Mexico  
August 31, 2021

FRIENDS OF THE PUBLIC LIBRARY  
 STATEMENTS OF FINANCIAL POSITION  
 June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 159,097	\$ 135,037
Investments in marketable securities (Notes 3 and 4)	<u>518,588</u>	<u>432,845</u>
TOTAL CURRENT ASSETS	677,685	567,882
PROPERTY AND EQUIPMENT (Note 5)	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 677,685</u>	<u>\$ 567,882</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 2,344	\$ 1,840
Credit cards payable	1,043	604
Accrued expenses	<u>1,072</u>	<u>1,054</u>
TOTAL CURRENT LIABILITIES	4,459	3,498
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	580,508	470,353
With donor restrictions (Note 8)	<u>92,718</u>	<u>94,031</u>
TOTAL NET ASSETS	<u>673,226</u>	<u>564,384</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 677,685</u>	<u>\$ 567,882</u>

See accompanying notes.

FRIENDS OF THE PUBLIC LIBRARY  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2021

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>			
Book sales revenue	\$ 77,789	\$ -	\$ 77,789
Contributions	20,398	4,336	24,734
Online Sales	13,555	-	13,555
Membership dues	6,805	-	6,805
Investment income, net	95,531	-	95,531
Other income	405	-	405
Net assets released from donor restrictions	<u>5,649</u>	<u>(5,649)</u>	<u>-</u>
<b>TOTAL REVENUES AND SUPPORT</b>	<b>220,132</b>	<b>(1,313)</b>	<b>218,819</b>
<b>EXPENSES</b>			
Program services	68,613	-	68,613
General and administrative	39,597	-	39,597
Book sales expense	<u>1,767</u>	<u>-</u>	<u>1,767</u>
<b>TOTAL EXPENSES</b>	<u><b>109,977</b></u>	<u><b>-</b></u>	<u><b>109,977</b></u>
<b>CHANGE IN NET ASSETS</b>	<b>110,155</b>	<b>(1,313)</b>	<b>108,842</b>
<b>BEGINNING NET ASSETS</b>	<u><b>470,353</b></u>	<u><b>94,031</b></u>	<u><b>564,384</b></u>
<b>ENDING NET ASSETS</b>	<u><u><b>\$ 580,508</b></u></u>	<u><u><b>\$ 92,718</b></u></u>	<u><u><b>\$ 673,226</b></u></u>

See accompanying notes.

FRIENDS OF THE PUBLIC LIBRARY  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2020

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>			
Book sales revenue	\$ 136,701	\$ -	\$ 136,701
Contributions	12,048	8,362	20,410
Online Sales	9,515	-	9,515
Membership dues	7,395	-	7,395
Investment income, net	9,861	-	9,861
Other income	3,000	-	3,000
Net assets released from donor restrictions	<u>5,386</u>	<u>(5,386)</u>	<u>-</u>
<b>TOTAL REVENUES AND SUPPORT</b>	<b>183,906</b>	<b>2,976</b>	<b>186,882</b>
<b>EXPENSES</b>			
Program services	109,014	-	109,014
General and administrative	43,849	-	43,849
Book sales expense	<u>7,390</u>	<u>-</u>	<u>7,390</u>
<b>TOTAL EXPENSES</b>	<u><b>160,253</b></u>	<u><b>-</b></u>	<u><b>160,253</b></u>
<b>CHANGE IN NET ASSETS</b>	<b>23,653</b>	<b>2,976</b>	<b>26,629</b>
<b>BEGINNING NET ASSETS</b>	<u><b>446,700</b></u>	<u><b>91,055</b></u>	<u><b>537,755</b></u>
<b>ENDING NET ASSETS</b>	<u><u><b>\$ 470,353</b></u></u>	<u><u><b>\$ 94,031</b></u></u>	<u><u><b>\$ 564,384</b></u></u>

See accompanying notes.

FRIENDS OF THE PUBLIC LIBRARY  
 STATEMENTS OF CASH FLOWS  
 Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets (loss)	\$ 108,842	\$ 26,629
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	-	770
Unrealized loss (gain) on investment	(84,421)	17,488
Increase (decrease) in		
Accounts payable	504	(9,357)
Credit cards payable	439	(2,508)
Accrued expenses	<u>18</u>	<u>19</u>
 <b>NET CASH (USED) PROVIDED BY             OPERATING ACTIVITIES</b>	 25,382	 33,041
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net change in marketable securities investments	<u>(1,322)</u>	<u>5,216</u>
 <b>NET CASH (USED) PROVIDED BY             INVESTING ACTIVITIES</b>	 <u>(1,322)</u>	 <u>5,216</u>
 <b>NET (DECREASE) INCREASE IN CASH</b>	 24,060	 38,257
 <b>CASH BEGINNING OF YEAR</b>	 <u>135,037</u>	 <u>96,780</u>
 <b>CASH AT END OF YEAR</b>	 <u>\$ 159,097</u>	 <u>\$ 135,037</u>

See accompanying notes.

FRIENDS OF THE PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF ORGANIZATION

Friends of the Public Library, (the Organization) is a nonprofit organization whose primary objective is to raise funds to support the public library systems of the City of Albuquerque and Bernalillo County, New Mexico and to encourage and support education and literacy programs through the library system.

The Organization is exempt from income tax under Section 501(c)(3) of U.S. Internal Revenue Code and comparable state law, and contributions to it are tax deductible within limitations prescribed by the Code.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described as follows:

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Expense Allocations

Expenses and support services have been allocated to programs based upon estimates and calculations determined by management.



FRIENDS OF THE PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Revenue Recognition

Revenue is recognized when earned. The Organizations primary source of revenue is sales of used books transferred to the Organization from the public library system. The Organization conducts monthly book sales and maintains a bookstore at the main branch of the library. The books sold at the bookshop and online are transferred to the Organization from the public library at the time of sale. All unsold books remain the property of the public library. The Organization also obtains funding from membership fees, private donations, special fund-raisers, and grants offered by various individuals and organizations interested in supporting the library and its programs. Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Program and Grant Distributions

The Organization provides funding to the Albuquerque public library system to assist primarily in educational and literacy programs offered through the libraries.

Cash and Cash Equivalents

The Organization considers cash and cash equivalents to include checking and savings accounts and certificates of deposit with a maturity of three months or less.

Investments

The Organization follows ASC 958-320, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under this provision, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the statement of activities.

Property and Equipment

Expenditures for property and equipment in excess of \$1,000 are capitalized at cost. Donated assets that are to be used by the Organization are capitalized at their fair market value on the date of the gift. Depreciation is computed using the straight-line method over the useful lives of the assets.

Advertising Expense

Advertising costs of \$652 and \$2,581 during the years ended June 30, 2021 and 2020 were expensed as incurred.

FRIENDS OF THE PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses and during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Income Taxes

The Organization has received tax exempt status under Code Section 501(c)(3) of the Internal Revenue Code. The Organization has adopted accounting principles generally accepted in the United States of America as they relate to uncertain tax positions for the year ended June 30, 2021 and has evaluated its tax positions taken for all open tax years. Currently, the 2018, 2019 and 2020 tax years are open and subject to examination by the Internal Revenue Service and New Mexico Taxation and Revenue Department. However, the Organization is not currently under audit nor has the Organization been contacted by any of these jurisdictions. Management believes that the activities of the Organization are within their tax-exempt purpose, and that there are no uncertain tax positions.

NOTE 3 – INVESTMENTS IN MARKETABLE SECURITIES

Investments primarily consist of cash, certificates of deposit, corporate equities and mutual funds held with a national brokerage firm. The cost, approximate market value, and net unrealized gains on investments as of June 30, 2021 and 2020, are as follows:

	<u>2021</u>	<u>2020</u>
Market value of investments	\$ 518,588	\$ 432,845
Cost of investments	<u>391,800</u>	<u>390,478</u>
Net unrealized gain (loss)	<u>\$ 126,788</u>	<u>\$ 42,367</u>

FRIENDS OF THE PUBLIC LIBRARY  
 NOTES TO FINANCIAL STATEMENTS

NOTE 4 – FAIR VALUE MEASUREMENTS

The Organization’s investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. The Organization’s management determines valuation policies. Although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to measure fair value of certain financial instruments could result in different fair value at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available. There are no assets requiring the use of Level 3 inputs for the periods presented.

*Level 1 Fair Value Measurements*

The fair values of corporate stocks and mutual funds are based on the closing price in the active market where the individual securities are traded.

*Level 2 Fair Value Measurements*

Investments in certificates of deposit are based on net realizable value after any applicable early termination fees and include accrued interest earned.

The following tables set forth, by level within the fair value hierarchy, the organization’s investments at fair value as of June 30, 2021 and 2020:

**Assets at Fair value as of June 30, 2021**

	Level 1	Level 2	Level 3	Total
Money market funds	\$ -	\$ -	\$ -	-
Mutual funds	<u>518,588</u>	<u>-</u>	<u>-</u>	<u>518,588</u>
Total investments at fair value	<u>\$ 518,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>518,588</u>

FRIENDS OF THE PUBLIC LIBRARY  
 NOTES TO FINANCIAL STATEMENTS

NOTE 4 – FAIR VALUE MEASUREMENT (continued)

**Assets at Fair value as of June 30, 2020**

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 28,595	\$ -	\$ -	\$ 28,595
Mutual funds	<u>404,250</u>	<u>-</u>	<u>-</u>	<u>404,250</u>
Total investments at fair value	<u>\$ 432,845</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 432,845</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Bookstore - main library	\$ 42,572	\$ 42,572
Computer equipment	<u>15,678</u>	<u>15,678</u>
	58,250	58,250
Less accumulated depreciation	<u>(58,250)</u>	<u>(58,250)</u>
Net property and equipment	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense totaled \$0 and \$770 for the years ended June 30, 2021 and 2020, respectively.

NOTE 6 – CONCENTRATION OF CREDIT RISK

The Organization maintains a portion of its cash deposits with an investment firm with a branch office located in Albuquerque, New Mexico. At various times, these cash deposits exceed SIPC insured amounts. Management does not consider there to be significant risk to be associated with these excess deposits.

FRIENDS OF THE PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – DONATED SERVICES

No amounts have been reflected in the statements for donated services, since no objective basis is available to measure the value of such services under the criteria for recognition under ASC 958-605. Nevertheless, a substantial number of volunteers have donated significant amounts of their time to the Organization's programs.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Estate donation-library renovations and program support	\$ 70,287	\$ 73,626
Grants and other donations with donor restrictions	<u>22,431</u>	<u>17,429</u>
	<u>\$ 92,718</u>	<u>\$ 91,055</u>

Net assets released from donor restrictions totaled \$5,649 and \$5,386 for the years ended June 30, 2021 and 2020 and included donor restricted grant monies used for their restricted purpose. All donor imposed restrictions are temporary in nature.

NOTE 9 – STATEMENT OF CASH FLOWS SUPPLEMENTAL DISCLOSURE

There were no noncash investing or financing activities and no cash was expended for interest or taxes during the years ended June 30, 2021 or 2020.

FRIENDS OF THE PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – FUNCTIONAL EXPENSE PRESENTATION

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The information below presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

**For the year ended June 30, 2021**

	<u>Program Services</u>	<u>Book Sales</u>	<u>General and Administrative</u>	<u>Total</u>
Administration	\$ -	\$ -	\$ 909	\$ 909
Annual Meeting	-	-	-	-
Bank & Broker Charges	-	-	223	223
Bank and credit card fees	-	1,607	-	1,607
Booksale costs	-	160	-	160
Computer & Software	-	-	-	-
Depreciation	-	-	-	-
Donations	2,000	-	-	2,000
Employee benefits	5,570	-	3,714	9,284
Insurance	1,406	-	1,406	2,812
Library Programs	26,601	-	-	26,601
Marketing	-	-	130	130
Membership and recruitment	-	-	1,243	1,243
Mileage	353	-	-	353
Misc	-	-	-	-
Newsletter	-	-	-	-
Parking	865	-	288	1,153
Payroll	22,592	-	15,061	37,653
Payroll taxes	1,753	-	1,169	2,922
Postage	477	-	318	795
Pricing and sorting	922	-	-	922
Professional fees	-	-	14,726	14,726
Recycling	-	-	-	-
Restricted Contribution Expense	5,649	-	-	5,649
Restricted Grant and Board Designated Expenses	-	-	-	-
Supplies	-	-	-	-
Volunteer coordinator and development	-	-	228	228
Website	425	-	182	607
	<u>425</u>	<u>-</u>	<u>182</u>	<u>607</u>
TOTAL EXPENSES	\$ <u>68,613</u>	\$ <u>1,767</u>	\$ <u>39,597</u>	\$ <u>109,977</u>
As a percentage of total	<u>62.39%</u>	<u>1.54%</u>	<u>36.07%</u>	<u>100.00%</u>

FRIENDS OF THE PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – FUNCTIONAL EXPENSE PRESENTATION (continued)

For the year ended June 30, 2020

	<u>Program Services</u>	<u>Book Sales</u>	<u>General and Administrative</u>	<u>Total</u>
Administration	\$ -	\$ -	\$ 717	\$ 717
Annual Meeting	-	-	535	535
Bank & Broker Charges	-	-	295	295
Bank and credit card fees	-	2,494	-	2,494
Booksale costs	-	4,896	-	4,896
Computer & Software	-	-	-	-
Depreciation	539	-	231	770
Donations	-	-	-	-
Employee benefits	5,122	-	3,415	8,537
Insurance	1,413	-	1,414	2,827
Library Programs	66,399	-	-	66,399
Marketing	-	-	1,202	1,202
Membership and recruitment	-	-	1,269	1,269
Mileage	272	-	-	272
Misc	-	-	-	-
Newsletter	-	-	-	-
Parking	2,194	-	731	2,925
Payroll	22,236	-	14,824	37,060
Payroll taxes	1,714	-	1,142	2,856
Postage	614	-	409	1,023
Pricing and sorting	1,748	-	-	1,748
Professional fees	-	-	14,726	14,726
Recycling	216	-	-	216
Restricted Contribution Expense	5,386	-	-	5,386
Restricted Grant and Board Designated Expenses	971	-	-	971
Supplies	-	-	-	-
Volunteer coordinator and development	-	-	2,858	2,858
Website	190	-	81	271
	<u>\$ 109,014</u>	<u>\$ 7,390</u>	<u>\$ 43,849</u>	<u>\$ 160,253</u>
TOTAL EXPENSES	<u>\$ 109,014</u>	<u>\$ 7,390</u>	<u>\$ 43,849</u>	<u>\$ 160,253</u>
As a percentage of total	68.03%	4.61%	27.36%	100.00%

NOTE 11 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	<u>\$ 66,379</u>	<u>\$ 41,006</u>

As part of the Organization’s liquidity management plan, the board has the ability to authorize the sale of investments in marketable securities to cover any cash flow requirements.

FRIENDS OF THE PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS

NOTE 12 – DATE OF MANAGEMENT’S REVIEW

Subsequent events were evaluated through August 31, 2021, which is the date the financial statements were available to be issued.

NOTE 13 – SUBSEQUENT EVENTS: COVID – 19

The COVID – 19 outbreak in the United States has caused business disruption through mandated and voluntary closings of retail businesses. While the disruption is expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter to negatively impact the revenue from book sales. However, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE 14 – NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606). The purpose of this ASU is to converge revenue recognition requirements per GAAP and International Financial Reporting Standards (IFRS). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Organization adopted the requirements of the new guidance retrospectively to all periods presented in this report. Adoption of the new guidance did not result in significant changes to the accounting policies for revenue recognition, receivables, and deferred revenues since most of the Organization's revenue sources are not included in the scope of AUS 2014-09.

The Organization adopted the Financial Accounting Standards Board Accounting Standards Update (ASU) 2018-08, Not-For-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This update assists organizations in evaluating whether transactions should be accounted for as contributions or as exchange transactions, and determining whether a contribution is conditional.